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**TOURISM SECTOR AND ITS IMPACT ON ECONOMIC DEVELOPMENT IN  
SULAYMANIYAH PROVINCE:  
AN ECONOMIC STUDY OF THE PERIOD 2007–2016**

**YÜKSEK LİSANS TEZİ**

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SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜNE

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**ÖZET**

YÜKSEK LİSANS

TURİZM SEKTÖRÜ VE SULAİMANİYAH İLİNDE EKONOMİK KALKINMA  
ÜZERİNDEKİ ETKİSİ: 2007–2016 DÖNEMİ İÇİN EKONOMİK BİR ÇALIŞMA

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Çalışmanın amacı, turizm sektörünü ve Sulaimaniyah (Süleymaniye) vilayetinin ekonomik kalkınması üzerindeki etkisini incelemektir. Bu amaca ulaşmak için çalışma iki farklı veri türü kullanmıştır. Bunlardan ilki resmi kayıtlar ve ikincisi Süleymaniye ilindeki turizm otoriterine uygulanan bütün popülasyon olan 36 anket formudur.

Bu çalışmanın hipotezlerini sınamak için kullanılan analitik metot ile elde edilen bulgular, turizm sektörünün bölgede bir ekonomik potansiyele sahip olduğunu ve bu potansiyelin kritik makroekonomik hedeflerine ulaşmada önemli bir rol oynayabileceğini göstermektedir.

Çalışma Süleymaniye vilayetindeki doğal güzelliğin turistleri çektiğini tespit etmiştir. Araştırma, turizm sektörü gelişimi ile Süleymaniye'deki turistleri çekme potansiyeli arasında anlamlı bir ilişki bulmaktadır. Turizm sektörünün ekonomik kalkınmaya katkısı, Süleymaniye'deki turizm yetkililerinin perspektifinden % 65.2'dir.

**Anahtar Kelimeler:** Turizm Sektörü, Turizm Potansiyeli, Ekonomik Kalkınma.

**ABSTRACT**  
MASTERS THESIS  
TOURISM SECTOR AND ITS IMPACT ON ECONOMIC DEVELOPMENT IN  
SULAYMANIYAH PROVINCE:  
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The purpose of the study is to examine the tourism sector and its impact on economic development in Sulaimaniyah province. For this purpose, the study collected two different types of data, first one official records, and second through questionnaire forms which are distributed among 36 survey sample to the tourism authority in Sulaimaniyah province as the whole study population.

Using the analytical method employed to examine the study hypotheses, the study realizes that the tourism sector has an economic potential in the region and might play a significant role in reaching the critical macroeconomic objectives of macroeconomic development.

The study identified that the natural beauties in Sulaimaniyah province attracts tourists. The study found a significant correlation between the tourism sector development and potential to attract tourists in Sulaimaniyah. Tourism sector impact to contribute to economic development is 65.2% from the perspectives of tourism authorities in Sulaimaniyah.

**Keywords:** Tourism Sector, Tourism Potential, Economic Development.



## ABBREVIATION AND SYMBOLS

<u>Abbreviation</u>	<u>Explanation</u>
<b>GAT</b>	: General Authority for Tourism
<b>GDP</b>	: Gross Domestic Product
<b>IIP</b>	: International Investment Position
<b>IMF</b>	: International Monetary Fund
<b>NRI</b>	: Northern Region of Iraq
<b>OECD</b>	: Organization for Economic Coordination and Development
<b>PTS</b>	: The Reality of Tourism Sector
<b>TPAT</b>	: Tourism Potential to Attracts Tourists
<b>UN</b>	: United Nations
<b>UNWTO</b>	: United Nation World Tourism Organization
<b>WTO</b>	: World Tourism Organization
<u>Symbol</u>	<u>Explanation</u>
<b>%</b>	: Percentage
<b>\$</b>	: US Dollar

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## INTRODUCTION

This thesis study purpose is to investigate the tourism sector and its impact on economic development in Sulaimaniyah province for the period 2007–2016. While, the tourism sector has a potential and plays a significant role in reaching the primary macroeconomic objectives with regard to economic development, such as job creation, sustainable economic and social development. As Abdullah (2005, p. 2), mentioned typically minimum developed or developing countries characterized by a lack of reserve currency and face difficulties in providing the required funds to buy capital goods and secure services which are essential for their economic development.

However, the tourism sector is a leading force in any economy, particularly in developing countries. Tourism is one sector of the economy that has a worldwide significance. So, in this world of globalization where change is continuous, tourism sector tends to develop the economy of the developing countries and also have an impact upon the economic and social development for the local communities (Meyer, 2015, p. 202). Consequently, tourism is a significant and fastest growing service industry in the world. Therefore, the tourism sector is an appropriate alternative to develop the reserve currency. While it has a positive impact on the balance of payments through the foreign currency which enters the economy; however, the tourism sector has become, on a global scale, one of the critical sectors in international trade which generates income and consequently affects the balance of payments positively (Durbarry, 2002, p. 863).

The Sulaimaniyah province is one of the northern region of Iraq's (NRI's) central city has the potential to attract the significant possible number of both domestic and international tourists to the province and region, which augurs well for the economic development of the region as well as the determination of the appropriate solutions to relevant issues. Moreover, the significant importance of tourism, investment has not able to develop the tourism sector and achieve economic development of the region, because the private and public sectors have not paid adequate attention to tourism activities in general (Altaee, Tofiq, & Jamel, 2017).

However, the study attempts to investigate the tourism sector in Sulaimaniyah province. So, it is expected that the thoughtful obtain from this study will lead to

appropriate perceptive of the factors reactive to the tourism sector and its impact on economic development. Thus, the results of this study will not promote only to Sulaimaniyah province but the region and Iraqi tourism sector through organizing related factors of the tourism sector in the province and how those factors impact on the economic development. Thus, the significance of the study is from a shortage of literature on the tourism sector and economic development in Iraq (Aram, 2014). Consequently, the results of the current study would contribute to refining considerate of tourism in Iraq and Sulaimaniyah province.

The Sulaimaniyah province has abundant possibilities to attract tourists both national and worldwide, though, despite the region's many attractions the tourism activity in the NRI is small. Moreover, Sulaimaniyah province is confronted by some challenges because of the limited financial resources provided by the government, limited specific aspects, and lack of tourism orientation in the local private sector and foreign investment (Dabidian, Al-Ani, & Francke, 2013).

The Sulaimaniyah province also has weak supporting services and poor infrastructures in archaeological and religious sites, such as roads and highways, while there is a much-needed improvement to be made to hotels and entertainment services. However, these study purposes are to determine and analyze the tourism sector in the Sulaimaniyah province and its impact on economic development (Mustafa, 2006).

Furthermore, this study structured into three chapters, chapter one comprises the study background, hence reviews the literature related to the tourism sector, and economic development contains the concept of tourism, tourism characteristics. Besides, its economic benefits, the critical elements in the tourism sector, tourism in Iraq and NRI, tourism sector in Sulaimaniyah province and the Sulaimaniyah province top tourist attractions while the second part of the chapter includes the concept of economic development and tourism economy and the role of the tourism sector in economic development.

Chapter two analyses the tourism sector and its impact on economic development in Sulaimaniyah province for the period 2007–2016. Then chapter three obtains the results. Lastly, presented the conclusions, recommendations, and suggestions for future studies.

## **CHAPTER ONE**

### **TOURISM SECTOR**

#### **1. LITERATURE REVIEW**

On the international scale, tourism established as an active economic sector that is critical in generating employment in both formal and informal sectors, improvement of the quality of life, as well as foreign attraction exchange. Tourism sector also serves as an alternative form of export, the development of a country or region's balance of payments and overall growth in economic activities. For these reasons, most developing states have to focus on tourism as an alternative for economic development.

In this context Meyer (2015) investigates the role and impact of tourism sector on economic development in local regions, as the researcher mentions this research's initial hypothesis is that tourism development can be the primary factor to increase economic growth at the local level. Accordingly, the geographical location of this research focuses on the Metsimaholo metropolitan area with Sasolburg as the significant urban node situated in the Northern Free State and the Emfuleni local area with Vanderbijlpark and Vereeniging as the significant urban nodes, located in Southern Gauteng. The region was known as the "Vaal-Triangle."

However, the researcher further argues that the potential of tourism to considerably subsidize to economic development base on the uniqueness of the sector. While, these unique factors could comprise the diversification of the economy, where it permits for export growth, attracts people to even the most remote locations with a unique culture and natural temptations. Besides, is labor severe and supports a range of local skills from low to high skills. Nevertheless, it supports small-scale innovativeness development, and it permits infrastructure and communication network development. So, a further benefit of tourism as a developmental sector is that it is usually measured to be price and income adaptable (Meyer, 2015).

Holzner (2011), this study is about to analyzes empirically the risk of a Dutch disease impact in the tourism-dependent countries over the long-term. While the study used data from 134 countries of the world during the period 1970-2007, further,

analyzed the long-term relationship between tourism and economic development, while analyzed in a cross-country context. The results then tested in a framework of panel data on the levels of GDP per capita, which used to control for antithesis connection, non-linear and collaborative effects. It is that there is no danger of an impact of the disease Beach. In contrast, countries that depend on tourism does not deal with the distortion of the real exchange rate and progress but have higher than the average economic growth rate, the investment in physical capital such as transport infrastructure paired with investment in tourism.

Abdullah (2014), this research is about to analyze the impact of international tourism on economic growth of Iraq for the periods of (1990-2014). The researcher mentioned that tourism measured as one of the sector areas in which can affect economic development. In this context, many studies have conducted in the Middle East, which indicates the growth of tourism. Accordingly, tourism in Iraq stands to be a primary growth sector, and it can rise to meet its excellent perspective as an international tourist destination, and gain the related economic impact.

While Bunghez (2016), this study is about to analysis the importance of tourism to a destination's economy. The researcher argued that tourism represents, in the context of contemporary civilization, through its contented and its role, a different area of activity, and a segment of significance in the economic and social life of the majority of states in the world. However, the researcher mentioned that the present effort aims at the analysis of the multiple influences and implications of tourism in the economic arena, and the features that describe the degree to which tourism subsidies to the economy of a destination. As a result, the study revealed tourism affects, through its activities and development, both the material and the human component, besides designated the beneficial impacts of tourism sector on the interference areas, substitute as a factor that motivates progress and economic development.

Altaee, Tofiq and Jamel (2017) investigated promoting the tourism industry of NRI (Halabja Province as a case study). So, the researchers mentioned that NRI is steadily obtaining recognition from the other parts of Iraq's as a tourist destination. However, internationally, not much known or has recognized the potential of the tourism industry in the region. Despite having many views; while, this industry in the



NRI remains neglected for a long time and sharing of NRI in world tourism is poor. As the researchers argued that this study represents an exploratory attempt to investigate the status of tourism promotion in the NRI taken Halabja as a case study, the main findings of the study show that the main reason for the visitors is looking at the natural place and spend their leisure time.

In the same regard, Ohlan (2017), in this study the researcher investigates the relationship between the tourism sector and economic development in India. Since the relative significance of financial development over the period of 1960–2014. The results of newly-developed Bayer and Hanck joined test specifies that tourism, economic growth, and financial development are integrated. However, the results revealed that the arriving tourism spurs economic development in India both in long-run and short-run. Also, the analysis specifies the presence of a long-run one-way Granger causation running from tourism to economic development.

Mir (2017), investigated the impact of the tourism industry on GDP and balance of payments in India. So, the researcher argued that tourism sector one of the fast-rising service sectors in the world. This sector performance as an essential mechanism for economic development. Although India is a remaining and perfect purpose for both domestic and foreign visitors, the researcher further mentioned that India's wide variety of flora, fauna, tourist destinations, health and wellness centers, eco-tourism spots, adventure activities, culture, heritage, and educational institution attract both domestic as well as foreign tourists. The boost in the tourist arrivals has resulted in the swift development of the tourism sector in India. The development of the tourism sector has resulted in employment generation, foreign exchange earnings, development of infrastructure facilities, capital investment, socio-economic growth, aggregate in the contribution to GDP and so on.

### **1.1. The Concept of Tourism**

There have many definitions of the tourism industry in general, and many researchers have endeavored to explain this phenomenon and their interpretation of this phenomenon based on their perspective. Some see it as a social and human phenomenon, and some see it as an economic phenomenon. While the Austrian

economic Schuler defines as the phenomena of an economic nature that result from the arrival, residence, and departure of travelers to a particular region or country, which are interdependent phenomena (Fridgen, 1997, p. 88).

The development of the concept of tourism and associated concepts have taken time and effort not to be underestimated by researchers and practitioners in the field of tourism. However, the concept of modern tourism did not show the beginning of the twentieth century, so it can say that the ideas that define the concept of tourism and its framework have already begun this period (Kamis, 1996, p. 39).

According to Richardson (2010, p. 66), in the modern globalized world, tourism recognized as one of the fastest, most significant developing and dynamic economic sectors attracting external economic activities. Thus, many developing countries and regions have managed to grow their economies with an increased economic contribution through the development of tourism. Tourism also realizes as a regional development tool to assist in the creation of new local economic activities.

The word tourism had a comprehensive concept and associated with a large number of activities such as accommodation, food, transportation, and it affects all economic aspects of activity Abdullah (2005, p. 5). However, Tourism is considered a cultural phenomenon that has an economic and social aspect because it is affected and affects the social and economic conditions of the country at the same time. Tourism measured as a human need since ancient times. Religious, therapeutic, and tourism has become an economic resource for scarce resources (Al-Houri & Al-Dabbagh, 2000, p. 12).

The concept of tourism derived from the word Tour derived from the Latin word Torno. In 1643, for the first time, the term tourism used to show travel from one place to another. However, Tourism defined as a group of cultural, economic and organizational activity in a country other than their own, that the purpose of the relocation shall not be for employment (Al-Zahawi, 1983, p. 6).

Tourism contains the events of persons traveling to and staying in places outside their usual location for less than a year and whose primary determination of travel is other than the use of an activity recompensed from within the place visited (Chai, 2013, p. 10).

However, according to Tezcan (2004, p. 34), tourism includes the events carried out by individuals during their holidays to places different from their typical location or residence, for a subsequent period less than a year, with leisure, commercial or other aims.

### **1.1.1. The Definitions of Tourism and Tourist**

There are many definitions of tourism, which vary according to the angle in which researchers' aspect and international bodies, but they are integrated to give a comprehensive and wide-ranging definition of tourism in the end, and we have to review the most important definitions. The world tourism organization recognized tourists as all persons who were in place for 24 hours; to obtain entertainment that included holidays, sports and recreation. While US National Tourism defined as all activities or behaviors that people apply while traveling outside their homes and community, and for any particular purpose except for daily trips to work (Bukhari, 2012, p. 4).

According to Jallad (1998, p. 25), tourism is a phenomenon of the occurrences of our time, originating from (Freuler. E. G). So, the first definition of tourism received in 1905 from the German, since the growing need to rest and change the air. Moreover, to the sense of the beauty of nature and the growth of this feeling, and the sense of joy and pleasure of living in areas of their nature, and also to the growth of communications, especially among different peoples.

However, Tawfiq (1997, s. 22), defined as a tourism industry of the twentieth century or industry interlocking, composite or integrated industry, as well as an industry without chimneys or food spirit, and tourism sector the oil of the twenty-first century.

While, according to Hassan (1993, p. 75), Monsieur de Meyer, assistant director of the tourism bureau of Belgian tourism books in 1952, defined tourism as the group of human objectivities, the activities and the resulting deviation from his/her native achieved relatively old launch inherent in each

In this regard, Maristuen (2013, p. 71), mentions tourism as the brief movement of people to purposes outside their usual place of work and dwelling, So, the activities

were undertaken during their stay in those purposes, and the services created to cater to their needs.

According to Bnil (1990, p. 7), some scientists, specialists, and researchers have worked hard to find a comprehensive and accurate definition of tourism. Opinions vary according to specialization or tendency. Some realized as a social phenomenon that is surrounded by a large number of people at home and abroad. Some of them perceived as economic spectacles that improve economic levels and raise rates. Growth in countries and others comprehended as a cultural phenomenon that leads to more mixing of cultures, customs, and traditions among nations, some of which considered the basis of international communication and a link of state and humanitarian relations among peoples.

Nevertheless, tourist as a term introduced in Britain during the 18th century to denote every person who moves to achieve a person or family's entertainment. This concept is not limited to the acquisition of money and commerce but rather to the achievement of health benefits and satisfaction of the desire to discover new places and horizons (Darwish, 1998, p. 19). However, Abawi (2008, p. 31), defined tourist as a person who travels outside his or her original and habitual residence for any reason other than material gain or study, whether in the country of 'national tourist' or a country other than his 'foreign tourist' country for more than 24 hours.

The 1963 Rome International Tourism Conference defined a tourist as a person who visits a country other than his or her country permanently and routinely for any reason other than accepting a paid job in the country of residence, i.e., changing the habitual residence for a temporary period (Mostafa, 2003, p. 37).

However, according to Fauzi (2005, p. 44), the World Tourism Organization (WTO) defines a tourist as a person, who travels abroad for any reason other than material gain, whether within his/her country national tourist or foreign tourist country for more than 24 hours as approved by the world tourism organization the citizens of any country who work outside and receive wages in those countries. Where they work and who are temporarily attending their home and return are counted as tourists, because their spending during the visit is considered an additional income of the

national economy from the foreign currencies they brought with them as a result of their work abroad.

It can be defined as any person who visits a country other than the country in which he has permanent residence for any reason. Visitors can be divided into two groups to facilitate the measurement of the volume of tourist traffic and the excursionists, as well as the division of tourists into two groups, the international tourist and the local tourist, who stays for at least one night in the country of the visit for any purpose other than work. Tourists are those persons who travel for pleasure, family reasons, business, study and residence for 24 hours or further in a country other than their permanent residence, or residents in a remote area, workers residing in a country and working in another country without residence (Ahmad, 2009, p. 5).

### **1.1.2. The Types of Tourism**

According to Abawi (2008) and Shabayeki (2003), there are many motives and objectives of tourism over time, while previously limited to entertainment only, but today has multiple goals and motives, and then classified tourism into several types, the most important:

#### **1.1.2.1. Entertaining Tourism**

According to Abawi (2008, p. 21) this type of tourism is one of the most important and most popular types of tourism in all countries. It characterized by a public nature, and many citizens in the most countries practicing this type of tourism. So, this type of attire is known as the place of residence for more than one day for listening and entertainment for the self and not for another purpose (Shabayeki, 2003).

#### **1.1.2.2. Religious Tourism**

Religious tourism is defined as a tourist activity based on the movement of tourists from their places of residence to areas, for example, to worship or visit the holy places for a specified period Hajj and Umrah trips by Muslims to Mecca-Medina. Moreover, Jerusalem or trips by Christians to the Church of the Nativity and the Vatican (Samie, 1994, p. 94).

According to Dabidian, Al-Ani and Francke (2013, p. 2), religious tourism is currently the most significant contributor to the tourism sector. In recent years, record tourists to Iraq have been Shi'a pilgrims from Iran and elsewhere, and the number of pilgrims has gradually grown. As the center of the Islamic world for several periods, Iraq holds various appeals of significance both to Muslims and to those concerned in Islamic history.

### **1.1.2.3. Historical Archaeological Tourism**

With over 5,000 years of documented history and some of the world's furthestmost ancient cities built between the Tigris and Euphrates rivers, Mesopotamia (modern Iraq) extensively regarded as the underpinning of civilization. The Sumerian civilization of southern Mesopotamia was home to the expansion of cities, administration, writing, the wheel, mathematics, astronomy. Moreover, other primary facets of civilization, which were more refined by the descendant civilizations of Akkad (the world's first kingdom), Babylon (the first polity to codify laws). Assyria (which controlled a broad swathe of the Middle East from Iraq to Egypt), and others (Dabidian, Al-Ani, & Francke, 2013, p. 2).

However, Abawi (2008, p. 23), argued that this type of tourism is a visit to archeological and historical sites. Also, this type is one of the essential types of tourism. It attracts large numbers of tourists. The host countries can determine the quality and level of tourists. However, this type of tourism always attracts the elderly, intellectuals and scholars.

### **1.1.2.4. Cultural and Social Tourism**

According to Ahmed (2002, p. 43), this type of tourism shows in the visitors of ancient monuments, cultural events, customs and traditions, traditional dress, popular folklore, folk dancing, folk singing, food specialties of this region.

However, Abawi (2008, p. 36), mentioned that social tourism is called some names of tourist attractions of home or customary tourism. So, this is tourism revenue, the arrival of tourists to his/her home country with the family, and this type of tourism requires a variety of services. However, this kind of tourism encourages citizens to visit

their families, relatives, and friends and encourage them to visit the motherland. So, this type of tourism is one of the most comfortable types of tourism and tourism promotion. While, this type of tourism can have invested internally in the development of internal tourism, the same in the case of providing reasonable tourism services at reasonable prices.

#### **1.1.2.5. Tourism Conferences and Business Tourism**

According to Hora and Selima (2005, p. 13), the tourism conferences are one of the modern forms of tourism. It emerged in the late 20th century. So, associated with the cultural growth witnessed by the world in recent years and the consequent development in the economic, political and social relations between different states where the phenomenon of holding seminars, conferences, and meetings of political, cultural and educational for people in the business. Moreover, Abawi (2008) mentioned that this type of tourism requires very high-class hotel services and distinct degrees and also requires very modern communications, and means of transport is very sophisticated.

While, business tourism as the capital of an active country with a massive development agenda, Baghdad remains an actual purpose for representatives of foreign governments, contributors, improvement agencies and the international business community. As such, it can become a hub for meetings, conferences, and events tourism. Presently, many Iraqi developments or business conferences and events are held outside the country, with the number within Iraq slowly increasing. With time and improved security, all such events could hold in Baghdad, and Northern Iraqi cities (Dabidian, Al-Ani, & Francke, 2013).

#### **1.1.2.6. Sports Tourism**

According to Hora and Selima (2005, p. 14), sports tourism means the move from permanent residence to another place in another country for a temporary period to exercise or listen to sports activities. So, it includes yachting, kayaking, fishing, diving, water skiing, sports festivals (Mollokhia, 2008, p. 52).

### **1.1.2.7. Eco- and Nature Tourism**

The term of the eco-tourism invented by Ceballos Lascurain, who defined ecotourism in 1980, as ecotourism is tourism that goes to natural places that have not wasted or polluted to study, admire, enjoy landscapes, heat, watch animals. Moreover, recognize the ancient and modern civilizations of the rich cultural heritage of these regions (El-Serifi, 2007). Moreover, through this definition, we understand that ecotourism is a natural tourism park, forests, nature reserves, to watch animals, birds, various plants and trees, ecological studies at the academic level.

According to Dabidian (2013, p. 2), eco- and nature tourism, still considerably undersized, while Iraq holds enormous potential for ecotourism of numerous varieties, thanks to its various physical landscape. Iraq's countryside varies from green, wooded mountains with waterfalls, lakes, and cold summer weather, comprising heavy winter snowfalls (in NRI) to the vast, empty, western and southern deserts.

### **1.1.3. Tourism Characteristics and its Economic Benefits**

According to Al-Zouka (1995), tourism aims to invest in the natural and human resources available in the region or the state, such as sandy beaches, temperate climates, mountainous areas, glaciers or religious, historical and archaeological sites. So, this is no different from other economic activities that seek to exploit available natural resources such as mineral resources and forest. Moreover, the main characteristics of the tourism industry can summarize below:

While, Abdullah (2014, p. 5), argued that tourism is a growing activity, increasing or doubling in nature, especially regarding income and use of tourists. So, this explained the fact that tourists spend and transfer their money to the currency of the country they visit. To pay for the services they need, this means the transfer of money from tourists to several people and channels and multiple levels. In addition, to the use of more than once by moving from one folder to another, which leads to an increase in income and paid to the multiplier

Despite the transfer of part of these funds out of the tourist area to provide free matt, materials, and requirements of the tourism industry. Moreover, it is related to the



use, or increased tourist employment is one of the characteristics of the tourism industry. Which is characterized by the need for large numbers of workers, that it provides employment opportunities for large numbers of users, from the labor is not qualified and highly qualified and specialized expertise, namely the labor force. Which are directly related to the tourism industry, as there are other works related indirectly to the tourism industry, such as the number of services that continue to exist and practice as long as tourism is active (Al-Zouka, 1995).

In the same context, Abawi (2008, p. 16), mentioned that the tourism industry is affected by the high prices of travel and tourism services and the level of income of the rural population, which quickly changes the decisions of tourists and their trends, with changes in both the costs of tourism activities and the level of income. Travel to it for tourism or decrease in the number of tourist nights in them, and the same result that occurs if the level of income or the cost of living and increased costs in the countries of tourist demand

Tourism is an unforeseen export; it is not a material product that can transport from one place to another. It is one of the few industries in which the consumer obtains the product itself from its place of production. Therefore, the exporting country of the host country transport costs beyond their borders, as with other products, which, in addition to their production costs, require transportation costs (Ahmad, 2009, p. 3).

The tourist product of tourist attractions and tourism resources; natural, historical, archeological are sold only through tourism, these resources do not return to nature unless sold in the form of a tourist product. This product not sold in most cases without having the goods and services in touristic facilities, which must be present along with tourist resources and facilities are in four groups (Al-Roubi, 1987, p. 13):

- The availability of necessary infrastructure: such as transport networks, attached services water, electricity, communications, security, and stability.
- Accommodation facilities: hotel structures and other complementary accommodation like camps, and tourist villages.
- Availability of transport: land, sea, and air.
- The availability of promotional facilities: entertainment, entertainment, souvenir shops and tourist goods.

However, Ahmad (2009), argued that the tourism product is a composite product, a mixture of multiple elements that integrate with one another and affect other sectors of society. The tourists consume a range of goods and services, such as those sold by tourist establishments such as accommodation, transport, transportation, gifts, souvenirs. While, these include products that are sold by other establishments commercial, for example, infrastructure and other services in the host country.

These products integrated with each other, if the level of the goods or services in hotels, restaurants, transport or customs procedures decreases. So, the tourism industry is an integrated industry. Similarly, if the level of the product or service increases, the flow of tourism will increase, and the elements will be affected and affected by the other sectors income, and employment (Bukhari, 2012, p. 4).

However, according to Al-Roubi (1987, p. 14), international tourism is an export product in some cases a degree of instability, because it concerns the effects of outside forces, and high flexibility for both price and income plus seasonal problem affecting tourism activity are as follows:

- a) Tourism demand may be affected by external influences: international tourism might expose to influences from outside the state. Such as political unrest or changes in exchange rates, unforeseen weather changes, in addition to states decisions to monetary control and determine the amount of cash that allows tourists out.
- b) Tourism characterized by high flexibility for both price and income. So, this means that tourism decisions may be significantly affected by minor changes in prices and incomes. For price elasticity, it can quickly identify relative to income elasticity. Since the effects of price elasticity are rapid are more gradual and therefore not to identify until after a period, usually the second year.
- c) Seasonal activity: The tourist activity in the majority of the seasonal activity some factors lead to the seasonal focus of school holidays and holidays in industrial and other establishments in a particular season. Moreover, the climatic and geographical factors in both exporting and receiving tourists call for this phenomenon, the holidays, which represent a great deal of tourism,

support this phenomenon. Other forms of tourism activity like business tourism and conference tourism have nothing to do with the seasonal problem.

The difficulty of attracting tourists and the importance of ensuring their attraction annually because of the abundance of tourist attractions in different regions of the world. Which means the expansion of the global tourism offer and thus the possibility of tourist frequency in the same tourist area more than once, so seek the workers of the tourism industry and by all means to attract tourists; moreover, to find a kind of familiarity and loyalty to the tourist area in the hope of returning again (Al-Zouka, 1995).

However, Bukhari (2012, p. 4), believe that economically arguing, the tourist is a thing consumer and a services beneficiary. So, from the expenditures that the tourist performs, a part goes directly to economic units from the tourism industry such as accommodation, sustenance, entertaining and transportation, the other part goes into local budgets or the state like the budget in the form of fees, and taxes.

While the third part goes to other sectors of the economy for the payment of the goods provided and services rendered by these sectors to meet the requests of the tourism industry. Therefore, tourism can support the economic development of both the local community and the economy of a country, through earnings from domestic or foreign visitors (Bunghez, 2016, p. 6).

According to Kotler et al. (2009), the tourism sector also improves the export of local products or services. While, it valued that 15-20% of the total tourist spending spent on gifts, clothing, and mementos. So, the amount to which these products are made in the destination area directly affects the local economy. In various tourist destinations, some markets sell local crafts. Thus, this offers a source of income for local manufacturers and also creates an exciting shopping experience for tourists.

#### **1.1.4. The Key Elements in the Tourism Sector**

The tourism activity consists of four essential elements, namely the tourism supply, tourism demand, tourism resources, tourism marketing; however, add to that the tourism awareness, tourism development.

#### **1.1.4.1. Tourism Supply**

The tourism supply can have defined comprehensively and inclusively, given its importance to the tourist state, as it represents all the country's possessions and attractions, tourism facilities, and services, to develop the tourist traffic coming from different countries of the world.

The tourism supply includes natural and historical attractions and industry which are human-made or nature as well as services and goods Tawfiq (1997, p. 45). However, the tourist supply characterizes by all the supply of the tourist area to its actual and expected tourists, and there are those who knew the tourist supply as a group of temptations capable of attracting tourists to the region. This definition includes natural and human resources (Dominique, 2004, p. 24).

##### **1.1.4.1.1. The Elements of Tourism Supply**

###### **1.1.4.1.1.1. Natural Ingredients**

According to Dominique (2004, p. 24), natural ingredients, could be summarized as follows:

- 1) The structure of the land and landscape such as mountains, plains, and caves.
- 2) Water like lakes, rivers, and springs
- 3) Climate as temperature, air, and rain.
- 4) Plant cover and animal assets.

###### **1.1.4.1.1.2. National Heritage**

According to Tawfiq (1997, p. 46) and Dominique (2004, p. 25), national heritage includes some elements as follows:

- 1) Heritage and cultural wealth such as archeological and historical sites, old buildings, and folklore events.
- 2) Hospitality spirit like prepare for the service of tourists and the possibility of hosting them by the local people, the feeling of tourists safe, and the disappearance of the spirit of monopoly and exploitation in tourist areas.

#### **1.1.4.1.1.3. Supplementary Components**

Supplementary Components could be summarized as follows Dominique (2004):

- 1) The infrastructure of any public or tourist project consists of necessary facilities such as water, electricity, gas distribution, postal, communications, health facilities, and roads. As for the superstructure, it represents activities in the service of tourists from different places of accommodation, restaurants, entertainment venues and others.
- 2) Easy access to tourist sites, the roads leading to these sites, which are the primary and essential factor of the complementary components, to help tourists to take pictures in addition to the paving boards to indicate the road, and maintain the safety of tourists.
- 3) The availability of specialized and trained workforce in the field of tourism.

#### **1.1.4.1.2. Characteristics of the Tourist Supply**

According to Ahmad (2009), The characteristics of tourist supply make it a distinct from the rest of the supply of goods and other services. The most important characteristics are:

- a) The tourist supply depends on the work component in a big way: Tourism activity is considering a service activity, so it is difficult to replace the machine with the labor component; however, the role of the machine is specific in the provision of tourism services. Therefore, it is necessary to pay particular attention to the labor force and increase its qualifications in this field.
- b) Tourist supply of services: The tourist supplies a variety of services known as tourist products, such as transport, accommodation, entertainment, food, and drink. These services are available 24 hours a day for tourists.
- c) Tourist supply is not available for storage: As long as it is a supply service, it is not possible to store the services, so it is a direct supply.
- d) Tourist supply is not removable: It knows that the consumer is stable, and the commodity is moving and transferred to the markets, but the situation is

entirely different in the tourist supply, the tourist supply fixed, and the consumer (tourist) is moving to obtain tourist services.

- e) Tourist supply subject to the competition: As long as tourism is a luxury need, it is subject to other alternative goods to compete. Tourism will be a high supply around the world. There is a competition between countries to market tourism. There is competition in tourist sites within the country.
- f) The tourist supply is characterizing by the range, diversity, and overlap of its components: The tourist product is a compound and complex mixture consisting of many goods, services, and natural ingredients, and it is usually difficult to separate these elements and components from each other. Natural factors intertwined with historical, religious and heritage factors which constitute a tourist package.
- g) Multiple producers who participate in tourism: So, this is because there are a large number of producers who contribute to the manufacture of the tourist product, including those who are within the borders of the tourism sector such as hotel owners, restaurants, travel offices, electricity, fuel, water, and markets. Moreover, so each product has its role in the manufacturing part of the tourism supply.
- h) Tourist supply is inflexible: Flexibility defined as the relative change in the quantities offered to the relative change in prices. In other words, the degree of product response in tourism activity to price changes is meager, at least in the short term.

#### **1.1.4.2. Tourist Demand**

##### **1.1.4.2.1. The Concept of Tourism Demand and its Types**

Demand is the quantity purchased from a particular good or service that define as time and price and has two conditions: desire and ability to pay. While, tourist demand is the total number of tourist arrivals who benefit from tourism services and facilities, and another definition of tourist demand as the total number of tourists who use tourist facilities, whether they are citizens or coming from distant countries. However, tourist demand is like any other request consisting of two main elements: the desire to travel to

one side. Besides, the material capacity that can satisfy this desire (Durbarry, 2002, p. 862).

The economic theory also states that the demand for a particular commodity represents the inverse relationship between the quantity of the commodity that individuals wish to obtain and the price of that commodity over a specified period. The demand can define as the quantities of the service that individuals wish to buy at a given time assuming the stability of other factors. While, economic theory states that the demand for a particular service represents the inverse relationship between the quantity of the service that individuals wish to obtain and the price of that service over a specified period (Nabi, 2004, p. 25).

Consequently, according to Mubarak and Khaled (2005, p. 157), the tourism demand can be defined as the current and potential demand for a particular tourism product from the motives for travel. In other words, the tourist demand means those who travel or are likely to travel to a particular area to satisfy their desires in a particular period and at a certain price. The tourism demand does not represent a homogeneous group of individuals. Identical or similar motives motivate travel but different and varied and sometimes contradictory needs, and desires can be expressed in the demand for tourism economically that the number of goods and services consumed by the tourist at a particular place and time. Tawfiq (1997), defines tourism demand as the amount that a particular group of consumers intends to purchase from a commodity at a specified price in a particular time and place

According to Tayl (2004, p. 47), in general, three types of tourist demand can distinguish as follows:

- 1) General tourist demand, including the total tourist services provided when visiting a particular country regardless of type and time.
- 2) Special tourist demand. This kind of demand is linked to a specific tourist program to meet the needs and desires of tourists. This program is for a particular group of tourists, not all tourists, such as visiting forests or climbing tourism.
- 3) Tourist demand link to this kind of demand for tourist services complementing the tourism program. The tourist needs the airlines or the land or sea transport

for the reservation. Upon arrival to the host country, he needs shelter in the primary class. The demand for hotels and accommodation facilities is a derivative request as well as ordering food and drinks.

In this context, a research conducted by Nabi and Bashir (2009), where the researchers divide tourism demand according to spatial or geographic extent to:

- 1) Local (domestic) tourist demand, represented by tourists who are nationals of the country and move from one region to another within the borders of the country.
- 2) Foreign tourist demand, represented by foreign tourists of different foreign nationalities and coming from foreign countries outside the country.

However, there is another classification of tourist demand as the underlying tourist demand, which is the people who are covered by the basic rules of travel, which have the money and time and the ability to travel. Moreover, real (actual) tourist demand, represented by tourists who carry out tourist trips, i.e., who arrived at the tourist sites and began to fulfill their desires and needs.

#### **1.1.4.2.2. Characteristics of Tourist Demand**

First, seasonality is a characteristic of tourist demand. It is a growing demand that rises significantly in the summer season (July, August, and September) and is known as the high season or peak demand. Moreover, then declines significantly in the rest of the year especially winter, known as the low season, and can invade the causes of that property to the climate and length of daylight hours and leisure and vacations and others (Al-Hassan, 1998, p. 30).

However, the authorities responsible for tourist activities are trying to continue the impact of tourism in the recession season, or the revitalization of tourism in winter as well as in the peak season, through the establishment of some festivals, and opening exhibitions, to increase the operating rate (Fawzi, 2005, p. 69).

Second, the lack of tourist demand for the principle of diminishing marginal benefit: According to the principle of diminishing marginal utility, the consumption of additional units of a particular commodity at a particular time, the benefit of the added unit obtained from these units will decrease with the continued consumption of the



commodity. However, there are some criticisms faced by this theory, including the existence of some of the goods does not apply to this theory, such as money, jewelry, antiques and others, as well as some exceptional cases, tourism is one of these cases apply to this theory. As the tourist after the end of the tourist trip generates a higher motivation to repeat the trip one more time (Jawshen, 2000, p. 42).

Third, the flexibility of demand is defining as the relative change in the quantities required as a result of the relative change in prices, and since the need for tourism is a perfect need, that is, the individual can abandon it during the period in which the prices of tourism services increase. Therefore, the demand for tourism is flexible under normal circumstances. The rate of response of tourists to price changes is very high, and on this basis, the tourist is building decisions to choose the appropriate tourist trip. The price factor plays an essential role in the demand for tourism, any change in the price of tourism services leads to a significant change required by tourists (Muthanna & Al-Dabbagh, 2000, p. 47).

Fourth, Sensitivity to Political and Security Stability: As the crisis of political relations, the severance of diplomatic relations, the outbreak of wars, are significant cases of tourism activity. Besides, may lead to the cessation of the effectiveness of this activity, not limited to the impact on foreign tourism and the crisis of internal relations. Also, affect the tourism activity, the latest in Iraq, especially in the south and center, has led to a decline in tourists to visit archeological, religious and tourist sites in Iraq (Al-Khawam, 1996, p. 36).

#### **1.1.4.3. Tourism Resources**

According to Ibn (2004, p. 11), the natural element or human activity or all that is the result of human activity, which will activate the movements, tourism trips. Moreover, the tourism resources constitute the necessary condition for tourism development, whether the natural or human problem and the lack of tourism activity are terminated.

However, the media is the mainstay of tourism development, making it a second economic resource, as is the case for Tunisia, Egypt, Syria, Morocco, and Turkey, where it worked on developing the tourism sector by developing its information systems

and media means. To expand its spread within the communities, leading to a global marketing process for the tourist product with its economic and social aspects. Media is one of the essential means of disseminating tourism knowledge and culture to the internal and external public. Through information about the effects, attractions, services, programs, attractions and investment that affect the performance, attitudes, and attitudes of the public (Malukhia, 2008, p. 161).

#### **1.1.4.4. Tourism Marketing**

Tourism marketing can be defined as the administrative and technical activity carried out by tourist agencies and organizations inside and outside the country to identify and influence current and prospective tourist markets to develop the international tourism circulation coming from them (Shabayeki, 2003).

While Tourism growth refers to all the activities related to providing facilities for tourists at a destination, it includes activities such as skills development, job and wealth making, and marketing. So, tourism marketing of various tourist destinations over liaison, training, and advice of local tourism businesses promotes tourism development. With the considerate of tourism growth (Eruotor, 2014, p. 14).

#### **1.1.4.5. Tourism Development**

The term tourism development expresses the various programs that aim at achieving the continuous balanced increase in tourism resources and the deepening and rationalization of productivity in the tourism sector. It is a complex and compound process that involves several interrelated and organized elements based on the reasonable attempt. Moreover, application to achieve optimal exploitation of the elements of tourism production priority from a natural framework, a cultural framework, the general infrastructure, tourism through scientific and technological progress. Moreover, linking all this to the elements of the environment, the use of renewable energy and the development of human resources. To carry out its role in the development and realization programs. The expansion of the flexibility required in the convergence of different productive sectors (El-Galad, 2002, p. 44).

However, Zaki (2008, p. 109), mentioned that the tourism consciousness is the individual's thoughtful and understanding of tourism and its economic importance. Furthermore, its appreciation for tourism development, which is the ethics of behavior and dealing with the tourist. Furthermore, respect and not to exploit and narrow it or see it as a source of profit, but a decent guest, different in behavior and culture should be welcomed and appreciated as a guest to achieve their country's economic benefit.

## **1.2. TOURISM IN NRI**

According to Dabidian et al. (2013, p. 3), Iraq and its northern region will necessitate more political stability and security, the tourism sector in Iraq stands to be a critical growth sector. The Iraqi tourism sector is presently undersized and in a state of neglect, due to decades of war, closed systems and frequent instability and insecurity. Though, as Iraq continues to develop and stabilizes, it can begin to meet its incredible potential as a global tourist destination and obtain the related economic benefits.

However, according to Abdullah (2014, p. 6) tourism has recently anticipated a prominent position within the framework of states, governments, and individuals, which is one of the largest industries if exploited professionally and in the fastest growing manner. Since the past decade, NRI has an emerging market that is taking bold steps to turn the tourism sector into an industry generating new revenues in the region and diversifying Iraqi NRI's national income sources. The region has beautiful natural areas, safe climatic, cultural and political conditions, which in one way or another attracts the most substantial number of visitors from around the globe, especially since the last decade, regardless of the recent circumstances of the region and the broader middle east.

The importance of the NRI in various areas is increasing day by day, gradually gaining recognition as a tourist destination that is in many ways different from the rest of the surrounding areas. The region attracts foreign investment in the tourism sector, because the region is quiet, secure and stable, as well as the disappearance of the features of repression, wars and international isolation left by the former Iraqi government and the return of the return (Ahmad, 2009, p. 4).

While the NRI has pursued credible tourism studies and estimates to make tourism an industry that benefits both the region and tourist peoples. So, this has led the

government to rehabilitate the infrastructure, protect the sites and build tourist facilities in the NRI while removing some barriers to tourists' entry (Altaee, Tofiq, & Jamel, 2017).

While, Altaee et al (2017, p. 106) further argued that these necessary measures have made tourism an attractive economic option that generates new revenues through the spending of tourists and visitors, which increases tax and export revenues and creates job opportunities in tourism services, banking services, insurance, construction, trade, and manufacturing. However, this is a factor in attracting additional foreign funds that will also contribute to the development of an integrated economy regarding linkages with other sectors which contributes to the increase in the figure of tourists and visitors coming to the NRI, whether for tourism or work.

According to Rusty (2017) the number of arrivals to the NRI is increasing, which indicates a continuous rise in arrivals. Compared to the figures of the past years, the number of arrivals to NRI is increasing by nearly 70%.

According to KRG (2017, p. 3) the latest statistics by the General Authority for Tourism (GAT) in the NRI, linked to the ministry of tourism and municipalities of NRI, the number of tourists in NRI that the growth exceeds 66 percent, only in the first seven months of 2012, compared to 2011. The new data show That NRI has received by the end of July 2012 about 941,000 tourists.

While, the GAT statistics revealed that in 2011, the NRI hosted a total of 1.7 million tourists; however, at the end of 2012 the number increased to 2.5 million, thus increasing the number of previous estimates, which was expected to reach 2 million. The underlying cause of this growth is the significant stabilizing factor in the NRI, which has helped to increase the number of expatriates from all directions for various purposes, particularly for tourism (KRG, 2017, p. 4).

In this regard, Abdullah (2005, p. 3) mentioned that positive reports in the international media also shed light on the wonders of nature, historical and religious sites, and the significant developments in the NRI and its infrastructure. So, in contrast, the rest of Iraq, the NRI has not experienced violence since the fall of Iraq's former regime in 2003. However, the general tourism situation in the region, which includes the provinces of Erbil, Dohuk, and Sulaymaniyah, has made considerable efforts to improve

the tourism industry in the region. Compared to 2011, the region currently has about 405 hotels with an increase of 10%. Moreover, 214 motels it means that 18% increase. Besides, to 50 tourist villages, an increase of 13%.

### **1.2.1. Tourism Sector in Sulaimaniyah Province**

According to Ahmad (2009) the Sulaimaniyah province is one of the important cities in the NRI, like the Kuizah mountains and the Glazarda mediate it. So, the province of Sulaimaniyah sited in a northern part of Iraq is placed along long lines (50.44-16.46) east and latitude (04.30-30.36) north, about 386 km from the Iraqi federal capital and 198 km from Erbil, the capital of the region. Ibrahim Pasha founded the city in 1784.

Nevertheless, Abdullah (2014, p. 8) claimed that the Sulaimaniyah province comprises several towns, the most important of which is the Penjwin, which is considered an outlet to Iran, so, the Halabja and the Chamchamal towns, while in the 1950s there were two large dams constructed, namely the Dokan and Derbandikhan dams. The mountains embrace the city from each side and meet in the south-west with a small tangle leading to the wide-spread valley of Bazian. In the south-east, it connected to the entrance to the Shara Zour, five kilometers from the city center to the (Banari Koiza).

Moreover, Aram (2014, p. 14) mentioned that the Azmir mount, the weather is moderate and mild, tourists travel in the winter to enjoy the view of snowfall. Furthermore, in the summer to enjoy the atmosphere moderate and scenic views, where the roads paved geometrically exquisite, and appointed the water in Azmr tourist landmark since ancient times, including tourist facilities and giant tourism. There are a few Gulan (Castle Gulan), which located next to the water named Kani Askan and the princes of the Babylonians located in Qalago, come to this area to hunt the deer, which draped from this eye, which still exists.

## **1.2.2. The Sulaimaniyah Province Top Tourist Attractions**

### **1.2.2.1. The Great Mosque**

As mentioned by Aram (2014) the great mosque built in the 18th century by the princes of Baban, it includes great and high lighthouses. Inside the mosque, there is the shrine of Sheikh Maarouf Al-Nodih, known as Kaka Ahmad Al-Sheikh, and the shrine of Sheikh Mahmoud Al-Hafid.

### **1.2.2.2. The Azadi Park**

According to Abdullah (2014, p. 9) the Azadi park located in the city center which built after the NRI's uprising in 1991, that includes beautiful gardens and baskets of trees and playgrounds for children with a swimming pool and artificial lakes. In addition to significant tourist restaurants. The importance of this garden comes from its historical background where it was before the uprising (intifada) the major military camp of so-called Sulaimaniyah garrison.

However, according to Mustafa, (2006, p. 12) in 1963, when the Baathists overthrew the government of Abdulkarim Qasim, the army then arrested hundreds of city residents and quarantined in this camp, and more than half friend leader executed detainees. The NRI has constructed within the Park a monument commemorating Martyrs of June 9, 1963. This death camp has shifted to that beautiful park where headed for tourists in the spring and summer to enjoy the refreshing atmosphere and scenic.

### **1.2.2.3. The Sulaimaniyah Museum**

According to Ahmad (2009) an archaeological museum founded in 1961 in a small house in the village of Shores. In 1981 the museum was transferred to the current site on Salem Street, which is one of the most important museums in Iraq. However, the museum contains relics of Mesopotamia and rare relics of the Ottoman period stone.

In 2011, 50 years after its establishment, in collaboration with UNESCO, an important project was launched to improve a master plan to ensure the future survival

and prosperity of the Museum and its heritage in NRI and Iraq. While, Aram (2014, p. 20) mentioned that in cooperation with the UNESCO and the NRI, the project to renovate the museum regarding its facet, expansion of the building and the restoration and updating of the information about the archaeological artifacts presented initiated.

#### **1.2.2.4. The People's Cafe**

The café placed in the center of Sulaimaniyah city, in front of the old castle town market, where the writers, intellectuals, and artists gather. Moreover, featuring an extensive library of authors and books sent bestow all newspapers and magazines published in the NRI, and is the essential cultural café in Sulaimaniyah (Aram, 2014).

#### **1.2.2.5. The Jaffee Land**

The project is one of the leading tourism projects in the city of Sulaimaniyah, the NRI, and the Middle East. While this tourism city was built in the high mountains of Quiza and on a land area of (750000) m<sup>2</sup> overlooking the city of Sulaimaniyah the project includes a large number of modern games, two D5 theaters and various games in the indoor games hall Aram (2014). There is also a 90-meter fancy wheelchair, moving line, and other games. The project also includes a candle park, wax museum, dancing fountains, Hotel, tourist cabins, social club, vast green spaces, health facilities, mini-market and fast food stall (Mustafa, 2006, p. 12).

#### **1.2.2.6. The Red Security Museum**

According to Abdullah (2014, p. 6), the national museum knows in the red building of the security directorate of Sulaimaniyah in red color, which was run by the brutal Baath regime. In 1979, the building became a faculty of agriculture at the request of the Iraqi government and then the local administration. Later became a prison for militants and liberals. The building was liberated in the 1991 uprising and turned into a museum that includes several sections, some of which dedicated to conveying the suffering of the Kurdish people as well as the crimes committed and the means of torture practiced by the Saddam's regime. This museum is open to visitors daily from 8

am to 4 pm. The museum reflects the image of the reality of the Kurdish people and what was done against them by injustice and brutality during that era.

#### **1.2.2.7. The Azmar Mountains**

The Azmar mountains overlooking the city of Sulaimaniyah, which have a mild and pleasant climate, so, about only 5 kilometers away from the city of Sulaimaniyah. In winter, visited by tourists to enjoy the views of snow and in the summer for its pure air and scenic views are the spring old and beautiful area built around places to break vacationers and fashionable restaurants (Mustafa, 2006).

### **1.3. THE CONCEPT OF ECONOMIC DEVELOPMENT AND TOURISM**

According to Maarouf (2005, p. 11), economic development is the bringing to society by devising better new production methods and raising production levels, by developing the skills and energies of humankind and creating better organizations. So, this is the procedure by which we try to increase the average per capita gross national product over a specified period by raising average per capita productivity and using available resources to increase production during that period Ibrahim (2000).

However, Wafaa (2010, p. 52), defined the local development as the process of encouraging the community to take the steps that make their material and spiritual lives more prosperous and self-reliant. The essence of development is how society processes its problems local development identifies the process by which people of small communities can discuss their needs and draw up joint plans for satisfying them, focusing on community action to solve problems.

According to Al-Douri (1983, p. 56), economic development is the progress of society by developing new and better production methods and raise production levels through the development of human capacities and skills and create better organizations. In general, is the process by which we try to increase the average per capita gross national during a specific period and that by raising the average individual productivity and use available resources to increase production during that period (Hashish, 2000).

The industry flaunts tourism economic for a variety of reasons. Tourism businesses depend expansively on each other as well as other industries, government,



and inhabitants of the local community. However, the economic benefits of tourism will reach virtually everyone in the region in one way or another. Tourism's economic effects are therefore a significant reflection in state, regional and community planning and economic development. While economic impacts are also significant factors in marketing and management decisions, societies are therefore required to comprehend the relative importance of tourism to their region, including tourism's involvement to economic activity in the area (Eruotor, 2014).

### **1.3.1. The Role of the Tourism Sector in Economic Development**

Tourism's economic effect realized in various economic sectors; however, as a sector, its boundaries of contribution is difficult to define. While most local economic sectors are in some way connected to tourism so, tourism involves all services and goods that are delivered specially for visitors that would not have used such goods and services otherwise (Meyer, 2015, p. 200).

According to Al-Khawam (1996, p. 39), tourism sector plays an essential role in the economies of countries and occupies a prominent place and global attention by governments and experts, insisting that the country. That has taken the development of the tourism sector on its way to economic development and improve the economic structure and shows the economic impact of tourism in increasing tourism revenues of foreign exchange. While, the payment necessary for development by providing the most significant amount of foreign currency spent by tourists during the duration of their stay on various services and goods, tourism and non-tourist and this spending of tourism has a multiplier effect if it sometimes spent on the improvement of goods and services.

Which leads to doubling this income is not limited to the benefit of the national economy from the current tourism activity; however, investment tourism spending contributes to the development of some sectors that feed the tourism sector with the necessary goods and services. The government can also control the contribution of tourism to government revenues as much as it needs, in direct and indirect forms of taxation on commercial, industrial and customs profits (Al-Kahli, 2001, p. 12).

According to Reddy, Basha and Kumar (2014, p. 755) tourism sector is playing an increasingly important role in the economies of many developing countries. So, the sector pays towards economic development, employment, and income.

However, Durbarry (2002, p. 864), mentioned that tourism has verified to be an active sector for an economic development permit for the expansion of a local economy, attracting foreign exchange investment. Which could lead to the increase in the balance of payments, regional development, employment creation and income and also the stimulation of domestic household consumption? Studies in developing countries found a positive relationship between economic development and tourism improvement, allowing for the creation of new businesses, particularly small businesses.

However, Durbarry (2002) further argues that in the field of creating multiple employment opportunities, tourism activities achieve direct national employment represented. By workers in tourism companies, hotels, furnished apartments, tourist shops, tourist guides and indirect national labor achieved by other sectors such as agriculture, food industries, and construction sector. Thus, tourism has always left its traces on the various aspects of life in the society, which oriented towards tourism development. The social effects of tourism are apparent and have a substantial impact on the different aspects of social life such as the general nature of society and some social phenomena, customs, and traditions directed at the behavior of individuals (Al-Kahli, 2001, p. 10).

Tourists frequently travel to high-quality environmental regions which commonly exclude industrial extents; however, comprise regions of natural beauty within a rural site. Tourism could hence be a driving force in rural regions with limited industrialization, but with some agricultural value. A secure connection with the agriculture sector will also limit leakages through large-scale imports of products (Meyer, 2015).

According to the organization for economic coordination and development (OECD), the tourism sector is labor concentrated and permits for comparative ease of entry into the market, with limited barriers. However, policymakers recognized tourism development as a key to employ large numbers of unemployed youth and lowly skilled people. While, this is reliant on people and factors such as natural resources, infrastructure, and capital investment to confirm that quality services and products

provided. A well-skilled labor force will ensure greater effectiveness of this sector and possibly increase the success of rapidly changing markets (OECD, 2010).

However, to certify sustainable tourism development that contributes to economic development and growth, the following critical strategies proposed by the international monetary fund (Meyer, 2015):

- Classify and protect natural and cultural assets that let for the comparative advantage in tourism for a particular region.
- Certify local contribution and ownership in tourism development.
- Buildability in tourism organizations and infrastructure.
- Formulate a broad and integrated tourism development strategy as part of the local economic development strategy counting aspects such as tourism marketing.
- Reduce corruption and crime.
- Support for local tourism.

#### **1.3.1.1. Tourism Contribution to GDP**

According to UNWTO (2016) the direct contribution of travel and tourism to GDP reveals the private expenditure on travel and tourism; total expenditure within a particular country on travel and tourism. By residents and non-residents for business and leisure purposes, as well as individual government expenditure, spending by government on travel and tourism services straight related to visitors, such as cultural (museums) or recreational (national parks).

#### **1.3.1.2. The Impact of Tourism on the Balance of Payments**

The balance of payments is a statement that reviews an economy's transactions with the rest of the world for an indicated period. However, the balance of payments categorizes these transactions into two accounts; the current account and the capital account. While, the current account comprises transactions in goods, services, investment income and current transfers; however, the capital account primarily contains transactions in financial instruments. Accordingly, an economy's balance of

payments transactions and international investment position (IIP) together establish its set of international accounts (Thano, 2015, p. 130).

Tourism has a significant impact on the balance of payments. So, the entry of tourists involves the entry of foreign currencies. The exit of tourists needs the exit of foreign currency. Tourism does not involve the movement of capital only, but the purchase of tourism goods and services. Productivity, labor force and capital across countries' borders. The effect of tourism on the balance of payments can explain in two ways (Thano, 2015, p. 131):

- a) Positive effects: The entry of tourists into the country and their acquisition of local tourist goods and services, i.e., the entry of foreign currency into the country. Besides, the export of goods for tourism purposes by tourists.
- b) Adverse effects: The foreign currency is the result of the exit of domestic tourists abroad to import goods for tourist purposes, recorded on the side of the debtor, and thus reduce the net credit balance of the country from the balance of tourism.

According to Al-Houri and Al-Dabbagh (2000) the tourism balance, which means the rights and obligations of the country arising from the tourism activity, is regularly recorded in a single register within the balance of payments register. Through which the final impact of tourism is reported on the balance sheet as shown in Table 1.1.

However, Thanó (2015), further argues that today the majority of nations are facing severe problems due to the balance of payments deficit. That is why the governments of these nations try to stimulate those sectors of the economy which can help in obtaining foreign currency in the economy, which they require to reduce the negative balance of payments as much as potential. Consequently, this is most significant for the developing countries; whose domestic currency is not very strong.

**Table 1.1.** Sample Tourism Balance

The Value	The Debtor (Import)	The Value	Credit (Export)
xxx	Tourist expenditures (tourist expenditure by citizens abroad)	xxx	Tourism revenues (tourist spending by foreign tourists at home)
xxx	Transfers of foreign workers in tourism abroad	xxx	Transfers of workers in tourism within
xxx	Imported imports (food, beverages, commodities, goods, tourism machinery and equipment)	xxx	Controlled exports (goods, gifts, goods, machinery, and tourism equipment)
xxx	Transport (share of foreign	xxx	Transport (share of national airlines

	companies for aviation and navigation of tourist transport citizens abroad)		and aviation companies from international tourism transport)
xxx	Expenditure on national tourism advertising abroad	xxx	Expenses on advertising and foreign tourist advertisements at home
xxx	National tourism investment abroad	xxx	Foreign tourism investment inside

**Source:** Al-Houri and Al-Dabbagh (2000).

### **1.3.1.3. The Tourism Importance for Economic**

According to Abdullah (2014), tourism is one of the supports of the national economy and thus affects various aspects and levels, from maximizing economic growth, income and the value of foreign exchange to improving and restoring the economic structure to serve economic development. The effects can identify directly and indirectly as follows:

#### **1.3.1.4. The Direct Impact of Tourism**

According to Al-Khawam (1996), these effects are the role of tourism in the formation and redistribution of national income, in the balance of payments and in achieving more production, use, and development between different regions of the country. So, this can illustrate the following:

##### **1.3.1.4.1. The Impact of Tourism on National Income**

The tourism sector, like any other sector, is an integral part of the national economy and has an influential role in the formation of national income. This role varies according to the size and importance of the tourism sector in any country. Where there is a relationship between tourism spending and services provided to tourists, that is, all spending from tourists in return for tourist service, and this represents spending between (4-7%) and the national income of the country concerned (Al-Khawam, 1996).

The increase in national income depends on the expenditure directed at the tourism sector of a particular country. For example, the expenditure in the hotel service is a transfer from the balance of tourists to the balance of hotel owners, and also depends on the increase in the volume of spending as a result of the arrival of tourists and increase the number of workers (Al-Houri & Al-Dabbagh, 2000). Thus, tourism

spending is revenue through the flow of foreign exchange in the case of foreign and local tourism in the case of domestic tourism, as a result of the increase in purchasing power and increase the volume of sales and thus increase incomes and stimulate the movement of sectors and thus the tourism sector.

#### **1.3.1.4.2. The Impact of Tourism on Employment Creation**

Since tourism depends on the human element, so it has a decisive role in creating job opportunities and reduces the problem of unemployment; moreover, because the tourism activity is a diverse activity of creating jobs for specialists in the field of tourism. Besides, even in other professions such as an accountant, engineer, a diversity reflected in the ability to provide more jobs in this area, as in the field of hotels and accommodation, as well as in the transport of land, sea, and air. As well as travel organizer, travel agents advertising, providing guests or visitors to foods, all require workforce and thus provide in Jobs, with a positive impact on creating new jobs (Al-Hassan, 1998).

#### **1.3.1.4.3. The Impact of Tourism on the Redistribution of Income**

The sites of tourist importance often characterized by the availability of tourist attractions, which far from the big cities crowded, that may be in the countryside and remote places or on the beaches. So, it is necessary to build tourism projects in those places and provide all the services needed by tourists because they are far from and in order not to feel any shortage, all of this requires the establishment of projects. Moreover, delivery of all services to it and thus its contribution to the development of those regions and remote rural, and can indicate by the following (Al-Zaher & Elias, 2001, p. 56):

- 1) Establishment of tourist facilities in those regions, this means the arrival of one of the types of development.
- 2) The nature of the intertwining of tourist activity with other economic activities in the manufacture of tourism product will lead to the creation of some industries and complementary services in these areas to equip tourism with production supplies.

- 3) To develop the folkloric and handicraft industries, and not to lose them to preserve the cultural heritage of those countries
- 4) The establishment of tourism projects in these areas requires the establishment of several infrastructure projects, such as water, electricity, and sanitation.
- 5) The establishment of tourism projects in the areas mentioned, require more workforce and thus build residential communities in those regions or regions, and provide educational and health services as well.
- 6) Providing employment opportunities in projects, and the disposal of agricultural and craft products at reasonable prices. However, create a good income for the population of this region, which means increasing income and raising the level of living, as it contributes to the redistribution of income. Moreover, to achieve some justice in the distribution of national income the per capita income of the rural person is lower than that of the individual in the city. Therefore, the establishment of these projects will create new income and thus redistribute income for low-income earners
- 7) Increase production and income, through its contribution to the formation of national income and the provision of foreign currency and support the balance of payments.
- 8) Encourage the migration of the opposite from cities to the countryside, as it has positive effects of reducing the impact of congestion in cities.
- 9) It must also be accompanied by the social aspect, through the high standard of living and education, and direct contact with foreign tourists.

## **CHAPTER TWO**

### **ANALYSIS OF TOURISM SECTOR AND ITS IMPACT ON ECONOMIC DEVELOPMENT IN SULAYMANIYAH PROVINCE**

The purposes of this chapter are to analyze and argue the situation of the tourism sector in the Sulaimaniyah province for the period 2007-2016. By demonstrating the data and information collected from various sources from, such as the board of investment the studies and information department directorate of information, the ministry of municipalities and tourism, general directorate of tourism and investment authority. Consequently, the data official records and published by the authorities. Over

present the data that collected and interpreted the outcomes by using frequency, percentage, graphs, and curves.

**Table 2.1.** Investment in Tourism Sector Capital in Dollar

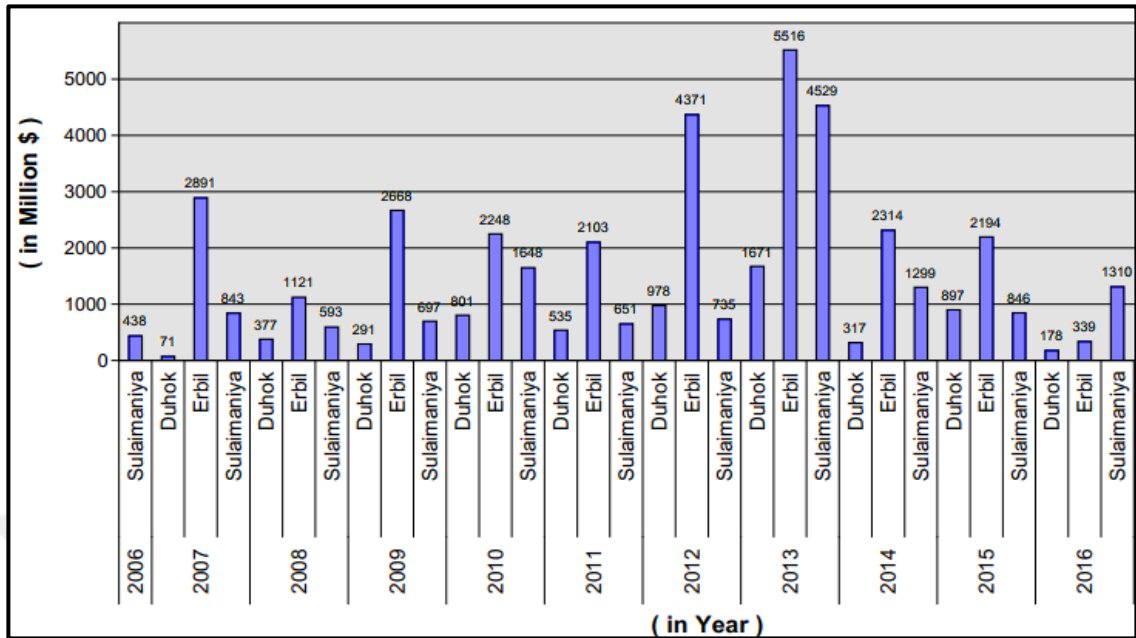
Sector	Erbil	Duhok	Sulaimaniya	Total	Total Investment %
<b>Agriculture</b>	243,291,708	574,392,972	19,367,385	837,052,065	<b>1.80%</b>
<b>Art</b>	12,317,467			12,317,467	<b>0.03%</b>
<b>Banks</b>	753,702,661	2,980,000		756,682,661	<b>1.63%</b>
<b>Communication</b>	127,895,000		92,995,942	220,890,942	<b>0.48%</b>
<b>Education</b>	231,593,737	58,206,202	437,559,800	727,359,739	<b>1.57%</b>
<b>Health</b>	740,051,217	72,148,999	106,411,446	918,611,662	<b>1.98%</b>
<b>Housing</b>	10,057,536,699	2,097,050,317	2,731,227,806	14,885,814,822	<b>32.03%</b>
<b>Industry</b>	6,350,230,847	2,250,811,095	8,104,454,955	16,705,496,897	<b>35.95%</b>
<b>Service</b>	8,989,160		82,786,555	91,775,715	<b>0.20%</b>
<b>Sports</b>		73,587,549	25,315,300	98,902,849	<b>0.21%</b>
<b>Tourism</b>	4,428,575,200	850,846,435	1,427,798,120	6,724,817,355	<b>14.47%</b>
<b>Trading</b>	3,160,249,691	478,688,803	693,699,471	4,386,137,965	<b>9.44%</b>
<b>Transportation</b>	104,204,000			104,204,000	<b>0.22%</b>
<b>Sector</b>	<b>Erbil</b>	<b>Duhok</b>	<b>Sulaimaniya</b>	<b>Total</b>	<b>Total Investment %</b>
<b>Grand Total by Sector</b>	<b>26,218,637,387</b>	<b>6,458,712,372</b>	<b>13,721,616,780</b>	<b>46,470,064,139</b>	<b>100.00%</b>

Source: KRG (2018).

## 2.1. INVESTMENT IN TOURISM SECTOR AND ITS IMPACT ON ECONOMIC DEVELOPMENT

As summarized in Table 2.1, that the partition of investment projects by diversified economic sectors in the region for the period 2007-2016. The results show that investment in tourism sector came in the third place after the housing and industry sectors by 14.47% of the total investment in the region in the indicated period. However, the same table exemplifies that 21.23% of the overall investment in the tourism sector implemented in Sulaimaniyah province at the capital \$1,427,798,120.



**Figure 2.1.** Investment in Economic Sectors, Capital by Year and Provinces

Source: KRG (2018).

During the period, specifically from the 2007- 2013, the region and its provinces witnessed a steady increase in investment efforts as a result of the security stability and essential efforts to introduce the region and attract investment to support economic development, significantly in infrastructure which is necessary for tourism activities. Through, the laws related to investment, particularly foreign investment, witnessed a kind of change, followed by a change in procedures also, to facilitate investment, as revealed in Figure 2.1, above.

## 2.1.1. Tourism Supply and Demand and their Impact

### 2.1.1.1. Tourism Supply in Sulaimaniyah Province

The reality of the tourism sector in the region particularly for the period from 2007 to 2016, the tourism sector in the region witnessed significant developments during these years indicated both supply and demand.

As the Table 2.2, summarizes that the capacity of hotels, motels and tourist villages conferring to the stars in Sulaimaniyah province. The hotels, motels and tourist villages from three stars to one together constitute 89.05%. So, the increase in demand for this category of tourist establishments has an impact on the increase in the supply of

tourist establishments in Sulaimaniyah city. Nevertheless, the amounts of 7.47% and 3.48% for the tourist establishments with four and five stars respectively.

**Table 2.2.** Hotels, Motels and Tourist Villages by Stars until 2006

No of stars	No.	Percentage
5 Stars	7	3.48%
4 Stars	15	7.47%
3 Stars	45	22.39%
2 Stars	63	31.34%
1 Star	71	35.32%
0 star	0	0
<b>Total</b>	<b>201</b>	<b>100</b>

Source: KRG (2017).

**Table 2.3.** Establishments and Facilities for the Period 2016

	5 Stars	4 Stars	3 Stars	2 Stars	1 Stars	0 Star	Total of Tourism Establishments	Cultural Sites	Total of Tourism Establishments and Cultural Sites
Hotel	21	67	88	141	104	9	430	190	620
Motel	2	9	34	90	130	6	271	84	355
Tourist Village	8	3	27	24	29	0	91	0	91
Restaurant and Cafeteria	14	50	68	149	221	270	772	1015	1787

Source: KRG (2017).

Accordingly, Table 2.3, demonstrated that the overall tourism establishments and cultural sites in the region till 2016 recorded as 620. While 430 of them are tourism establishments, so this figure consist of (21, 67, 88, 141, 104, and 9) respectively for the hotels from five stars to none star.

However, the region owned 271 motels from five stars to none star, while 84 motels compound with cultural values detailed. Accordingly, 91 tourist village operating in the region (8, 3, 27, 24, and 29) respectively from five stars to one star only. In this context, from 2007 to 2016 restaurant and cafeteria operating in the region reached 1,787, so 1015 of them compound with cultural values. So, these results indicate that the tourism sector in the region requires significant development.

### 2.1.1.2. Tourism Demand in Sulaimaniyah Province

As revealed in Table 2.4, for the demand side, there have been apparent increases in the number of tourists arrives at the region for the period 2007-2013. However, the same table showed that in 2013, tourist arrivals to the region reached 2,952,027 million; while, the figures in 2007 reached to 377,397 thousand it means that increased by 782.20% within seven years. So, the number of tourists arrives at the Sulaimaniyah province for the period 2007-2013, started by 77,933 thousand in 2007 and reached to 444,807 in 2013, that means tourists arrive at the Sulaimaniyah province increased by 570.75%.

**Table 2.4.** Number of Tourists Arrives

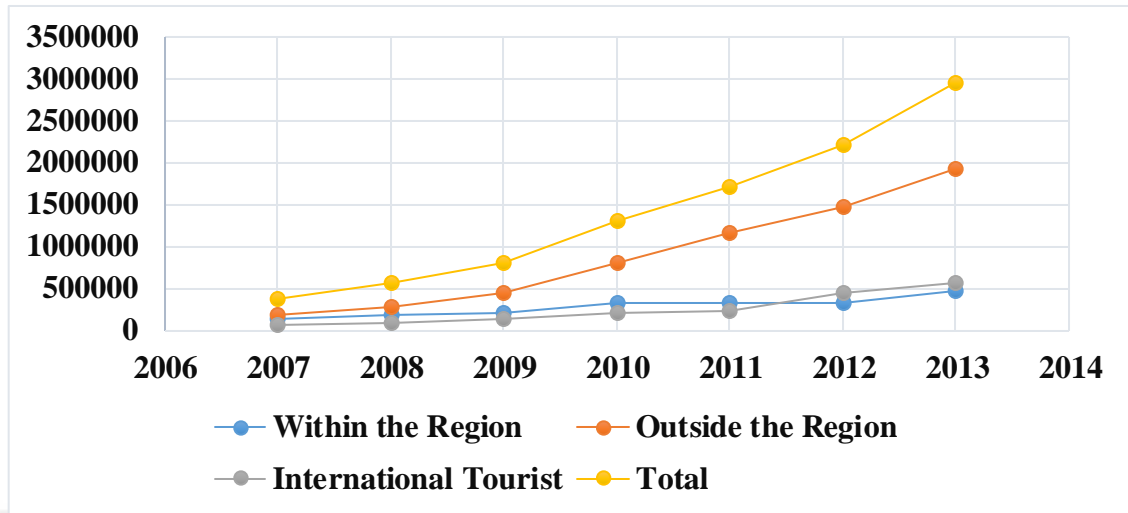
<b>Periods</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Provinces</b>							
<b>Erbil</b>	153571	211780	426398	615479	1168174	1518830	2029623
<b>Sulaimaniyah</b>	77933	119416	131932	229663	314974	374276	444807
<b>Dohuk</b>	145893	227664	233015	468699	219242	302004	444414
<b>Karamian</b>	-	-	-	-	-	21883	33183
<b>Total</b>	<b>377397</b>	<b>55886</b>	<b>719345</b>	<b>1313841</b>	<b>1702390</b>	<b>2216993</b>	<b>2952027</b>

**Source:** Trade statistics department, (2015).

As shown in Figure 2.2. The international tourist arrivals to the region reached to 558,636 thousand; while, in 2007 the region received 53,859 thousand international tourists. The results indicate the region attracted tourist arrivals within and outside the region and significantly contributed to economic development on the region and local development.

However, the region's economy has experienced several periods before the merger of and Sulaimaniya administrations in 2006 to a specific scope the weakness of economic activities and the decline of investment in the region including investment in tourism sector. Besides, in the same period after the merger of the two administrations within the unified NRI and issuing the laws related to investment, as economic activities shoed development and increased (GDP) size year after year.

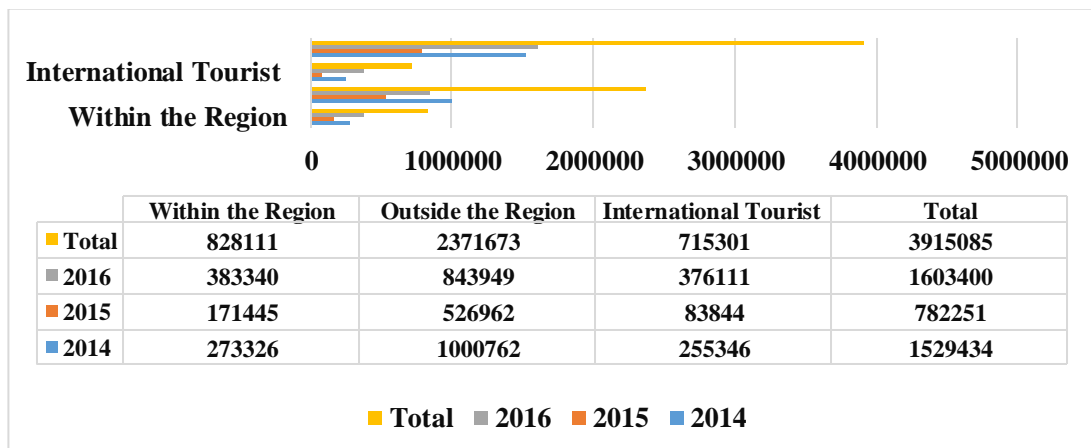
**Figure 2.2.** Tourists Arrivals to the Region by Nationality



Source: MP (2015).

As revealed in Figure 2.3, the tourist arrivals to the region in 2016 reached 1,603,400 million; while, 782,251 in 2014 arrivals and 1,529,434 in 2015. In contrast, tourism demand has negatively affected by the financial and political crisis in 2014 to a large extent. Figure 2.3, shows a significant decline in tourism demand during the crisis directly in all governorates of the region and in varying degrees. The results revealed the international tourist arrivals to the region in 2016 reached to 376,111 thousand; while, in 2015 the region received 83,844 thousand international tourists only. The results indicate the region attracted tourist arrivals within and outside the region and significantly contributed to economic development on the region and local development particularly in 2016.

**Figure 2.3.** Tourists Arrivals to the Region by Nationality



Source: KRG (2017)

### 2.1.1.2.1. Comparative Analysis of Tourists Arrivals

As shown in Table 2.5, there have considerable increases in the number of tourists arrives in the Sulaimaniyah province for the period 2015-2016. Though, the same table indicated that in 2016, tourist arrivals to the Sulaimaniyah extended 728,823 thousand; while, the figures for 2015 reached to 146,498 thousand only. So, it means that increased by 397% within two years. Subsequently, the number of tourists come to the Sulaimaniyah province.

**Table 2.5.** Comparative Analysis of Tourists Arrives for the Period (2015-2016)

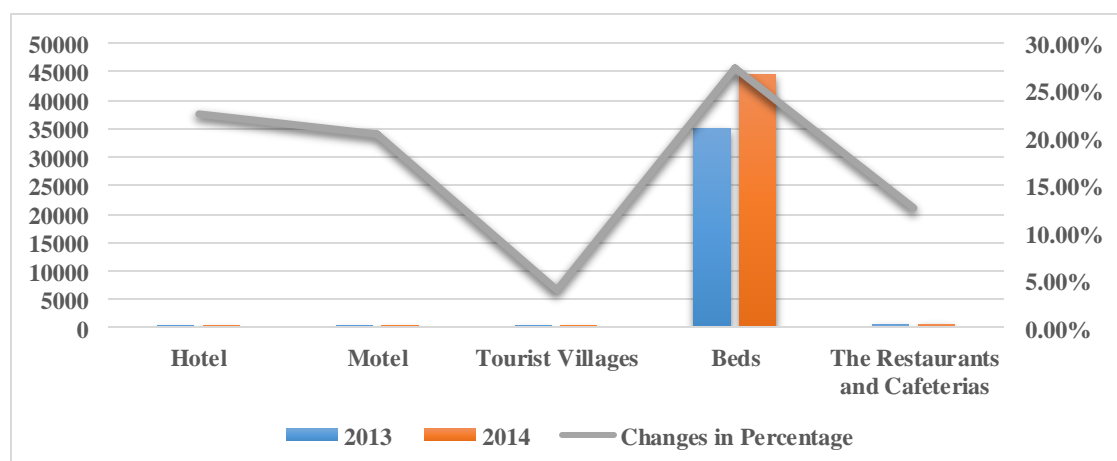
Periods	2015	2016	Comparative
<b>Provinces</b>			
<b>Erbil</b>	579876	776165	<b>34%</b>
<b>Sulaimaniyah</b>	146498	728823	<b>397%</b>
<b>Dohuk</b>	49639	88390	<b>78%</b>
<b>Karamian</b>	6238	10022	<b>61%</b>
<b>Total</b>	782251	1603400	<b>105%</b>

Source: KRG (2017).

### 2.1.1.2.2. The Reflection of the Financial Crisis on Tourism Sector

The tourism sector was affected negatively by financial, political and security crisis faced by the region with a massive drop in tourism demand but the supply was not along the same lines, so the supply and demand sides studied as follows:

**Figure 2.4.** Establishments and Facilities Before and During the Crisis



Source: KRG (2017).

As presented in Figure 2.4, the tourism supply has not affected negatively by the crisis in the year 2014 due to investments and previous vacations projects complement

and complete it encountered in 2014. While, the tourism supply has increased in almost all tourist establishments and facilities in the region, as revealed in Table 2.6, below.

**Table 2.6.** Establishments and Facilities Before and During the Crisis

<b>Period</b>	<b>2013</b>	<b>2014</b>	<b>Changes in Percentage</b>
<b>Tourist Establishments</b>			
<b>Hotel</b>	314	385	<b>22.6%</b>
<b>Motel</b>	206	248	<b>20.4%</b>
<b>Tourist Villages</b>	72	75	<b>4%</b>
<b>Beds</b>	34954	44504	<b>27.3%</b>
<b>The Restaurants and Cafeterias</b>	565	636	<b>12.6%</b>

Source: KRG (2017).

In contrast to the tourism supply, the tourism demand has negatively affected by the financial and political crisis to a large extent. Table 2.7, shows a significant decline in tourism demand during the crisis directly in all provinces of the region and in varying degrees. However, this significant decline in tourism demand in the region due to tourist demand sensitivity towards economic factors (low income) as well as security and political conditions that proved by economic theory and international experiences demonstrate during financial crises and security.

**Table 2.7.** Tourists by Provinces Before and During the Crisis

<b>Period</b>	<b>2013</b>	<b>2014</b>	<b>Changes in Percentage</b>
<b>Provinces</b>			
<b>Erbil</b>	2029623	937591	- 53.8%
<b>Sulaimaniyah</b>	444807	333478	- 25%
<b>Dohuk</b>	444414	229630	- 48.3%
<b>Karamian</b>	33183	28735	- 13.4%

Source: KRG (2017).

### **2.1.2. Value Added by Accommodation and Food Services**

The Value-added from hotels based on 2012, the year before the financial and political crisis of hotel and accommodation activities. While the data obtained from the same source NRI's statistics office for Erbil and Sulaimaniyah provinces and a

summary report for Duhok provinces. The indicated that the survey was a census of all hotels, motels, and tourist complexes.

**Table 2.8.** Value Added by Hotels and Restaurants for 2012

<b>Component</b>	<b>Erbil</b>	<b>Sulaimaniyah</b>	<b>Duhok</b>
<b>Value Added by Hotels</b>			
<b>Gross Output</b>	198.4	33.5	<b>16.7</b>
<b>Intermediate Consumption</b>	40.3	11.0	<b>4.2</b>
<b>Gross value added (1 – 2)</b>	158.1	22.5	<b>12.5</b>
<b>Overall</b>	<b>193.1</b>		
<b>Value Added by Restaurants</b>			
<b>Gross Output</b>	194.9	935.8	<b>267.5</b>
<b>Intermediate Consumption</b>	100.5	509.7	<b>126.6</b>
<b>Gross value added (1– 2)</b>	94.4	426.1	<b>140.9</b>
<b>Overall (ID, Billions)</b>	<b>661.4</b>		

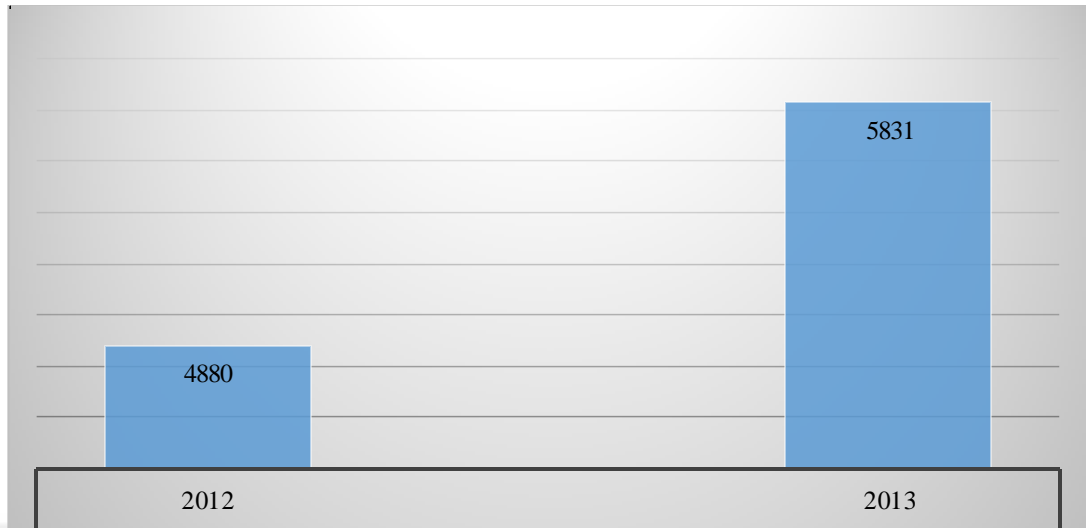
Source: KRG (2017).

As revealed in Table 2.8, the gross value added in the region's provinces for tourist accommodations (hotels) and restaurants or food services are equal to gross output minus intermediate consumption. So, for tourist accommodations, value-added amounts to 193.1 billion Iraqi dinars or (\$165.9 Million). However, for restaurants or food services value added amounts to 661.4 billion Iraqi dinars (\$568.2 million). While, the gross value added in Sulaimaniyah province for tourist accommodations, amounts to 22.5 billion Iraqi dinars. For restaurants or food services value added amounts to 426.1 billion Iraqi dinars which constitute 64.42% of the overall region.

### **2.1.3. Number of Workers in Tourism Establishments**

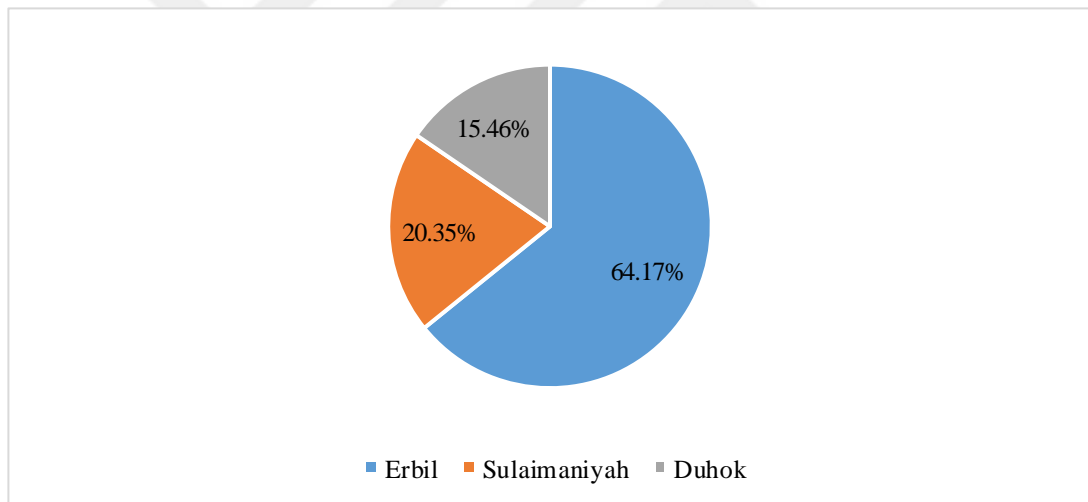
As shown in the Figures 2.5, and 2.6, the number and percentage rate of workers in tourism establishments or all hotels, motels, and tourist complexes in the region for 2012-2013. The figures indicate that the number of workers' tourism establishments reached to 5831 in 2013, and comparing to 4880 workers in 2012 it reveals a rise of 19.04%. Erbil province recorded the maximum rate 64.17% of workers comparing to Sulaimaniyah province 20.35% and Duhok province 15.46%.

**Figure 2.5.** Number of Workers in Tourism Establishments



**Source:** Trade statistics department, (2015).

**Figure 2.6.** Percentage Distribution Rate of Workers in Establishments



**Source:** Trade statistics department, (2015).



**CHAPTER THREE**  
**ANALYSIS OF TOURISM SECTOR AND ITS IMPACT ON ECONOMIC**  
**DEVELOPMENT IN SULAYMANIYAH PROVINCE**

This chapter aims to test the impact and relationship between the reality of tourism sector development and tourism potential to attract tourists as (economic development in Sulaimaniyah), hence, this chapter is organized into two sections: First section reveals statistical tools used in the study. Second section, analysis and presenting the results of the tourism sector and its impact on economic development in Sulaimaniyah province. The survey questionnaire is the method that is used to collect data and information. However, the questionnaire is designed to collect data from tourism authority in Sulaimaniyah province.

### **3.1. Statistical Tools Used in the Study**

The essential statistical tools and tests used in the study of the impact and relationship between the reality of tourism sector development and tourism potential to attract tourists in Sulaimaniyah are as follows:

#### **3.1.1. Factor Analysis**

Regarding the factor analysis, if the observed variables are  $X_1, X_2, \dots, X_n$ , the common factors are  $F_1, F_2, \dots, F_m$  and the unique factors are  $U_1, U_2, \dots, U_n$ , the variables may be expressed as linear functions of the factors:

$$X_1 = a_{11}F_1 + a_{12}F_2 + a_{13}F_3 + \dots + a_{1m}F_m + a_1U_1$$

$$X_2 = a_{21}F_1 + a_{22}F_2 + a_{23}F_3 + \dots + a_{2m}F_m + a_2U_2$$

$$X_n = a_{n1}F_1 + a_{n2}F_2 + a_{n3}F_3 + \dots + a_{nm}F_m + a_nU_n$$

Factor analysis is a method for investigating whether some variables of interest  $Y_1, Y_2, \dots, Y_n$ , is linearly correlated to a smaller number of unobservable factors  $F_1, F_2, \dots, F_k$ . Factor analysis also attempts to represent a set of observed variables.  $X_1, X_2, \dots, X_n$  regarding some common factors plus a factor which is unique to each variable. The common factors sometimes called latent variables are possible variables which explain why some variables are correlated with each other -- it is because they have

one or more factors in common. A concrete physical example may help, Fabrigar, Wegener, Mccullum and Strahan (1999).

Steps in employing factor analysis:

- Step one: Calculating a  $k$  by  $k$  Intercorrelation ground. So, calculating the factorability of the matrix. Through testing Bartlett's Test of Sphericity and (KMO).
- Step two: in this step extracting an initial clarification, for both study variables, independent and dependent.
- Step three: From the first solution, we decide the suitable number of factors to be extracted in the final clarification.
- Step four: If necessary, we rotate the factors to illuminate the factored form to interpret the nature of the factors better to determine the produced factors between survey questions.
- Step five: Depending upon subsequent requests, calculate a factor mark for each subject on each factor.

Factorability of an Intercorrelation Matrix

Two Tests

- Bartlett's Test of Sphericity
- Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO)

Bartlett's Test of Sphericity: In matrix algebra, the determinate of an identity matrix is equal to 1.0.

For example,

$$1 = \begin{pmatrix} 1.0 & 0.0 \\ 0.0 & 1.0 \end{pmatrix}$$

$$|1| = \begin{pmatrix} 1.0 & 0.0 \\ 0.0 & 1.0 \end{pmatrix}$$

$$|1| = (1.0 * 1.0) - (0.0 * 0.0) = 1.0$$

Computes the determinate of the matrix of the sums of products and cross-products (S) from which the intercorrelation matrix is derived. The determinant of the matrix S is converted to a chi-square statistic and tested for significance.

The null hypothesis is that the intercorrelation matrix comes from a population in which the variables are noncollinear (i.e., an identity matrix) and that the non-zero correlations in the sample matrix are due to sampling error (Steven, 2008).

If two variables share a common factor with other variables, their partial correlation ( $a_{ij}$ ) will be small, indicating the unique variance they share (Kaiser-Meyer-Olkin Measure of Sampling Adequacy, KMO).

$$KMO = \frac{(\sum \sum r_{ij}^2)}{(\sum \sum r_{ij}^2 + \sum \sum a_{ij}^2)}$$

If  $a_{ij} \cong 0.0$

The variables are measuring a common factor, and  $KMO \cong 1.0$

If  $a_{ij} \cong 1.0$ , the variables are not measuring a common factor, and  $KMO \cong 0.0$

Chi-square

$$\chi^2 = - \left[ (n-1) - \left( \frac{1}{6} \right) \left( 2p+1 + \frac{2}{p} \right) \right] \left[ \ln|S| + p \ln(1/p) \sum l_j \right]$$

$P$  = number of variables,  $k$  = number of components,  $l_j = j^{\text{th}}$  eigenvalue of  $S$   
 $df = (p-1)(p-2)/2$ . (Steven, 2008).

Methods for extracting factor analysis: A variety of methods have been developed to extract factors from an Intercorrelation matrix. SPSS offers the following methods (Grice, 2001; Steven, 2008):

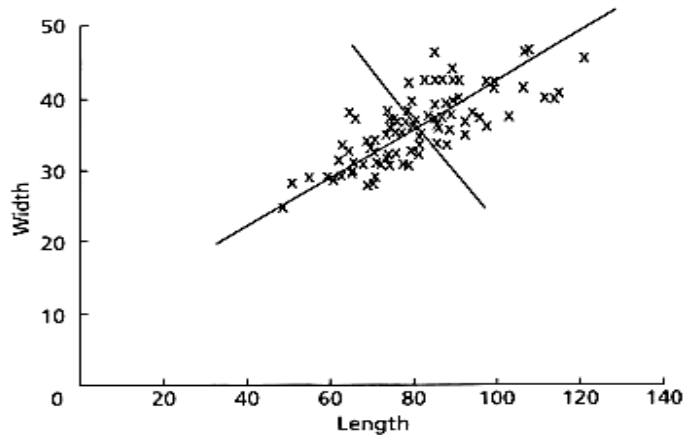
- Principle components method (probably the most commonly used method)
- Maximum likelihood method (a commonly used method)
- Principal axis method is also known as common factor analysis
- Unweighted least-squares method
- Generalized least squares method
- Alpha method
- Image factoring.

Principle Component Methods: In this study, we have used principal component methods since it is the most commonly used method. According to Lindsay (2002) when we measure two variables, length, and width, and plotted them as displayed below. Both variables have approximately the same variance, and they are highly correlated with one another. We could pass a vector through the long axis of the cloud of points and a second vector at right angles to the first, with both vectors passing through the centroid of the data, as revealed in Figure 3.1, below.

Eigenvalues: According to Grice (2001) eigenvalues are closely related to eigenvectors, so we can realize that eigenvectors and eigenvalues always come in pairs.

When the researcher obtained a fancy programming library to calculate eigenvectors, so, usually obtain the eigenvalues as well.

**Figure 3.1.** Principle Component Methods



Source: Lindsay (2002).

As indicated by Steven (2008) we can multiply two matrices together, provided they compatible sizes. Eigenvectors are a particular case of this. It is the nature of the transformation that the eigenvectors arise from. Imagine a transformation matrix that, when multiplied on the left, reflected vectors in the line  $y = x$ . Then we can realize that if there were a vector that lay on the line  $y = x$ , it is reflection it. This vector (and all multiples of it, because it would not matter how long the vector was), would be an eigenvector of that transformation matrix.

**Factor Loading:** A factor loading is a correlation between a variable and a factor that has been extracted from the data (Lindsay, 2002).

**Factor Rotation:** According to Grice (2001) sometimes the factor pattern can be clarified by rotating the factors in F-dimensional space. Consider the following hypothetical two-factor solution involving eight variables. Various methods can be used in factor rotation.

**Varimax Rotation:** Attempts to achieve loadings of ones and zeros in the columns of the component matrix 1.0 and 0.0 (Grice, 2001).

### 3.1.1.1. Statistics

According to Grice (2001), the whole element of statistics based nearby the idea that the researcher has the big set of data, and want to examine that set regarding the relationships between the individual points in that data set. While, the researchers may go to look at a few of the methods that can do on a set of data, and what they tell about the data itself.

### 3.1.1.2. The Mean

When obtaining a set of raw data one of the most useful ways of summarizing that data is to find an average of that set of data, an average is a measure of the center of the dataset. There are three common ways of relating the center of a set of numbers (mean, the median and the mode). The mean – add up all the numbers and divide by how many numbers there are (Nicholas, 2006):

$$\text{Mean} = \frac{18 + 23 + 20 + 21 + 24 + 23 + 20 + 20 + 15 + 19 + 24}{11} = 20.64$$

### 3.1.1.3. Standard Deviation

According to Nicholas (2006), the standard deviation is a kind of average of these deviations from the mean. So, this best explained by considering the following example. Now suppose we have a set of observations where there is variability. The observed values would deviate from the mean by varying amounts.

$$\text{Mean} = \frac{\text{Sum of Observations}}{\text{Number of Observations}} = \frac{34.805}{10} = 3.4805 = \mu.$$

$$\text{Variance} = \frac{\text{Sum of Squared Deviations}}{\text{Number of Observations}} = \frac{2.3948}{10} = 0.2395 = \sigma^2.$$

$$\text{Standard Deviation} = \sqrt{\text{Variance}} = \sqrt{0.2395} = 0.4894 = \sigma.$$

### 3.1.1.4. Correlation

According to Tyrrell (2009) correlation analysis quantifies (puts a number to) the strength of the linear relationship between the two variables and also specifies the

direction of the relationship. The correlation coefficient, ( $r$ ), measures the strength of the linear relationship. The value of ( $r$ ) is between (+1) and (-1):

- Values of ( $r$ ) close to (+1) or (-1) represent a substantially linear relation.
- A value of ( $r$ ) close to (0) means that the linear association is very weak.
- It could be that there is NO association at all, or the relationship is non-linear.

### **3.1.1.5. Regression Analysis**

Multiple regression analysis is an extension of bivariate correlation. The result of regression is an equation that represents the best prediction of a dependent variable from several independent variables. Regression analysis used when independent variables are correlated with one another and with the dependent variable. Independent variables can either constant or categorical. However, in the latter case, these variables must be coded as dummy variables. In contrast, the dependent variable must measure on a continuous scale. If the dependent variable is not continuous, then discriminant function analysis is appropriate (Tyrrell, 2009).

### **3.1.1.6. Collinearity statistics**

According to Grice (2001), the collinearity is a statistical occurrence in which there occurs a perfect or exact correlation among the analyst variables when there is a perfect or exact correlation among the predictor variables; it is difficult to come up with reliable evaluations of their coefficients. However, according to Tyrrell (2009), the Variance Inflation Factor (VIF) quantifies the severity of collinearity in an ordinary least-squares regression analysis. The VIF is an index which processes how much variance of a valued regression coefficient increased because of collinearity. If any of the VIF values exceed 5 or 10, it implies that the associated regression coefficients poorly estimated because of collinearity.

In this regard, we have used the (SPSS) program to interpret the concluding results of the survey which has been distributed among the students.

Where:

**PTS** = The Reality of Tourism Sector that represents an independent variable.

**TPAT** = Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah), which is representing the study dependent variable.

**N**= Sample size which is 36 respondents from tourism authority in Sulaimaniyah.

## 3.2 DATA PRESENTATION AND ANALYSIS

### 3.2.1 The Survey Reliability

The Cronbach's alpha values for all the reality of tourism sector development indicators are ( $0.852 > 0.60$ ). However, the Cronbach's alpha value of tourism potential to attracts tourists as (economic development in Sulaimaniyah) is ( $0.846 > 0.60$ ). While the outcomes indicated a high level of reliability in the whole set of statements the total value loads ( $0.886 > 0.60$ ) therefore, the survey method applied for data collection could contain highly reliable, as revealed in Table 3.1, below.

**Table 3.1.** Reliability Test

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>No. of Items</b>	<b>N</b>	<b>%</b>
Tourism Sector	<b>0.852</b>	<b>10</b>	<b>36</b>	<b>100.0</b>
Tourism Potential to Attracts Tourists	<b>0.846</b>	<b>10</b>	<b>36</b>	<b>100.0</b>
<b>Overall</b>	<b>0.886</b>	<b>20</b>	<b>36</b>	<b>100.0</b>

Source: Prepared by Researcher of SPSS Programing

### 3.2.2 Factor Analysis

As mentioned that factor analysis is the components reduction procedure that forms replies to various variables, their dimensions, and analyses them into complex variables, recognized as factors that make assessing. Accordingly, the reality of tourism sector development has a total ten statements or indicators besides, the tourism potential to attracts tourists as (economic development in Sulaimaniyah) has a complete ten statements, which is mainly compound to take and recount the outcomes. Moreover, to make a further estimate and examine easier the factor analysis test used and the results revealed in the following subgroups.

### 3.2.2.1 The KMO and Bartlett's Test for the Tourism Sector

The KMO used to test the weight of factor analysis. However, according to this test, the high loading values are (between 1.0 and 0.5) while those values recognize that the factor analysis is a right. Thus, the loading values lower than 0.5 means that the factor analysis may not apply. The KMO outcome is (0.633), so, it means that high loaded value and significant at ( $p = 0.000 < 0.05$ ). Nevertheless, Bartlett's test of sphericity (Approx. Chi-Square) is (199.543) *df* 45. Therefore, factor analysis applies to the reality of tourism sector development as revealed in Table 3.2.

**Table 3.2.** The KMO and Bartlett's Test for the Tourism Sector

<b>KMO and Bartlett's Test</b>	
	<b>Tourism Sector</b>
<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>	<b>0.633</b>
<b>Bartlett's Test of Sphericity (Approx. Chi-Square)</b>	<b>199.543</b>
<i>df</i>	<b>45</b>
<b>Sig.</b>	<b>.000</b>

Extraction Method: Principal Component Analysis.

### 3.2.2.2 Rotated Factors Matrix for the Tourism Sector

The factors rotation essential when extraction show proposes two or more factors. Accordingly, the rotation of factors considers obtaining information of how the factors primarily extracted vary from each other besides to distribute a precise clarification of which component loads on which factor. However, the primary purpose is to determine the produced factors between survey questions. As a result, we have produced three factors.

However, the total variable has the factor taking values where the lower value is (0.517) that load on the third-factor question (*PTS 4*) it means that the government is not protecting the tourist attractions or not investing enough. Besides, the higher value is (0.878) on the first-factor question (*PTS 7*), so this higher value indicated that the government provided facilities for accommodation and tour for tourists, which necessary to attract tourist, as revealed in Table 3.3, below.



**Table 3.3.** Rotated Factors Matrix for Tourism Sector

Items	Factors		
	1	2	3
<i>PTS 7</i>	<b>0.878</b>		
<i>PTS 6</i>	<b>0.842</b>		
<i>PTS 8</i>	<b>0.776</b>		
<i>PTS 2</i>		<b>0.838</b>	
<i>PTS 5</i>		<b>0.772</b>	
<i>PTS 3</i>		<b>0.710</b>	
<i>PTS 1</i>		<b>0.526</b>	
<i>PTS 9</i>			<b>0.808</b>
<i>PTS 10</i>			<b>0.698</b>
<i>PTS 4</i>			<b>0.517</b>

Extraction Method: Principal Component Analysis.

### 3.2.2.3 Total Variance Explained for Reality of Tourism Sector

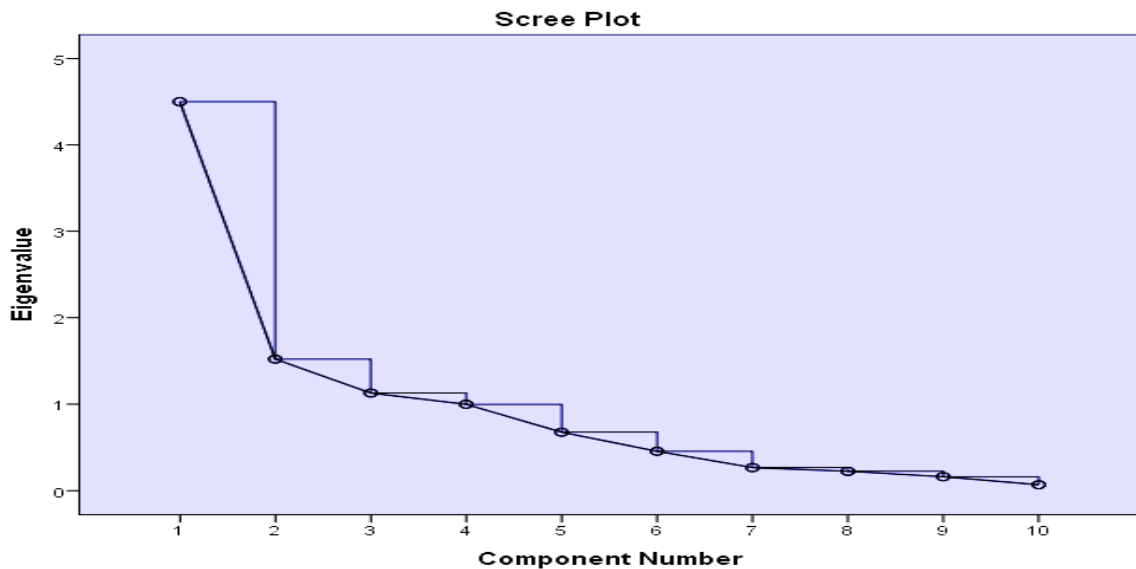
The variables within the factors extracted for analysis that begins with the first component which interprets the largest proportion of the total variance and ends to the last component which interprets the less of the percentage of the total contrast between the components. As revealed in Table 3.4, and Figure 3.1, that the percentage of initial eigenvalues take as one and as a consequence of common factor three factors resolute whereas the total percentage of eigenvalues and variance explanations of the reality of tourism sector development of the three factors are (71.50%).

The first factor is calculated that accounted for the highest variance in the dataset. However, we realize that the first factor, which has a great significance in the interpretation of the variable that explains (45%) from the overall contrast and contains a set of variables and affecting the dependent variable. The second factor explains (15.21%) of the overall variance and contains moral variables. While we note in the third component that it explains (11.29%) of the total variance and comprises moral variables and affecting the dependent variable. Subsequently, the cumulative variance achieved at the end of factor analysis. However, the higher rate is, the stronger the factor structure of the scale.

**Table 3.4.** Total Variance Explained for Tourism Sector

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.500	<b>45.003</b>	<b>45.003</b>	2.808	28.082	28.082
2	1.521	15.215	60.218	2.578	25.777	53.859
3	1.129	11.290	71.508	1.765	17.649	71.508
10	.068	.679	100.000			

Extraction Method: Principal Component Analysis.

**Figure 3.2.** Load Graph for the Component Numbers of Tourism Sector

Extraction Method: Principal Component Analysis.

### 3.2.2.4 Tourism Sector Indicators and Factor Loads

As exposed in Table 3.5, all three factors of the reality of tourism sector development are positive. The first (A) factor, named **“Tourism Facilities and Improvements”** included three indicators (PTS 7,6, and PTS 8). Also, factor loadings are (0.878, 0.842, and 0.776) respectively, while all indicators have a high load on it. So it means that the government provided facilities for accommodation and tour for tourists. As well as encourages and educate local people to enjoy the local destination, while the authorities treat foreign tourists as the domestic population.

The second factor which named **“Government Sustenance”** covered four items (PTS 2, 5, 3, and PTS 1) with factor loadings are (0.838, 0.772, 0.710, and 0.526)

respectively. While those results indicated the government providing and subsidiary tourism companies.

However, not encouraging enough the private sectors to invest in the field of tourism. As well as not providing enough financial resources for the tourism sector. The third factor that named “**Medical Treatment and Protecting**” included three indicators (PTS 9, 10, and PTS 4) with factor loading values are (0.808, 0.698, and 0.517) respectively. It means that the medical treatment in Sulaimaniyah province is better and cheaper than in neighboring countries. While the authorities in northern Iraqi region and Sulaimaniyah province implemented security measures for tourists; however, the government not protecting the tourist attractions

**Table 3.5.** Tourism Sector in Sulaimaniyah Indicators and Factor Loads

<i>Items</i>	<i>Factor</i>	<i>Factor Loads</i>
<i>A First Factor: Tourism Facilities and Improvements</i>		
<i>PTS 7</i>	The government provides facilities for accommodation and tour for tourists.	<b>0.878</b>
<i>PTS 6</i>	The government encourages and educate local people to enjoy the local destination.	<b>0.842</b>
<i>PTS 8</i>	The authorities treat foreign tourists as the domestic population.	<b>0.776</b>
<i>A Second Factor: Government Sustainance</i>		
<i>PTS 2</i>	The government providing and subsidiary tourism companies	<b>0.838</b>
<i>PTS 5</i>	The government is issuing new legislation on the investments in the field of tourism.	<b>0.772</b>
<i>PTS 3</i>	The government encouraging private sectors to invest in the field of tourism	<b>0.710</b>
<i>PTS 1</i>	The government providing enough financial resources for the tourism sector	<b>0.526</b>
<i>A Third Factor: Medical Treatment and Protecting</i>		
<i>PTS 9</i>	Medical treatment in Sulaimaniyah province is better and cheaper than in neighboring countries.	<b>0.808</b>
<i>PTS 10</i>	The authorities implemented security measures for tourists.	<b>0.698</b>
<i>PTS 4</i>	The government protecting the tourist attractions	<b>0.517</b>

Extraction Method: Principal Component Analysis.

### 3.2.2.5 The KMO and Bartlett's Test

In this context, Table 3.6, reveals the KMO measure of sample suitability applied to test the significance of factor analysis. The KMO test outcome is 0.733 hence, the tourism potential to attracts tourists in Sulaimaniyah as a dependent variable delivered higher value and significant at ( $p = 0.000 < 0.05$ ). Although Bartlett's test of sphericity (Approx. Chi-Square) is (186.443) *df* 45, thus factor analysis is appropriate for the variable tourism potential to attracts tourists in Sulaimaniyah.

**Table 3.6.** The KMO and Bartlett's Test

<b>KMO and Bartlett's Test</b>	
Tourism Potential to Attracts Tourists	
<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>	<b>0.733</b>
<b>Bartlett's Test of Sphericity (Approx. Chi-Square)</b>	<b>186.443</b>
<i>Df</i>	<b>45</b>
<b>Sig.</b>	<b>.000</b>

Extraction Method:Principal Component Analysis.

### 3.2.2.6 Rotated Factor Matrix

As Table 3.7, summarized the rotated factor matrix also used for the tourism potential to attracts tourists in Sulaimaniyah. Thus, the rotation of factors measured to offer evidence of how the factors primarily extracted difference from each other and to deliver a precise clarification of which element loads on which factor. Nevertheless, the purpose is to determine the produced factors between survey questions of the study dependent variable. As a result, we have produced three factors.

Though the whole variables of all three factors have the factor taking values, while the lower value is 0.525 on question nine (*TPAT 9*), which means business opportunities are not attracting tourists since there are no enough business opportunities due to the financial crisis. Besides, the higher value is 0.911, which loaded on question seven (*TPAT 7*) that indicates educational institutions are the interest of international students.

**Table 3.7.** Rotated Component Matrix

<b>Items</b>	<b>Factors</b>		
	<b>1</b>	<b>2</b>	<b>3</b>
<i>TPAT 2</i>	<b>0.776</b>		
<i>TPAT 4</i>	<b>0.702</b>		
<i>TPAT 3</i>	<b>0.644</b>		
<i>TPAT 5</i>	<b>0.643</b>		
<i>TPAT 6</i>	<b>0.571</b>		
<i>TPAT 7</i>		<b>0.911</b>	
<i>TPAT 8</i>		<b>0.615</b>	
<i>TPAT 9</i>		<b>0.525</b>	
<i>TPAT 1</i>			<b>0.811</b>
<i>TPAT 10</i>			<b>0.608</b>

Extraction Method: Principal Component Analysis.

Extraction Method:Principal Component Analysis.

### 3.2.2.7 Total Variance Explained

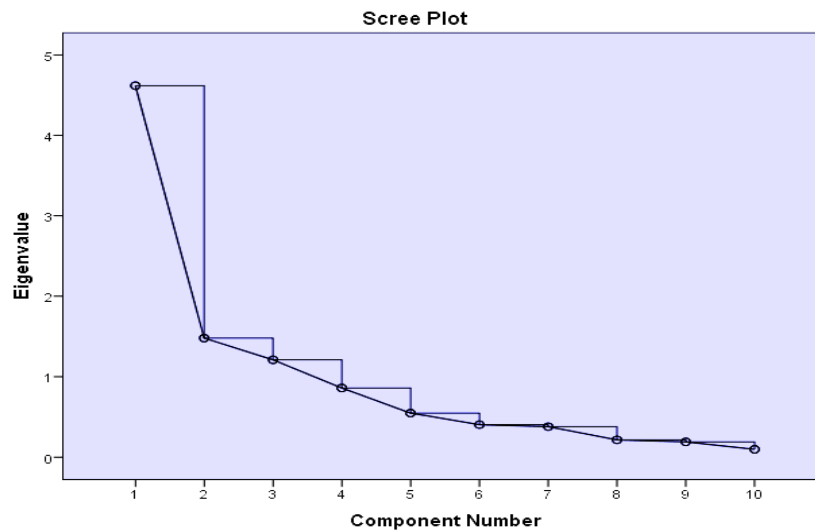
As previously mentioned that the variables within the factors extracted for analysis that begins with the first component which interprets the most significant proportion of the total variance and ends to the last component which interprets the less of the percentage of the total contrast between the components. As shown in Table 3.8, the eigenvalue is reserved as one, as the outcome of constant factor analysis, three factors determined. Accordingly, the total variance explained by these three factors is 71.508%. Nevertheless, the eigenvalue and variance explanations of the determined factors for the tourism potential to attract tourists in Sulaimaniyah listed in the columns (3 and 4). The variance explanation amounts they established were (45%, 15.22%, and 11.29%) respectively. Hence, the cumulative variance obtained at the end of factor analysis.

**Table 3.8.** Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.500	<b>45.003</b>	<b>45.003</b>	2.808	28.082	28.082
2	1.521	15.215	60.218	2.578	25.777	53.859
3	1.129	11.290	71.508	1.765	17.649	71.508
4	-	-	-			
9	-	-	-			
10	.068	.679	100.000			

Extraction Method:Principal Component Analysis.

**Figure 3.3.** Load Graph for the Component Numbers



Extraction Method: Principal Component Analysis.

### 3.2.2.8 The Tourism Potential to Attracts Tourists

As exposed in Table 3.9, all factor of the tourism potential to attracts tourists in Sulaimaniyah positive. The first (B) factor, named “**Tourism Places and Price**” included five indicators (TPAT 2, 4,3,5, and TPAT 6), with the factory loads, are (0.776, 0.702, 0.644, 0.643, and 0.571) respectively, although all indicators have high load on same questions. It means that historical buildings, cultural values, and monuments in Sulaimaniyah province attract tourists, and different types of hotels in Sulaimaniyah province are available for tourists. Besides, financial planning and pricing are suitable for tourists. However, there are not enough cultural products for tourists to keep as a memory.

**Table 3.9.** The Tourism Potential to Attracts Tourists

<i>Items</i>	<b>Factor</b>	<b>Factor Loads</b>
<b>B First Factor: Tourism Places and Price</b>		
<i>TPAT 2</i>	Historical buildings, Cultural values, and monuments in Sulaimaniyah province attract tourists	<b>0.776</b>
<i>TPAT 4</i>	Different types of hotels in Sulaimaniyah province are available for tourists.	<b>0.702</b>
<i>TPAT 3</i>	Financial planning and pricing are suitable for tourists.	<b>0.644</b>
<i>TPAT 5</i>	Cultural products are available for tourists to keep as a memory.	<b>0.643</b>
<i>TPAT 6</i>	The business investor gets support from govt. moreover, people	<b>0.571</b>
<b>B Second Factor: Tourism Possible to Attract Tourists</b>		
<i>TPAT 7</i>	Educational institutions are the interest of international students.	<b>0.911</b>
<i>TPAT 8</i>	Religious memories attract tourists to visit.	<b>0.615</b>
<i>TPAT 9</i>	Business opportunities attract tourists.	<b>0.525</b>

<b>B Third Factor: Natural Beauty and Activities</b>		
<b>TPAT 1</b>	Natural beauty in Sulaimaniyah province attracts tourists.	<b>0.811</b>
<b>TPAT 10</b>	Sports activities and entertainment sports facilitate tourists to attract foreigners.	<b>0.608</b>

Extraction Method:Principal Component Analysis.

Further, the business investor not obtains support from the government. The second factor named “**Tourism Possible to Attract Tourists**” covered three indicators (TPAT 7,8 and 9) with factor loadings are (0.911, 0.615, and 0.525) respectively, so, these results confirm that educational institutions are the interest of international students. Moreover, religious memories attract tourists to visit. However, there are no enough business opportunities to attract tourists, due to the financial crisis. The third factor named “**Natural Beauty and Activities**” included two indicators only (TPAT 1, and TPAT 10) with factor loading values are (0.811, and 0.608) respectively. The results indicate that natural beauty in Sulaimaniyah province attracts tourists. While there were not sports activities and entertainment sports facilitate tourists to attract foreigners.

### 3.2.3 Variables Descriptive Statistics

Through using descriptive statistics testing the study variables; while, these specified on participants answer to rate the significance of the study variables on five-point Likert Scale. However, descriptive statistics applied to quantitatively describe the crucial features of the variables using statistical mean, standard deviations, and the weight of agreement. For each of the indicator measured with the five-points Lectr scale, where one indicates as “*strongly disagree*”, two indicates as “*disagree*”, three indicates as “*neutral*”, four indicates as “*agree*”, and five indicates as “*strongly agree*”.

#### 3.2.3.1 Tourism Sector

As revealed in Table 3.10, the outcomes of descriptive statistics mean, and standard deviation values for the reality of the tourism sector are (3.083 and 0.580) respectively. Although the weight of agreement came at the rate of 61.6% of the overall responses, so these outcomes revealed that the authorities might not provide necessary support for the tourism sector to develop this critical economic sector.

The result on (Q1) revealed the rate of the agreement was 45% besides mean, and standard deviation values (2.25, and 1.025) respectively, so, these results indicate that the government does not provide enough financial resources for the tourism sector according to survey sample which in tourism authority Sulaimaniyah province. However, 22 contributors disagreed.

In regard (Q10) although 85% of the overall survey sample agreed that the authorities implemented security measures for tourists, that supported by mean, and standard deviation values (4.25, and 0.874) respectively, and 30 out of 36 of the total survey sample agree and strongly agree respectively. However, 75.6% of the overall survey sample agreed on (Q9) that the medical treatment in Sulaimaniyah province is better and cheaper than in neighboring countries, which is supported by mean, and standard deviation values (3.78, 0.866) respectively, and 22 out of 36 of the overall survey sample agree and strongly agree respectively.

In the same context, 62.8% of total survey sample agreed on (Q7) that the government provided facilities for accommodation and tour for tourists, while mean, and standard deviation values (3.14, and 0.867) respectively. Furthermore, the same table showed the result of (Q8), were 62.2% of total survey sample agreed that the authorities treat foreign tourists as the domestic population, which is supported by mean, and standard deviation values (3.11, 0.667) respectively.

However, nearly 50% of the total survey sample whether not sure or disagree that the government provided and subsidiary tourism companies. The government encouraged private sectors to invest in the field of tourism. The government may not take the necessary steps to protect the tourist attractions. While the government is not issuing new legislation on the investments in the field of tourism, as well as the government does not encourage and educate enough the local people to enjoy the local destination according to survey sample which in tourism authority Sulaimaniyah province.

**Table 3.10.** Descriptive Statistics of the Tourism Sector

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation	Rate of Agreement
	1	2	3	4	5			



1.	The government providing enough financial resources for the tourism sector	6	22	3	3	2	2.25	1.025	45%
2.	The government providing and subsidiary tourism companies	5	3	22	3	3	2.89	1.036	57.8%
3.	The government encouraging private sectors to invest in the field of tourism	4	5	24	3	-	2.72	.779	54.4%
4.	The government protecting the tourist attractions	2	6	21	6	1	2.94	.826	58.8%
5.	The government is issuing new legislation on the investments in the field of tourism.	3	11	15	5	2	2.78	.989	55.6%
6.	The government encourages and educate local people to enjoy the local destination.	2	7	18	8	1	2.97	.878	59.4%
7.	The government provides facilities for accommodation and tour for tourists.	1	5	21	6	3	3.14	.867	62.8%
8.	The authorities treat foreign tourists as the domestic population.	-	5	23	7	1	3.11	.667	62.2%
9.	Medical treatment in Sulaimaniyah province is better and cheaper than neighboring countries.	-	2	12	14	8	3.78	.866	75.6%
10.	The authorities implemented security measures for tourists.	-	2	4	13	17	4.25	.874	85%
<b>Tourism Sector</b>							3.083	.580	<b>61.6%</b>

Sample Size= 36 Respondent from Tourism Authority in Sulaimaniyah

### 3.2.3.2 Tourism Potential to Attracts Tourists

As seen in the Table 3.11, the mean and standard deviation scores for tourism potential to attract tourists in Sulaimaniyah are (3.211 and 0.539) respectively. Though, 64.2% of the total responses agreed on that for tourism potential to attracts tourists in Sulaimaniyah. The same table reveals that over 70% of the total survey sample agreed on (Q11) that the natural beauty in Sulaimaniyah province attracts tourists.

That supported by mean, and standard deviation values are (3.61, 0.803) respectively. Though (Q12) historical buildings, cultural values, and monuments in Sulaimaniyah province attract tourists. Subsequently, 73.8% of the total survey sample agreed, besides mean, and standard deviation values are (3.69, and 0.710) respectively. In the same context, 62.2% of total survey sample agreed on (Q13) that the financial planning and pricing are suitable for tourists, while mean, and standard deviation values (3.11, and 0.747) respectively.

The outcomes of (Q14) indicate that nearly 70% of the overall survey sample agreed that different types of hotels in Sulaimaniyah province are available for tourists. Furthermore, the same table indicated the result of (Q15), were 61.2% only of total survey sample agreed that the cultural products are available for tourists to keep as a memory, which is supported by mean, and standard deviation values (3.06, and 0.715) respectively.

**Table 3.11.** Descriptive Statistics

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation	Rate of Agreement
	1	2	3	4	5			
11. Natural beauty in Sulaimaniyah province attracts tourists.	-	2	15	14	5	3.61	.803	72.2%
12. Historical buildings, Cultural values, and monuments in Sulaimaniyah province attract tourists	-	-	16	15	5	3.69	.710	73.8%
13. Financial planning and pricing are suitable for tourists.	-	7	19	9	1	3.11	.747	62.2%
14. Different types of hotels in Sulaimaniyah province are available for tourists.	2	-	14	19	1	3.47	.810	69.4%
15. Cultural products are available for tourists to keep as a memory.	-	6	24	4	2	3.06	.715	61.2%
16. The business invest or obtains support from government and people.	2	18	10	4	2	2.61	.964	52.2%
17. Educational institutions are the interest of international students.	-	5	10	13	8	3.67	.986	73.4%
18. Religious memories attract tourists to visit.	2	3	12	17	2	3.39	.934	67.8%
19. Business opportunities attract tourists.	-	7	6	23	-	3.44	.809	68.8%
20. Sports activities and entertainment sports facilities attract tourists attract foreigners.	10	14	12	-	-	2.06	.791	41.2%
<b>Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah)</b>						3.211	.539	64.2%

Sample Size= 36 Respondent from Tourism Authority in Sulaimaniyah

However, 52.2% of the total survey sample disagree on (Q16) that the business investor obtained support from the government and people. Nevertheless, educational institutions are the interest of international students. While 67.8% of the whole survey sample agreed that religious memories attract tourists to visit. However, 68.8% of the overall survey sample agreed on the (Q19) that business opportunities attract tourists. The outcomes of the (Q20) indicate that the sports activities and entertainment sports facilities facilitate tourists not enough to attract foreigners since nearly 60 % of the survey sample confirmed that.

### 3.2.4 Correlation Matrix Between Variables

As revealed in Table 3.12, the correlation matrix test clarifies that there is a significant correlation between the reality of tourism sector and tourism potential to attracts tourists in Sulaimaniyah to contribute to economic development, where R (0.584) and ( $p = 0.000 < 0.05$ ).

**Table 3.12.** Correlation Coefficient of the Variables

	Tourism Sector	Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah)
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Spearman's rho	Tourism Sector	Correlation Coefficient	1.000	.584**
		Sig. (2-tailed)	.	.000
		N	36	36
	Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah)	Correlation Coefficient	.584**	1.000
		Sig. (2-tailed)	.000	.
		N	36	36
**. Correlation is significant at the 0.01 level (2-tailed).				
Sample Size= 36 Respondent from Tourism Authority in Sulaimaniyah				
Extraction Method: Principal Component Analysis.				

### 3.2.5 Regression Analysis

As exposed in Table 3.13, a multiple regression analysis verified to examine the impact of the reality of tourism sector development on tourism potential to attracts tourists in Sulaimaniyah to contribute to economic development. Also, the model summary obtained in the table below the coefficient of determination R Square is (0.652) which establishes that the variation explained dependent variable due to independent variables.

**Table 3.13.** Regression Analysis

Model		R	R Square	Adjusted R Square	Std. The error of the Estimate	
1		0.808 a	0.652	0.642	0.32256	
Model		Sum of Squares	df	Mean Square	F-test of Significance	Sig.
1	Regression	6.638	1	6.638	63.802	.000 <sup>b</sup>
	Residual	3.537	34	.104		
	Total	10.176	35			
<b>a. Dependent Variable: Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah)</b>						
<b>b. Predictors: (Constant), Tourism Sector</b>						

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.898	.295		3.047	.004		
	Tourism Sector	.750	.094	.808	7.988	.000	1.000	1.000

a. Dependent Variable: Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah)

Sample Size= 36 Respondent from Tourism Authority in Sulaimaniyah

Therefore, this identifies that the tourism sector impact on tourism potential to attracts tourists in Sulaimaniyah to contribute to economic development by 65.2% from the perspectives of tourism authorities in Sulaimaniyah. As defined over an extent of B

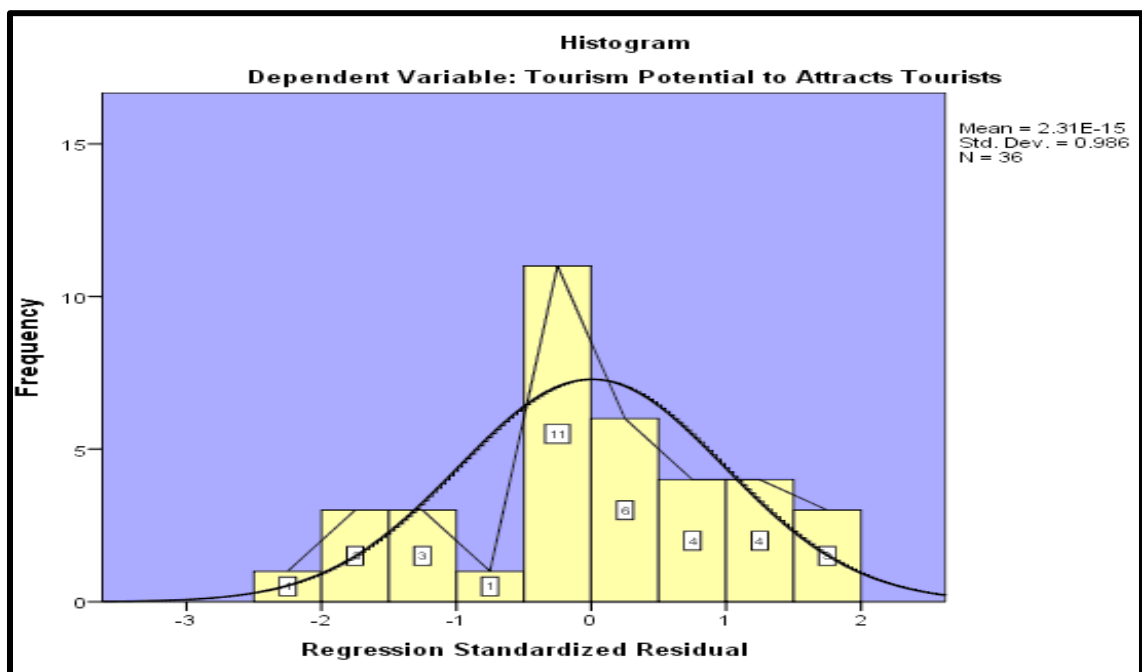
(0.808), and as revealed through a p-value of (0.000). Also, the t-test = (7.988;  $p < 0.05$ ). From the table below, the tolerance values and VIF values for The Reality of Tourism Sector Development are (1.000 and 1.000) respectively. It means that  $VIF < 5$  and tolerance value  $> 0.1$ , so collinearity does not exist.

Moreover, as exposed in Figure below 3.4, the normality test used and the result discovered that there is normality distribution in study contributions replies regards the impact of the tourism sector on tourism potential to attracts tourists in Sulaimaniyah to contribute in economic development.

Additionally, Figure 3.5, shows the linearity test and the outcomes showed that there is a linearity relationship between the tourism sector and tourism potential to attracts tourists in Sulaimaniyah to contribute in economic development.

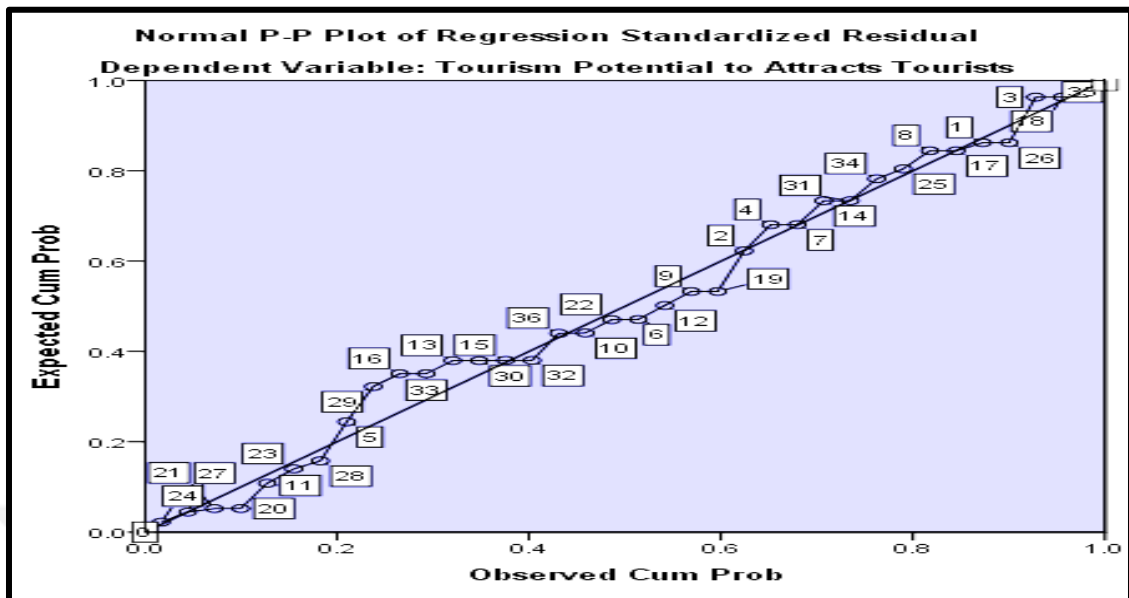
As Table 3.14, summarizes the Breusch-Godfrey Serial Correlation LM tested to identify if there is autocorrelation among independent variables, so, the results confirm prob values higher than (0.05) that there is no autocorrelation. Thus, the null hypothesis not rejected. While, Heteroscedasticity test, shows that prob values higher than (0.05) so, it means that there is no Heteroscedasticity problem for the model, as revealed in Table 3.15, below.

**Figure 3.4.** Normality test



Extraction Method: Principal Component Analysis.

Figure 3.5. Linearity test



Extraction Method: Principal Component Analysis

Table 3.14. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:				
F-statistic	0.289100	Prob. F(2,32)		<b>0.7509</b>
Obs*R-squared	0.638930	Prob. Chi-Square(2)		<b>0.7265</b>
Test Equation:				
Dependent Variable: RESID				
Method: Least Squares				
Date: 07/20/18 Time: 23:29				
Sample: 1 36				
Included observations: 36				
Presample missing value lagged residuals set to zero.				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
SER02	-0.023110	0.116541	-0.198296	<b>0.8441</b>
C	0.072630	0.377964	0.192160	<b>0.8488</b>
RESID (-1)	0.096584	0.176913	0.545943	<b>0.5889</b>
RESID (-2)	0.093504	0.193603	0.482968	<b>0.6324</b>
<b>R-squared</b>	<b>0.652360</b>	Mean dependent var		3.083333
<b>Adjusted R-squared</b>	<b>0.642135</b>	S.D. dependent var		0.580394

Dependent Variable: Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah)  
Sample Size= 36 Respondent from Tourism Authority in Sulaimaniyah

Table 3.15. Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.161787	Prob. F(1,34)	<b>0.6900</b>
Obs*R-squared	0.170493	Prob. Chi-Square(1)	<b>0.6797</b>
Scaled explained SS	0.100183	Prob. Chi-Square(1)	<b>0.7516</b>

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.059533	0.136884	0.434915	<b>0.6664</b>
SER02	0.016916	0.042056	0.402228	<b>0.6900</b>
<b>R-squared</b>	<b>0.661330</b>	Mean dependent var		3.063321
<b>Adjusted R-squared</b>	<b>0.632133</b>	S.D. dependent var		0.590383

Dependent Variable: Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah)  
Sample Size= 36 Respondent from Tourism Authority in Sulaimaniyah



## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

The primary hypothesis of the study is that the tourism sector in Sulaimaniyah province can lead to accelerated economic development and growth. As found in section two of data analysis this study confirmed that during the period, specifically from the 2007-2013, as found in chapter two, section 2.1.1.1. The region and its provinces witnessed a steady increase in investment efforts as a result of the security stability and essential efforts to introduce the region and attract investment to support economic development, significantly in infrastructure which is necessary for tourism activities. Through, the laws related to investment, particularly foreign investment, witnessed a kind of change, followed by a change in procedures also, to facilitate investment. Dispute all that a small amount invested in the tourism sector in Sulaimaniyah province.

However, as the study revealed in the second chapter section 2.1.1.2. of data analysis, found that the reality of tourism sector in the region particularly for the period from 2007 to 2016, the tourism sector in the region witnessed significant activities during these years indicated on both supply and demand. While, the tourism sector was affected negatively by financial, political and security crisis faced by the region with a massive drop in tourism demand in 2014, but the supply was not along the same lines.

The results in chapter two section 2.1.2. also reached to that the gross value added in Sulaimaniyah province in 2012 for tourist accommodations, amounts to 22.5 billion Iraqi dinars. For restaurants or food services value added amounts to 426.1 billion Iraqi dinars which constitute 64.42% of the overall region.

The study through factor analysis and descriptive analysis in the third chapter section 3.2.3.1. found that the government does not provide enough financial resources for the tourism sector in Sulaimaniyah province according to survey sample which in tourism authority Sulaimaniyah province. However, the authorities implemented security measures for tourists. The study found that the government is not issuing new legislation on the investments in the field of tourism, as well as the government does not encourage and educate enough the local people to enjoy the local destination. The

researcher realized that the natural beauty in Sulaimaniyah province attracted tourists. While, historical buildings, cultural values, and monuments in Sulaimaniyah province attracted tourists. However, educational institutions are the interest of international students.

The study in chapter three sections 3.2.4. and 3.2.5. of module analysis also found a significant correlation between the reality of tourism sector development and tourism potential to attracts tourists in Sulaimaniyah this identifies that tourism sector impact on tourism potential to attracts tourists in Sulaimaniyah to contribute to economic development by 65.2% from the perspectives of tourism authorities in Sulaimaniyah.

### **Recommendations**

Tourism sector can promote if the capacity is well marketed and if the province well preserved with a quality environment. However, local government needs to create a qualifying environment for small business tourism and other stakeholders to operate in by the advertising and development of free enterprise. Besides, adopt effective tourism marketing to introduce natural beauty in Sulaimaniyah province to attracts more tourists to the province, as well as protecting the historical buildings and cultural values in Sulaimaniyah province to attract tourists.

The researcher also recommended that the tourism authorities in Sulaimaniyah increase sports activities and entertainment sports facilitate tourists to attract foreigners, and treat foreign tourists as the domestic population.

The researcher endorses that the government in Baghdad and Erbil must encourage and educate local people to enjoy the local destination so that the tourism industry could significantly contribute to the employment of low skilled youth and development which are two of the significant problems in Sulaimaniyah province and enter Iraq. The government also needed to issue new legislation on the investments in the field of tourism. However, provide support to the business investor to invest in the tourism sector.



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**APPENDICES****Appendix 1: Questionnaire Form****T.R.****SIIRT UNIVERSITY  
INSTITUTE OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
REGIONAL DEVELOPMENT ECONOMICS**

Dear: Respondent

This survey questionnaire form is a part of the master study titled **“Tourism Sector and its Impact on Economic Development in Sulaimaniyah Province: An Economic Study of the Period 2007–2016”** in partial fulfillment of the requirements for the degree of master in the economics.

I will be pleased accept to contribute to the survey by replying the scale statements that conferring to your experiences and knowledge with the tourism sector. Please response as honestly as possible to the following statements by mark (√) in the correct place inferring to your view. All the data and information will remain confidential. Also, the outcomes will be combined by categories and reported only by statistical summaries.

Thanks in advance.

Sangar Abdalla Babakr BABAQR

Master Student

**The Scale of the Tourism Sector**


Q	statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The government providing enough financial resources for the tourism sector					
2	The government providing and subsidiary tourism companies					
3	The government encouraging private sectors to invest in the field of tourism					
4	The government protecting the tourist attractions					
5	The government is issuing new legislation on the investments in the field of tourism.					
6	The government encourages and educate local people to enjoy the local destination.					
7	The government provides facilities for accommodation and tour for tourists.					
8	The authorities treat foreign tourists as the domestic population.					
9	Medical treatment in Sulaimaniyah province is better and cheaper than in neighboring countries.					
10	The authorities implemented security measures for tourists.					

**The Scale of Tourism Potential to Attracts Tourists as (Economic Development in Sulaimaniyah)**

Q	statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
11	Natural beauty in Sulaimaniyah province attracts tourists.					
12	Historical buildings, Cultural values, and monuments in Sulaimaniyah province attract tourists					
13	Financial planning and pricing are suitable for tourists.					
14	Different types of hotels in Sulaimaniyah province are available for tourists.					
15	Cultural products are available for tourists to keep as a memory.					
16	The business investor gets support from the government and people.					
17	Educational institutions are the interest of international students.					
18	Religious memories attract tourists to visit.					
19	Business opportunities attract tourists.					
20	Sports activities and entertainment sports facilitate tourists to attract foreigners.					



## Appendix 2: Curriculum Vitae

<b>CURRICULUM VITAE</b>		
<b>PERSONAL INFORMATION</b>		
<b>Name and Surname</b>	Sangar Abdulla Babakr BABAQR	
<b>Date of birth</b>	23/5/1990	
<b>Address</b>	Hawari Shar_ Sulaimani_ Iraq	
<b>Phone (Iraq)</b>	+964 7701934748	
<b>E-mail</b>	sangar.abdwlla10@gmail.com	
<b>EDUCATION AND TRAINING</b>		
<b>Degree</b>	<b>Institution</b>	<b>Time Interval</b>
<b>Bachelor of Science</b>	Sulaimani University, College of Economic and Administration, Department of Economic	2015
<b>Master of Science</b>	Siirt University, Faculty of Economic and Administration, Siirt (TURKEY)	2018
<b>PERSONEL SKILLS</b>		
<b>Languages</b>	Kurdish	
	English	
<b>Computer skills</b>	MS Word, MS Excel, MS PowerPoint and MS Access Database.	