

## Touristic Investment Capabilities in Aqaba Special Economic Zone

<sup>1</sup>Dr. Farouq Ahmad Alazzam and <sup>2</sup>Dr. Mohammad Nayef ALsarayreh

<sup>1</sup>Dean of Aqabq College University, AlBalqa Applied University, Jordan.

<sup>2</sup>Department of Educational and Social Sciences, AlBalqa Applied University, Jordan, Karak.

---

**Abstract:** This study aimed to study the touristic investment in Aqaba and its economical, social, political, legislative, geographical and touristic capabilities. The questionnaires of the study were distributed to some touristic investors in the city of Aqaba. Some important results were found in study that the economical, social, political, legislative, geographical and touristic factors have a positive impact on touristic investment except in some secondary ones which have a negative impact like: urbanization, insufficient technological advance, economical instability in Aqaba, the culture of touristic society, bureaucracy, the absence of external intergovernmental agreements, the water sports available in Aqaba are not directed toward the service of the tourists. The most important recommendations of this study: developing the available technology to the investors, providing specialized manpower in the tourism sector, enhancing touristic culture and its community awareness in Aqaba, making external agreements.

---

**Key words:** Touristic Investment, tourism, hotel, Economic Zone.

---

### INTRODUCTION

The touristic sector was not very important in many countries for a long period of time since tourism was a priority for the people. When some developments have occurred like the rise in the income, the touristic sector occupied an important rank in the priority of the countries because of its economical, political, social role as many people in the developed countries have increased their expenses on tourism. Since touristic investments have had high profit portions, it became suitable to increase the tourism investments to attract the tourists and to convince to stay for longer time in the country.

The current touristic investment in Jordan is insufficient to cope with the huge touristic movement in Jordan and so the need to expend a big capital required capitals for touristic investments by several procedures to activate and to enhance what is existed now. This is impossible without studying the current situation and avoiding the negatives and fostering the positives. Jordan sought and still to improve the touristic situation in the country especially in Aqaba which was converted to be a special zone for more freedom and flexibility to attract the touristic investments.

### MATERIALS AND METHODS

#### *Previous Studies:*

Irshaid study (2008)The study aimed to identify factors affecting foreign direct investment in Jordan. The study found a relationship between foreign direct investment to GDP, on the other hand, between public investment and terms of trade and external public debt to GDP and the GDP growth rate. The study recommended consideration of direct foreign investment and creation ways to attract it, and the preparation of an appropriate investment climate and effective economic policy based on a balance between the directions of the private sector and public sector.

Maqableh Study (2007)The study aimed to examine the most important aspects that the decision maker seeks to handle through the economic and social development policies and programs. The study found that citizens of Madaba governorate treasure the pioneer role of tourism in the delivery of roads and transport, health. Education services in the governorate and providing employment and income for society. But this is still low in their opinion. And they believe that tourism can contribute to school dropout of students. The study recommended that the efforts should be accumulated and cooperation should be supported between the public and private sector to attract investment and tourism projects, to raise awareness, to train children of the governorate and to encourage them to invest in small businesses that provide jobs for county wide.

Al-Juburi and Al-Tighili Study (2006)This study aimed to set recommendations to handle the problem of the mechanisms used by the ministry of tourism that does not work with the developments happening and will happen in the tourism sector because of the reflections of the global environment or of the administration way of the tourism sector. The study found several results, most notably the absence of clear policies and objectives revealed and written by the Ministry of tourism that could constitute work guide for tourist facilities located on

---

**Corresponding Author:** Dr. Farouq Ahmad Alazzam, Dean of Aqabq College University, AlBalqa Applied University, Jordan

E-mail: farouq\_azzam@yahoo.com

the Jordanian ground. And the difficulty to treat clearly tourist facilities for long periods of time because of the lack of effective coordination between donors and the Ministry of tourism. The study recommended the inclusion of managerial cadres of the Ministry of tourism in development cycles for devising strategies and policies and their implementation, and the creation of touristic offices that concerned with public opinion poll and facilitating local and foreign tourist traffic in the country.

**Al-Rahimi Study (2006)** The study aimed to identify motivations of local tourism in Jordan, and describe the impact of the characteristics of local tourists in their motives that direct the touristic behaviors. The study found that there is a diversity in the characteristics of the local tourists resulted in a variance in their touristic motives, this diversity has varying effects on tourist motives. It was also found that the entertainment motive is the most effective in directing the local tourism movement, followed by the cultural motive then the sport, the religious, and finally, the social motive. The study recommended studying the demographical dimensions of the local tourists and analyzing their characteristics before providing them touristic programs and services in order to insure its suitability and acceptance by local tourists. Another recommendation of the study was to specify the real motives of the local tourism and to work to activate and mobilize it with accordance with the capabilities of the tourism market.

**Al-Jameel Study (2002)** The study examined the subject of foreign direct investment in the Arab countries and competition in these countries to attract such investment. The study found that there are differences between Arab countries in the field of competition where the first level included Saudi Arabia, Egypt, the second level included Bahrain, and level III Tunisia and Yemen, and the rest of Arab countries came in the fourth level. The study also found that there was importance for direct and indirect costs that any country could be exposed to particularly in the area of environmental pollution. The study recommended supporting the regulatory organizations, in particular civil society and defining corporate social responsibility investment channels.

**Maqableh Study (2002)** The study aimed to identify the importance of tourism, touristic investment and the analysis of tourism situation and environment in Jordan and to identify the most important impediments to tourism investment in Jordan. The study found low interest tourism investments that fit the needs of Arab tourists' tastes and instability in the region, adversely affect tourist arrivals to the region in General and especially Jordan. The study recommended addressing Arab tourism and touristic investments that fit the needs of Arab tourists and providing incentives and assistance and additional guarantees for local investor and the diversification of tourism investment and distributing it to various development areas. And recommended that the investment law should be updated and the investment procedure should be facilitated.

**Elbadri Study (1998)** The study aimed to see macroeconomic variables affecting private investment in Jordan. And provided a standard model that specifies all important economic factors affecting private investment: increase in GDP, public investment, export volumes and terms of trade, local credit to the private sector, the real interest rate and the real exchange rate. Most importantly, the study recommended working to raise the rate of economic growth, reducing government investment as much as possible, and encouraging export by the Government, expanding local credit to the private sector by the monetary policy, and working on the real interest rate stability.

#### ***The Problem of the Study:***

In the shadow of the unusual circumstances surrounding Jordan, the eyes of the investors from Arab and Foreign countries may be directed to Jordan and specifically to Aqaba as it is one of the most important attractive areas for the touristic investment. This study investigates the touristic investment capabilities in the city of Aqaba then how to attract investments. Are the economical, social, political, legislative, geographical and touristic factors encouraging touristic investment?

#### ***The Objectives of the Study:***

This study aims to investigate the role of the economical, social, political, legislative, geographical and touristic factors in encouraging touristic investment in the city of Aqaba.

#### ***The Importance of the Study:***

The touristic investment has great positive impacts on the society and the country, especially in the difficult conditions that Jordan passes through, so encouraging this kind of investment is considered very important specifically if it concerned with the city of Aqaba which is one of the important touristic regions which should utilized as much as possible by providing and subduing the required capabilities and initiatives for that.

#### ***Study Hypotheses:***

This study investigates the following hypotheses:

1. The economical factors impact the touristic investment in the city of Aqaba.
2. The social factors impact the touristic investment in the city of Aqaba.

3. The political and legislative factors impact the touristic investment in the city of Aqaba.
4. The geographical and touristic factors impact the touristic investment in the city of Aqaba.

**Study Methodology:**

This study applies the descriptive analytical approach where the primary data was collected from the study population then analyzed statistically to test and analyze the study hypotheses. The primary data was collected using the questionnaire as a data collecting tool which was designed to measure the current situation of the study population.

**The Population of the Study:**

The population is composed of the investors' segment in the touristic sector in the city of Aqaba.

**The Sample of the Study:**

The sample was gathered from 65 investors in the city of Aqaba chosen randomly.

**The Tool of the Study:**

65 questionnaires have been distributed to the members of the sample, 59 have been returned of 91%. The method of the questionnaire was based on closed questions, where the available answers are (agree strongly, agree, unbiased, disagree, disagree strongly) in order.

## RESULTS AND DISCUSSIONS

**The Statistical Methods and Hypotheses Testing:**

The statistical measures have been calculated are: arithmetic mean, t-test, Cronbach's alpha, standard deviation, One-Way ANOVA, Tukey test. According to the hypotheses or items, the standard to accept them was the arithmetic mean should be greater than 3, and to be significant the seen level of significance should be less than 0.05.

**Instrument Stability:**

To test the stability of instrument the researcher applied Cronbach's alpha coefficient Tests. Table 1 shows the results of this test as follows:

1. Alpha value for economical dimension items was 0.87
2. Alpha value for social dimension items was 0.70
3. Alpha value for political and legislative dimension items was 0.86
4. Alpha value for social and touristic site dimension items was 0.82
5. Alpha value for all combined items was 0.92

Therefore the instrument was stable since all values were  $>0.60$

**Table 1:** The saturation of the paragraphs and results of Cronbach's alpha Test.

Item/ dimension	saturation	Cronbach's alpha	Item/ dimension	saturation	Cronbach's alpha
Economical dimension	-----	0.87	20	0.82	
1	0.78		21	0.63	
2	0.71		Political and Legislative	-----	0.86
3	0.68				
4	0.68				
5	0.63				
6	0.75		22	0.73	
7	0.72		23	0.69	
8	0.60		24	0.72	
9	0.78		25	0.82	
10	0.81		26	0.63	
11	0.78		Geographical and touristic site	-----	
12	0.75				
13	0.62				
14	0.49				
15	0.62		27	0.47	
16	0.53		28	0.62	
Social dimension	-----		29	0.58	
			30	0.77	
			31	0.74	
			32	0.62	
17	0.73		33	0.36	
18	0.69		34	0.49	
19	0.72		Total		0.92

**Validity of Instrument:**

The validity of instrument was verified through 2 ways

1. it was presented to different arbitrators to make sure that all the item included in the instrument serve each dimension of the instrument . In the light of the arbitrators comments some sentences were alternated to make its composing and relation to the dimension it follows more clearer.
2. the validity of the instrument was also verified by using the Factorial Analysis to check the connection between the sentences and the dimension its related to.

Table 1 shows the results of this analysis, where the saturation of all the items for each dimension were high, and  $>0.30$  which is acceptable , this means that each item is related to the dimension it belongs to.

**First Hypothesis:**

The economical factors impact the touristic investment in the city of Aqaba.

From table (2), it is shown that all the items have arithmetic means greater than 3 and observed significance levels less than 0.05, i.e. they are statistically significant, except items 1, 7, 9, 10, 16.

Item (1) has an arithmetic means greater than 3 but the observed significance levels is greater than 0.05, which means that urbanization in the city of Aqaba is not an effective factor in touristic investment.

Item (9) has an arithmetic means greater than 3 but the observed significance levels is greater than 0.05, i.e. it is statistically insignificant, which means that the competition is not considered as an effective factor in the investment which seem to be strange, but it could be attributed to the fact that the touristic investment does not faces big competition because of the shortage in the current investment.

Item (10) has an arithmetic means less than 3 and the observed significance levels is less than 0.05, which means that the economic stability has a negative impact on touristic investment, the reason for that may be attributed to investors who do not feel that there is economic stability in Aqaba.

For item (16) which measures the availability of the specialized manpower in tourism sector although it has an arithmetic mean greater than 3 but the observed significance was greater than 0.05 ,i.e., it is not statistically significant, which means that the specialized manpower is not available in the city of Aqaba.

**Table 2:** Arithmetic mean, standard deviations, t value, and observed significance level of economical dimension.

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
1	Urbanization promotes tourist investment	3.07	0.78	0.66	0.51
2	Customs exemption granted in Aqaba have a positive impact on tourism investment decision	4.19	0.68	13.37	0.00
3	Lower sales tax will stimulate tourism investment	4.29	0.87	11.35	0.00
4	Higher prices of touristic goods and services will encourage tourism investment	4.36	0.83	12.62	0.00
6	Lending institutions provide suitable facilities for investors	3.64	0.06	4.65	0.00
7	advanced technology is Available in Aqaba that helps touristic investment	2.56	1.19	-2.84	0.01
8	There are varying customer needs resulting from varying degree of quality required	3.98	1.04	7.25	0.00
9	There is not great competition adversely affect investment.	3.05	1.11	0.35	0.73
10	economic stability is Available in the region of Aqaba that encourages investment	2.39	1.23	-3.80	0.00
11	Customers purchasing power is adequate for the purposes of tourism investment	3.66	1.40	3.63	0.00
12	The infrastructure available in Aqaba enhances the opportunity of touristic investment success.	3.78	1.25	4.80	0.00
13	Exchange rate positively impacts touristic investment.	3.81	1.28	4.88	0.00
14	The value of touristic investment return in Aqaba is high	3.93	1.01	7.06	0.00
15	The investors in Aqaba region is given special economic advantages	4.03	0.93	8.56	0.00
16	The specialized work force is available in Aqaba	3.12	1.02	0.90	0.38
	Total	3.5911	54552.	8.323	0.00

For all the items combined which represent the impact of economic factors on investment, the arithmetic mean equals 3.55, and the observed significance level equals 0.00, i.e. the impact of economic factors as a whole have a positive impact on investment.

### ***The Second Hypothesis:***

The social factors impact the touristic investment in the city of Aqaba.

It is shown from table (3) that all the items separately have arithmetic means greater than 3, and observed significance levels less than 0.05, i.e., they all have positive statistical significance, except item 18. So the human cadres, cultural awareness, customs and tradition and religion all are positive factors on the investments.

But item 18 which has an arithmetic mean less than 3 and observed significance level less than 0.05 which means that the culture of the touristic community negatively impacts on the investment because there is not touristic culture at the required level in the community of Aqaba.

For all the items combined which represent the impact of social and religious factors on investment, the arithmetic mean equals 3.60, and the observed significance level equals 0.00, i.e. the impact of social and religious factors as a whole have a positive impact on investment.

**Table 3:** Arithmetic mean, standard deviations, t value, and observed significance level of social and religious dimension.

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
17	Human cadres in community are efficient and have good morals.	3.42	1.13	2.87	0.01
18	The community of Aqaba is characterized by touristic culture.	2.63	1.30	-2.21	0.03
19	There is a folklore activity in Aqaba that support touristic investment.	3.90	1.28	5.38	0.00
20	Customs and traditions in Aqaba encourage touristic investment	3.92	1.10	6.37	0.00
21	Religion does not form an obstacle to touristic investment.	4.12	0.89	9.63	0.00
	Total	3.60	0.72	6.37	0.00

### ***The Third Hypothesis:***

The political and legislative factors impact the touristic investment in the city of Aqaba.

It is shown from table (4) that all the items separately have arithmetic means greater than 3, and observed significance levels less than 0.05, i.e. the Investment promotion laws and political and security stability have a positive impact

Item 23 have arithmetic means less than 3.00, and observed significance levels less than 0.05, i.e. the bureaucracy in dealing with the investors has a negative impact on the touristic investment.

Item 24 has arithmetic means less than 3.00, and observed significance levels less than 0.05, i.e. there is weakness in external governmental agreements that support touristic investment.

For all the items combined, the arithmetic mean equals 3.15, and the observed significance level equals 0.00, i.e. The Government through the political system and governmental legislation have positive impact on investment in Aqaba.

**Table 4:** Arithmetic mean, standard deviations, t value, and observed significance level of political and legislative dimension.

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
22	Investment promotion laws have a positive impact on touristic investment decisions.	3.95	1.01	0.00	0.00
23	There is no bureaucracy negatively impacts the decisions of touristic investment	2.73	2.85	0.47	0.00
24	The external agreements signed by the government support touristic investment	2.24	1.34	0.00	0.00
25	There is a stable security in Aqaba which encourages touristic investment	3.39	1.26	0.02	0.02
26	The political stability is one of the factors positively affecting touristic investment in Aqaba	3.42	1.28	0.01	0.01
	Total	3.15	0.90	0.21	0.00

**The Fourth Hypothesis:**

The geographical and touristic factors impact the touristic investment in the city of Aqaba.

It is shown from table (4) that all the items but item 3, separately have arithmetic means greater than 3, and observed significance levels less than 0.05, i.e. all these items were statistically significant in positive direction.

Item 29 has arithmetic means less than 3.00, and observed significance levels less than 0.05, i.e. water sports in Aqaba are not directed towards the promotion of tourism.

For all the items combined, the arithmetic mean equals 3.62, and the observed significance level equals 0.00, i.e. The geographical and touristic factors impact the touristic investment.

**Table 5:** Arithmetic mean, standard deviations, t value, and observed significance level of social and religious dimension.

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
27	Aqaba is characterized by its site on the red sea which attracts touristic investment	3.51	0.92	4.26	0.00
28	Aqaba is within the golden touristic triangle which encourages touristic investment	4.00	0.89	8.63	0.00
29	Water sports in Aqaba are directed in a way to encourage tourism	2.31	1.25	-4.27	0.00
30	The appropriate Wintry climate of Aqaba attracts tourists	3.71	0.93	5.88	0.00
31	The availability of big touristic programs in Aqaba encourages the other investors to invest in tourism there	4.07	1.20	6.83	0.00
32	The marine environment of the Gulf of Aqaba supports touristic investment	3.54	1.28	3.26	0.00
33	The nature of the terrains of Aqaba encourages touristic investment	3.75	1.27	4.52	0.00
34	The availability of historical and cultural monuments in Aqaba attract tourist investment	4.07	1.16	7.09	0.00
	Total	3.62	0.50	9.43	0.00

**Conclusion:**

The study concluded the following Conclusion:

1. The economic factors as a whole positively affect touristic investment in the city of Aqaba.
2. Urbanization in Aqaba is not an effective factor in touristic investment from investors' point of view.
3. The insufficient technological advance negatively affects touristic investment.
4. There is a weak turnout on touristic investment in Aqaba henceforth the competition in this sector is weak.
5. The economic instability in Aqaba is considered a negative factor in touristic investment.
6. The social factors in the city of Aqaba positively impacts touristic investment
7. The culture of the touristic community negatively impacts touristic investment in Aqaba.
8. The role of Government positively impacts touristic investment in the city of Aqaba.
9. Bureaucracy has a negative impact on touristic investment in Aqaba.
10. There is no external governmental agreement that has a positive impact on touristic investment in Aqaba.
11. The geographical and touristic site of Aqaba impacts touristic impact.
12. Water sports are not directed toward encouraging tourism.

**Recommendations:**

The study recommends the followings:

1. It is necessary to work on the development of technology available to investors in Aqaba.
2. Touristic investments could be attracted to the city of Aqaba, since there is no strong competition faces those who wish to invest.
3. Providing economic stability in Aqaba, through legislation and regulations.
4. providing specialized manpower in the tourism sector in Aqaba
5. It is essential that the society in Aqaba have the awareness of touristic culture.
6. Facing bureaucracy, especially in departments and agencies that are in contact with the investors in the tourism sector in the city of Aqaba.
7. The government should make external agreements that have a positive impact on touristic investment in the city of Aqaba.
8. The stakeholders need to direct water sports in Aqaba towards promoting tourism.

## REFERENCES

- Al-Jameel, S., 2002. Foreign direct investment in Arab States and racing competition. *Administrative*, year 24, no. 88.
- Al-Juburi, N. and T. Al-Tighili, 2006. The administrative policies of the Ministry of tourism and its impact on the evolution of touristic awareness in Jordanian society. *The University researcher magazine*, 11: 169-190.
- Al-Rahimi, S., 2006. Local tourist trends towards tourism development in the eastern region (Sultanate of Oman), *Mutah for research and studies*, 21(5): 253-271.
- Baldwin, B., 2000. Segment Earning Disclosure and the Ability of Security Analysts to for cast Earning per share. *World Tourism Organization*, 28.
- Bamber, L. and Cheon, 1998. Discretionary Management Earning Forecast Disclosure : Antecedents and Outcomes Association with Forecast venue and Forecast Specificity Choices, *journal of Accounting Research*, 30.
- Elbadri, S., 1998. Private investment and its influential factors in Jordan economic prospects. *Mutah for research and studies*, 74(1): 111-130.
- Irshaid, A., 2008. The determinants of FDI in the Jordanian economy for the period between 1985-2005. *The Renaissance*, 9(3).
- Maqableh, K., 2002. Reality and prospects of tourism investment in Jordan. *Irbid for researches and studies*, 4(2).
- Maqableh, K., 2007. The role of sustainable tourism in reducing problems of poverty and unemployment in Jordan (Case study of Madaba), *Yarmouk research "human and social sciences series"*, 23(2): 563-587.
- Negi, J., 1996. *Tourism and Travel: Concept and Principles*, New Delhi, Gitanjali publishing House.
- Steiner, C., 2010. An overestimated relationship? Violent political unrest and tourism foreign direct investment in the Middle East. *International Journal of Tourism Research*, 12(6): 726-738.