

Evaluation of Barriers to Investment in Qeshm Free Area

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Abstract: Investment is one of the most important growth factors and economic, social and cultural development of a region. Without financial investment and allocating state and private budgets to a region we can't expect the growth and development in coming years. The governments should plan for investment in different regions regarding the talents and potential abilities. Qeshm is one of the important islands of Iran. Hordes of business and product exchange are done in this region. Yet its growth and development is trivial than neighbor regions in Arabic countries. It has been attempted in this research to check the barriers to investment and absorbing investment in economic free area of Qeshm. For this purpose, with using the ideas of experts, were identified six main barriers and with using the method analysis of hierarchical, these barriers were been ranked. Lack of fundamental facilities was recognized as the most important barrier in investment. At the end regarding the identified barriers, was presented the practical offers to relevant authorities.

Keywords: Qeshm Island, investment, barriers to absorption of investment, AHP

1. Introduction

Qeshm Island has set in the mouth of Hormoz strait in the contour of Persian Gulf and Oman Sea in the south of the Islamic republic of Iran. This island is located in twenty kilometers of the south of Abbas port, 40 kilometers of Length port, and one kilometer of the big Tunb. This Island, due to the approval of Islamic council parliament of Iran, was announced as the free economic-industrial region in 1368. State and private investment in Qeshm can be very beneficial due to its geographical and strategic position. But there are some barriers in between. By investment barriers, we mean any factor that puts the trend of formation and development of investment in free area of Qeshm under negative effect. As it is obvious, taking action of investors to investment depends on the rise and the existence of fields and till the time these fields be not available, investment will not form, So the shortage or lack of some of the effective factors in the investment that is of the desire and interest if investors, are of barriers in the route

of absorption of investment. Due to the high effect which the investment in this region can have on employment, technology transfer, currency technology and developing human resources and regarding to the current situation that there is a large dense of unemployment in country, and developing non-oil export and encouraging of productive activities has been of consideration, the importance of this research will be clear. On the other hand, the successes of countries like china, South Korea, Taiwan, Hong Kong, and other south east countries of Asia in absorbing the internal and external investment through the creation of free areas and also the lack of desired success of other similar free areas in country in absorption of investment makes the necessity of scientific checking in this subject visible, so by this way we can identify the barriers to absorption of investment to eliminate them and prevent the waste of resources and fruitless investments.

The goals which the current research is following are:

A: checking the rate of influence of the shortage factor in fundamental facilities in absorbing the internal investment in free area of Qeshm.

B: checking the rate of influence of the factor of lack of existing rules and explicit and clear provisions in absorbing the internal investment in free area of Qeshm.

C: checking the rate of influence of the factor of being high the rate of interest in absorbing the internal investment in free area of Qeshm.

2. Research literature

In this section, we will pay to the studies, rules and available instructions about investment in Qeshm. In the year 1369 and after calling Qeshm as free area, the Sweden Company, Soeko got a mission to prepare the whole plan of free area of Qeshm. The purpose of whole plan of free area of Qeshm is to provide a general framework and the solutions of the development of the Island that should be checked by the free area of Qeshm and other challenged and shared forces in different fields of the Island's development should be used. It was emphasized that the whole plan will determine a framework for development that be flexible and is the incentive of next developments. Consequently, Qeshm Island may change its competence from potential to actual with the help of this special whole plan and flexible with recognition of strategic priorities of developing the fundamental installations.

2-1. Investment in the whole plan

The rate of necessary investment for doing the plans of fundamental and industrial development has been calculated in the whole plan. The whole forecasted investments in the period of 1995 to 2021 has been estimated about 23 billion dollars that about 8 billion dollars of it was provided through the general investment and 15 billion dollars through the investment of private section. The investments of general

section will be provided through the loans of free area of Qeshm. The exact analysis has been set on the first data. These data are the income of free area and from the profit of shares- the taxes of fundamental installations and the rights of customs equally are from the resulted expenses of profit and fundamental investments and administrative costs. Some combinations from these variables give out longer positive or negative effect. These data on the income of free area of Qeshm are from the income of the profit of shares- from the fundamental installations of customs rights and also the costs of region due to the profit of loans are the investment and administrative costs. Thus the calculated shows that free area of Qeshm will have the possibility of earning cash balances in the future. On the condition that the forecasted main industries be provided. So it is another time emphasized on the importance of trust of investment than the stability of financial and institutional framework of Qeshm free area. In the process of doing the operation, it is offered to free area of Qeshm that special and exact studies on the thresholds of investment be done and pay attention to this affair that refuse the main investments and valence thresholds. Also, in order to avoid the high costs it is offered that the fundamental costs and incomes be controlled carefully and the long term investments take place in different stages. The most resulted profits from the development of Qeshm Island are come below:

- 1- Developing the natural resources
- 2- Increasing employment and income
- 3- Creating absorbing societies
- 4- Increasing exports and income
- 5- Recovery of economic situation of mainland
- 6- Transferring of technology
- 7- Providing more diverse educations
- 8- Possibility of developing a big port in service of a wide region

3. Methodology

The current research is descriptive regarding the practical purpose and regarding the way of researching. In this research we first searched for the barriers to investment. For this purpose, documentary sources (visiting the institutions and organizations relating the subject, libraries and ...) books and publications related to investment, economic magazines and newspapers, interview with the people who have had relationship with the subject and have the necessary information, the internal publications of the region, searching on the net and questionnaires were used. Also for the assessment of identified barriers we used the analysis of hierarchical (AHP).

3-1. Population

For the purpose of doing paired comparisons, was used from the ideas of 45 experts in the field of the research.

3-2. Data collection

The data of AHP method are gathered with the method analysis of hierarchical So that two factors or criteria are put in front of each other in a table and is asked the expert to compare the two choices and identify their weight.

4. Finding

At first the barriers to investment is identified and is summarized in the following table and their symbols will be recommended:

Table 1. The identified barriers

Row	Inhibiting factors	Symbol
1	Lack of familiarity with the benefits of investment in Qeshm	A ₁
2	Severe boycotts	A ₂
3	Monopoly of state investment	A ₃
4	Shortage of fundamental facilities	A ₄
5	High interest of bank loans	A ₅
6	Weakness of rules and provisions	A ₆

In the rest, the paired comparisons will be shown. Then each of the weighting factors and will be ranked.

Table 2. Entering the data of barriers to paired comparisons

	A ₁	A ₂	A ₃	A ₄	A ₅	A ₆
A ₁	1	7	1	5	5	3
A ₂	0.14	1	0.14	0.35	0.25	0.35
A ₃	1	7.14	1	5	7	3
A ₄	0.2	2.85	0.2	1	1	0.5
A ₅	0.2	4	0.14	1	1	0.25
A ₆	0.33	2.85	0.33	2	4	1
Sum	2.87	24.85	2.81	14.35	18.25	8.1

Table 3. Doing paired comparisons

	A ₁	A ₂	A ₃	A ₄	A ₅	A ₆	W	Rank
A ₁	0.13	0.13	0.14	0.18	0.12	0.21	0.119	5
A ₂	0.02	0.02	0.02	0.01	0.01	0.02	0.131	3
A ₃	0.13	0.14	0.14	0.18	0.17	0.21	0.089	6
A ₄	0.03	0.05	0.03	0.04	0.02	0.04	0.306	1
A ₅	0.03	0.08	0.02	0.04	0.02	0.02	0.228	2
A ₆	0.04	0.05	0.05	0.07	0.10	0.07	0.127	4

The resulted consequences from the table above shows that the weight of identified barriers and their rank in order are: 1- shortage of fundamental facilities (0.306), 2- high interest of bank loans (0.228), 3-severe boycotts (0.131), 4- weakness of rules and provisions (0.127), 5- Lack of familiarity with the benefits of investment in Qeshm (0.119), 6-Monopoly of state investment (0.089).

5. Discussion and conclusion

In this section due to the resulted conclusions and for raising the Opportunity of investment in free area of Qeshm that can have a specific role in the economic boom of the south of the country and Hormozgan province. Offers are given to supervisors and Practitioners.

- Providing facilities and necessary fundamentals for investment that we should accept a principle in free areas.
- Providing the conditions of activity for external credit and insurance institutions for insurance coverage in this region.
- Investment in fundamental fields, industrial towns by the government or assigning them the private section investors through allocating facilities.
- Investment for creating new fundamentals for advanced communications and widening

gathering networks, transferring, recovering and processing information.

- Acceleration in the trend of developing equipping the area to hygienic and therapeutic services, staying and welfare places, recreation- athletic and cultural centers via absorbing investment from the private section with allocating specific honors to them.
- Performing the necessary fundamentals that is predicted before and are not performed yet like Persian Gulf Bridge.
- Acting coordinative and integrated administration and transparency and eliminating the opposites of the rules of free areas with the rules of the internal.
- Creating stabilization in policies and provisions and decisions and refusing repetitive issued directives that cause bewilderment on the investors.
- Simplifying and making easy to understand the rules so that the rules be performed easily by people.
- Omitting complex stages, constraints and bureaucratic barriers and extra formalities in the process affair of investment by the organization of free area of Qeshm.
- Allocating facilities to investors of private section with the lowest interest rate in free areas.

- Assigning banking and insurance services to the private section for protection from this section.
- Correcting the status of state companies and making them commercial via omitting the state payment to them.
- Decreasing the power of state section and assigning some of the decisions to the people and professional associations
- Establishing an investing institute in free area of Qeshm for educating, counseling and accelerating in the affair of investment.

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