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Tourism and Its Economic Impacts on the Local Market in Babylon Province, Iraq

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Abstract:

Purpose: *This study examines the economic impacts of tourism on the local market in Babylon Province, Iraq, focusing on employment, household income, local inflation, economic leakage, and the distribution of tourism-related benefits.*
Design/methodology/approach: *An exploratory-sequential mixed-methods design was employed. Quantitative data were obtained from 384 valid questionnaires, while qualitative data were collected through 18 in-depth, semi-structured interviews with managers, experts, business owners, and local stakeholders. Multiple regression analysis was used to examine the factors associated with local economic outcomes.*
Findings: *Despite substantial tourist arrivals, much of the tourism-generated revenue leaves the provincial economy, resulting in a low local income multiplier. Tourism employment is predominantly seasonal and unstable, while tourism growth is associated with increases in land prices, rents, and essential goods, placing pressure on low-income households. Local value-chain strength and economic leakage emerged as stronger predictors of economic outcomes than tourist numbers. Weak linkages with local producers were identified as a major source of leakage. Women and young people were particularly active in home-based tourism businesses.*
Practical implications: *Tourism policy should prioritize strengthening local supply chains, supporting local producers and small businesses, improving access to tourism-related employment, and promoting community-based development. These measures could help retain and circulate tourism revenue within the province.*
Originality/value: *The study addresses the limited evidence on the local economic effects of transit and religious tourism in Iraq. It highlights the gap between tourist volume and locally retained economic benefits and provides a context-specific basis for more inclusive and locally embedded tourism development.*
Keywords: *Tourism, economic impacts, economic leakage, local market, local value chains, Babylon province, Iraq.*

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1. Introduction

In recent decades, tourism has emerged as one of the most important drivers of economic growth and structural transformation worldwide. By generating employment, increasing household incomes, supporting local businesses, and stimulating infrastructure development, tourism can make a significant contribution to economic development, particularly in regions with rich historical and cultural heritage.

As one of the world's major service industries, tourism plays a pivotal role in the economic, social, and cultural development of local communities. Destinations endowed with historical, cultural, and natural attractions have considerable potential to use tourism as a catalyst for economic transformation (Vellas, 2011; Mihalic, 2013).

2. Literature Review

2.1 Tourism and Local Economic Development

Tourism contributes to local economic development by creating direct and indirect employment opportunities, generating local revenue, strengthening small and medium-sized enterprises (SMEs), and stimulating investment in urban infrastructure. These contributions can improve local livelihoods and support sustainable economic growth (Goodwin, 2008; Gnanapala and Sandaruwani, 2016).

The economic impacts of tourism on local markets can be understood through three principal mechanisms. First, tourist expenditure increases demand for locally supplied goods and services. Second, tourism creates opportunities for employment and entrepreneurship, potentially generating recurring income within the local economy. Third, tourism can stimulate investment in complementary sectors, including transportation, accommodation, hospitality, and handicrafts.

However, these benefits are not automatic. Without effective planning and appropriate management, tourism development may also contribute to economic inequality, local inflation, pressure on infrastructure, and environmental degradation (De Bruyn *et al.,* 2018; Streimikiene and Korneeva, 2020). Such challenges are particularly significant when tourism-related growth increases the cost of living,

weakens the competitiveness of local businesses, or displaces established economic activities and communities.

International research suggests that tourism can act as a catalyst for economic development when supported by effective policymaking and sustainable management. Nevertheless, its economic effects may vary considerably across destinations, particularly where infrastructure is inadequate or social and political conditions create additional constraints.

These circumstances highlight the need for context-specific investigations into the relationship between tourism and local economic development (Dlomo and Rogerson, 2021). Furthermore, poorly planned tourism development may intensify pressure on limited resources, including water and energy, while contributing to higher land prices and local inflation (Gasparino *et al.,* 2008).

2.2 Stakeholder Consensus and Sustainable Tourism Development

Achieving sustainable development requires coordination among stakeholders through the alignment of objectives, responsibilities, and interests. Such coordination can strengthen cooperation and create synergies among the benefits expected by different stakeholder groups (Silvius and Schipper, 2019).

Consensus, however, does not require complete agreement or uniformity among stakeholders. Rather, it involves establishing a shared framework in which differences are acknowledged, considered, and managed. Meaningful consensus is more likely to emerge when all stakeholders, including those with limited influence, have opportunities to express their views and participate in decision-making.

In tourism destinations, the alignment of individual and collective interests is particularly important for sustainable development. This alignment can be achieved when public authorities, businesses, local communities, and other stakeholders participate in developing and implementing tourism policies and programmes. Reaching such consensus can help ensure that tourism development reflects local priorities and that its economic and social benefits are more equitably distributed (Alshboul, 2016).

2.3 Economic Leakage and Tourism Development

The concept of economic leakage is rooted in development economics and critical perspectives on the distribution of benefits generated by tourism. Britton (1982), for example, demonstrated how international tourism could reproduce unequal economic relationships between developed core economies and less-developed peripheral destinations. Through the activities of multinational corporations, international hotel chains, and global tour operators, a substantial share of tourism revenue may leave the destination rather than circulate within the local economy.

This perspective is closely associated with dependency theory, which emphasizes how external economic structures can reinforce existing inequalities and limit the development benefits available to host communities.

Over time, the concept of economic leakage has evolved from an analytical explanation of unequal tourism relationships into practical consideration in the formulation of sustainable tourism policies. Reducing leakage requires strengthening local economic linkages, increasing the participation of local businesses in tourism supply chains, and encouraging the procurement of locally produced goods and services. These measures can help retain a greater proportion of tourism expenditure within destination economies and enhance the local multiplier effect (Mowforth and Munt, 2016).

2.4. Tourism Development in Babylon Province, Iraq

Babylon Province, Iraq, possesses a rich historical and cultural heritage, including the archaeological remains of the ancient city of Babylon and its internationally recognized historical associations. These assets provide the province with considerable potential to attract domestic and international visitors and to become an important destination for cultural and archaeological tourism in the Middle East (Almasoodi and Rahman, 2024). The province's historical significance and cultural resources offer opportunities to stimulate local businesses, generate employment, and diversify economic activity.

Despite this potential, several constraints have limited the development of the tourism sector. These include security concerns, inadequate tourism infrastructure, insufficient accommodation facilities, limitations in transportation and hospitality services, and the absence of coordinated tourism planning (Kathem *et al.,* 2022). Such constraints may prevent local communities and businesses from fully benefiting from tourism demand and may weaken the connections between tourism activities and the wider provincial economy.

In many post-conflict societies, tourism has attracted the attention of policymakers as a potential pathway towards economic diversification and non-oil development. Babylon Province has substantial cultural and historical resources that could support local economic development.

However, tourism growth does not necessarily translate into equitable economic benefits. In the absence of a clear understanding of local market structures, tourism development may be accompanied by rising prices, declining purchasing power, and unequal distribution of economic benefits.

These concerns make it important to examine not only the volume of tourism activity but also the extent to which tourism revenue is retained and circulated within the local economy.

Despite the province's tourism potential, there remains a need for more detailed empirical evidence on the local economic effects of tourism in Babylon. In particular, the relationships between tourism, employment, income generation, local price changes, and the distribution of economic benefits require further investigation. Accordingly, this study addresses the following research questions:

RQ1: How does tourism affect employment, income generation, and price fluctuations in the local market of Babylon Province?
RQ2; What structural barriers, including inadequate infrastructure and economic leakage, constrain the equitable distribution of tourism-related economic benefits?

The study aims to examine how tourism influences the structure of the local market in Babylon Province by assessing employment opportunities, income generation across different economic sectors, tourism-related inflationary pressures, and the structural barriers that constrain the distribution of tourism benefits.

The study contributes to literature in two main ways. First, its methodological contribution lies in the application of an exploratory-sequential mixed-methods design, combining quantitative and qualitative evidence to provide a more comprehensive understanding of tourism's local economic effects. The quantitative component employs multivariate regression and path analysis, while the qualitative component draws on in-depth interviews with key stakeholders. This combination enables the examination of statistical relationships alongside the experiences and perspectives of actors involved in the local tourism economy.

Second, the study makes a substantive contribution by examining the gap between tourism activity and the retention of its economic benefits within a historically significant but economically constrained destination. It develops a locally grounded perspective on the transition from tourism strategies focused primarily on quantitative growth and external investment towards endogenous and community-based development.

By emphasizing local economic linkages and the participation of local communities, the study seeks to identify ways of reducing economic leakage, strengthening local livelihoods, and promoting a more inclusive distribution of tourism-related benefits in Babylon Province.

3. Research Methodology

3.1 Research Design and Study Population

This study adopts a concurrent mixed-methods approach, integrating quantitative and qualitative data to examine the economic impacts of tourism on the local market in Babylon Province, Iraq. The research population comprises two groups: a quantitative population and a qualitative population.

The quantitative population consists of households residing in Babylon Province and owners of small and medium-sized enterprises (SMEs) whose activities are directly or indirectly affected by tourism. These businesses include souvenir shops, restaurants, public transportation services, local tour guides, and accommodation providers. Stratified random sampling was employed, taking into consideration two criteria: the type of economic activity and the geographical location of respondents in relation to historical attractions.

The sample size was determined using Cochran's formula, based on a 95% confidence level, a 5% margin of error, and maximum population variability ($p = 0.5$). This calculation yielded a target sample of 384 respondents.

The qualitative population comprises key stakeholders involved in or familiar with tourism development and its economic consequences in the province. These stakeholders include tourism managers, sustainable development experts, owners of tourism-related businesses, and civil society activists. Purposive sampling was used to select 18 participants with relevant professional experience and knowledge of the local tourism sector.

3.2 Data Collection Instruments and Procedures

Quantitative and qualitative data were collected in parallel. In the quantitative component, data was gathered using a researcher-developed questionnaire consisting of three sections:

- **Demographic and economic characteristics:** Information on respondents' demographic backgrounds and economic circumstances.
- **Economic indicators:** Questions addressing income, employment, prices, costs, and satisfaction with economic conditions.
- **Attitudes and perceptions:** Questions concerning structural barriers, economic inequalities, and recommendations for improving tourism development.

The questionnaire included closed-ended questions, items measured on a five-point Likert scale, and short open-ended questions. This combination was intended to capture both measurable economic conditions and respondents' perceptions of tourism-related changes in the local market.

The qualitative component employed two data collection methods: in-depth semi-structured interviews and field observations. The interview guide covered four principal themes: economic experiences, structural challenges, negative consequences of tourism development, and potential policy solutions. Field observations were conducted systematically in markets surrounding historical attractions, particularly the archaeological site of Babylon.

Observations were documented through field notes to record relevant economic activities, business conditions, and interactions within the local market.

3.3 Validity and Reliability

For the quantitative instrument, content validity was assessed through consultation with five experts specializing in tourism economics, tourism geography, and research methodology. Their assessments were used to evaluate the relevance and appropriateness of the questionnaire items. Internal consistency was assessed using Cronbach's alpha, with a coefficient of 0.76 reported as the acceptable reliability threshold.

For the qualitative component, credibility was strengthened through member checking and peer review. Member checking involved presenting the findings to participants for feedback, while peer review provided an additional assessment of the interpretation and analysis. Transferability was supported through a detailed description of the research context, including the geographical, economic, social, and security conditions of Babylon Province.

3.4 Data Analysis

Quantitative data were analyzed using descriptive and inferential statistical techniques. Descriptive statistics included frequencies, means, and standard deviations to summarize respondents' characteristics and their assessments of tourism-related economic conditions. Inferential analysis was conducted using SPSS software and included Pearson's correlation coefficient, multiple linear regression, one-way analysis of variance (ANOVA), independent samples t-tests, and group comparisons, as appropriate to the research variables and analytical objectives.

Qualitative data were analyzed using thematic content analysis with MAXQDA software. The analytical process involved three stages: open coding, axial coding, and selective coding. These stages were used to identify recurring themes, establish relationships among categories, and develop an integrated interpretation of participants' experiences and perspectives. In the final analytical stage, the quantitative and qualitative findings were integrated to provide a comprehensive understanding of tourism's economic impacts on the local market in Babylon Province. This integration enabled the statistical results to be considered alongside the experiences and explanations provided by key stakeholders.

3.5 Conceptual Framework

The conceptual framework was developed by integrating multiplier effects theory with a sustainable tourism development perspective. It illustrates the relationship between tourism, considered the independent variable, and its economic impacts on

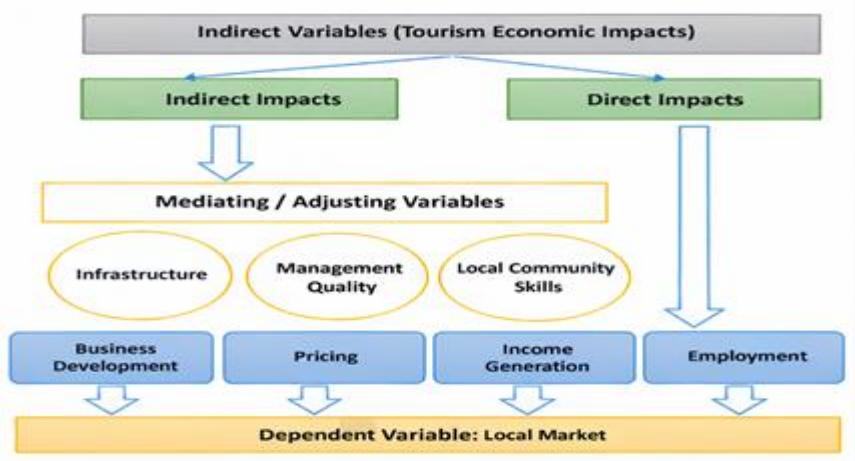
the local market in Babylon Province, represented by the dependent variables of employment, income generation, price changes, and business development.

The framework identifies two principal pathways through which tourism affects the local economy. The first is the direct pathway, through which tourist expenditure increases demand for locally supplied goods and services. The second is the indirect pathway, through which the extent of tourism's economic contribution depends on contextual and institutional conditions, including management quality, tourism infrastructure, community skills, and policymaking.

The framework further incorporates infrastructure, management quality, and local community skills as moderating factors that may influence the relationship between tourism activity and local economic outcomes. These factors are particularly relevant in the post-crisis context of Babylon Province and in view of the challenges associated with protecting and developing its historical heritage. The framework also considers how these conditions may shape economic leakage, local inflation, and inequalities in the distribution of tourism-related benefits.

The conceptual model was developed in accordance with the research questions, objectives, and economic characteristics of the province. It is intended to clarify the relationships among the principal research variables and provide an analytical basis for identifying policy measures that could strengthen local economic linkages and improve the distribution of tourism benefits. The concurrent mixed-methods design supports this framework by combining quantitative evidence with qualitative insights, thereby enhancing the depth of analysis and providing a basis for practical recommendations for local policymakers (Figure 1).

Figure 1. *Conceptual model of research.*

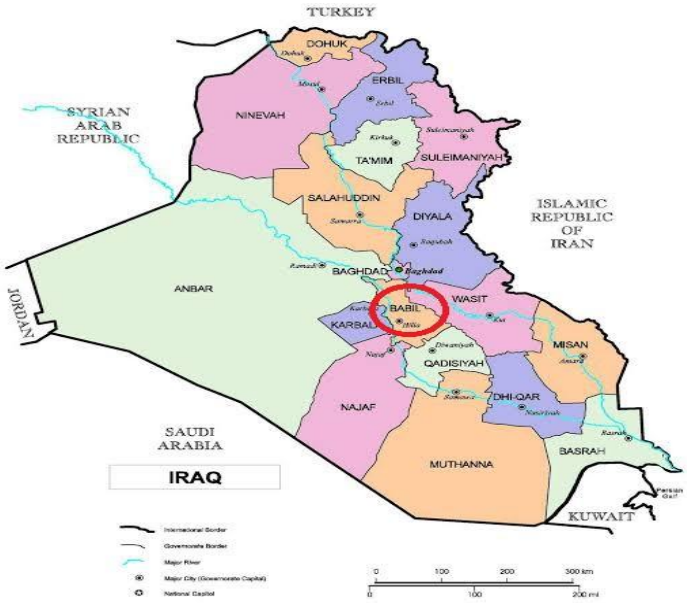


Source: *Own study.*

3.6 Study Area

Babylon Province is in central Iraq and occupies a strategically important geographical position connecting the northern and southern parts of the country. The province covers an area of approximately 5,119 km² and lies between latitudes 32°00′ and 33°15′ N and longitudes 44°00′ and 45°12′ E. Situated approximately 85–100 km south of Baghdad, Babylon has historically served as an important corridor for communication and trade among Iraq's provinces, owing to its central geographical location (Al-Aarajy *et al.,* 2024) (Figure 2).

Figure 2. *Location of Babylon Province in Iraq. Source: Ministry of Interior, Iraq.*



Source: *Own study.*

3.7 Geographical, Socioeconomic, and Historical Characteristics of Babylon Province

3.7.1 Geographical and Demographic Characteristics

In terms of its relative geographical location, Babylon Province borders Baghdad and Diyala provinces to the north, Wasit Province to the east, Najaf and Muthanna provinces to the south, and Karbala and Anbar provinces to the west (Obaid, 2025). The province contains fertile agricultural land sustained by river sediments and water flows. The Euphrates River passes through the province, providing water for agricultural activities while also contributing historically to the establishment of settlements and the development of local economic activities (Al-Aarajy *et al.,*

2024). The provincial capital, Hillah, is situated along the Euphrates River and near the archaeological site of ancient Babylon. The geographical proximity of the modern city to this ancient settlement reinforces the province's historical and cultural significance.

The ancient city of Babylon was inscribed on the UNESCO World Heritage List in 2019. In addition to its historical importance, this recognition has enhanced the site's international visibility and strengthened its potential as a tourism destination, creating opportunities for local economic development (UNESCO, 2019).

With an estimated population of approximately two million, Babylon is among Iraq's more populous provinces. Its population consists predominantly of Shia Arabs, alongside Sunni Arab communities and smaller minority groups in certain areas. Most residents live in urban areas, particularly in Hillah (Christia *et al.,* 2022). The province also has a relatively young demographic structure, with more than half of its population reportedly under the age of 30 (Central Statistical Organization Iraq, 2021; UNDP Iraq, 2020). Administratively, its principal districts include Hillah, Hashimiyah, Al-Mahawil, Al-Musayyib, and Babylon (Obaid, 2025).

3.7.2 Economic Structure and Tourism Potential

Babylon Province has a diversified economic structure based on urban services, agriculture, small-scale industries, and cultural tourism. Agriculture remains an important source of employment and livelihoods, supported by the fertile alluvial plains of the Euphrates and established irrigation networks. Consequently, the economic activities and employment patterns of many households remain closely connected to agricultural production cycles and seasonal markets (Sanford, 1990).

The inscription of the ancient city of Babylon on the UNESCO World Heritage List in 2019 has further strengthened the province's potential for cultural tourism. Visitor expenditure on accommodation, food, transportation, and handicrafts can generate multiplier effects throughout the local economy. However, the extent to which these benefits are retained locally depends on the quality and standardization of tourism services, effective visitor management, and destination marketing (UNESCO, 2019; Isakhan, 2017).

Small-scale industries, including construction-material workshops and food-processing businesses, also contribute to the provincial economy. Construction activity has created employment opportunities, particularly for semi-skilled workers. Nevertheless, the continued development of these industries depends on improvements in the business environment, access to finance, and the reduction of administrative barriers (Sanford, 1990). At the national level, economic reform initiatives have sought to strengthen non-oil economic growth. Their potential effects on central provinces such as Babylon include facilitating the establishment and expansion of small enterprises and supporting infrastructure development (IMF, 2025).

Despite these opportunities, the province's young population and the relatively high proportion of low-skilled employment in agriculture and services create important socioeconomic challenges. Evidence of low household incomes and difficulties in meeting material needs points to pressures within the labour market and concerns regarding employment quality (Ibrahim and Al-Hassnawy, 2024). Improving distribution networks, providing professional training for tour guides, and standardizing hospitality services could encourage longer visitor stays and higher levels of tourist expenditure (Isakhan and Zarandona, 2018; UNESCO, 2019).

In addition, three policy priorities are particularly relevant to strengthening employment and income resilience in Babylon: developing vocational and technical skills among young people, improving water-resource management, and providing targeted support for small-scale industries. These measures could generate economic benefits while strengthening the province's capacity to respond to structural labour-market and development challenges (IMF, 2025; Al-Aarajy *et al.,* 2024).

Regular monitoring of household income and quality-of-life indicators, together with the geographical and demographic targeting of development interventions, is also essential for evaluating progress and improving policy effectiveness (Central Statistical Organization Iraq, 2021).

3.7.3 Infrastructure and Development Constraints

Babylon Province benefits from a relatively central geographical position and a road network connecting Hillah with Baghdad and other Iraqi provinces. These transport connections provide an important foundation for the movement of residents, goods, and tourists (World Bank, 2022). Nevertheless, infrastructure constraints continue to affect the province's economic and tourism development.

In the energy sector, Babylon is connected to the national electricity grid but experiences frequent power interruptions, which negatively affect small industries, commercial establishments, and urban services (IMF, 2025). Water-resource management represents another major challenge. Reduced flows in the Euphrates River, together with inefficiencies in water management, have increased pressure on agricultural production systems (Al-Aarajy *et al.,* 2024).

Educational and healthcare infrastructure includes institutions such as the University of Babylon and major hospitals. However, shortages of equipment and increasing demand associated with population growth place pressure on the capacity of these services (UNDP Iraq, 2020). Digital infrastructure also remains unevenly developed, particularly in rural areas where mobile coverage is reported to be relatively weak. The expansion of fibre-optic networks has been identified among government initiatives intended to reduce the digital divide (IMF, 2025).

Although tourism services have developed alongside the growing international visibility of the ancient city of Babylon, further improvements in service quality,

professional standards, and tourism management are required (Isakhan, 2017). Overall, the province's central location and access to the Euphrates River provide important development opportunities. However, weaknesses in resource management, constraints in energy and transportation infrastructure, and pressure on public services highlight the need for coordinated investment and comprehensive development planning.

3.7.4 Historical and Cultural Heritage and Tourism Attractions

Located in the heart of the historical region of Mesopotamia, Babylon Province has long been recognized as one of the most significant centres of ancient human civilization. The ancient city of Babylon, once the capital of the Babylonian Empire, is now among the most prominent archaeological and cultural heritage sites in Iraq and the wider Middle East.

Situated approximately 85 kilometres south of Baghdad and adjacent to the modern city of Hillah, the archaeological site was inscribed on the UNESCO World Heritage List in 2019. This recognition followed a prolonged period during which the site experienced damage associated with conflict, unauthorized excavations, and inappropriate reconstruction activities (UNESCO, 2019).

The history of Babylon dates to approximately 2300 BCE. The city developed into a major political and cultural center during the reign of Hammurabi in the eighteenth century BCE, when it became associated with the codification of an influential early legal system. Babylon subsequently reached a period of exceptional prominence under Nebuchadnezzar II (605–562 BCE), whose reign was associated with major architectural and urban developments. Among the city's most renowned historical structures are the Ishtar Gate, the Hanging Gardens, and the structure traditionally associated with the Tower of Babel.

The Ishtar Gate, distinguished by its blue glazed bricks and decorative representations of lions and dragons, remains an important symbol of Babylonian architecture. A reconstructed section of the gate is displayed at the Pergamon Museum in Berlin, while the archaeological remains at the original site continue to attract visitors.

The Tower of Babel is also associated with the historical and cultural identity of Babylon and continues to attract interest because of its connection with the biblical narrative. The Hanging Gardens, traditionally regarded as one of the Seven Wonders of the Ancient World, remain an important element of the region's tourism identity, although their precise historical location and archaeological existence in Babylon have not been conclusively established.

Another significant attraction in the province is the Tomb of Dhu al-Kifl, located in the city of Al-Kifl. The site has religious significance for Muslims, particularly Shia communities, as well as for Jewish visitors, and has historically attracted pilgrims.

UNESCO has also referred to the city in connection with the Babylon pilgrimage route (UNESCO, 2025).

In addition to its archaeological and religious heritage, the Babylon International Festival has contributed to the province's cultural identity and tourism potential. Although its organization has been interrupted by political and economic crises, the festival has been regarded as an opportunity to revive cultural activities and attract visitors. Previous reports have identified cultural festivals and heritage-related events as potential instruments for strengthening cultural tourism in Iraq (Al-Fahad Anees, 2020; World Heritage Foundation, 2022).

Overall, Babylon Province possesses substantial historical, archaeological, religious, and cultural resources that could support the development of a diversified tourism sector. If managed effectively, these resources could contribute to local employment, business development, income generation, and the preservation and promotion of Mesopotamian cultural heritage.

4. Results and Discussion

4.1 Demographic Characteristics of the Respondents

The demographic profile of 384 respondents provides an overview of the socioeconomic characteristics of the study sample (Table 1). Half of the respondents (50.0%) were aged between 30 and 49 years, while 25.5% were aged 18–29, 19.0% were aged 50–64, and 5.5% were aged 65 years or older. Regarding gender, men accounted for 72.1% of the sample, compared with 27.9% women. This representation of women is relevant to examining their participation and potential empowerment through tourism-related economic activities.

Educational attainment varied considerably. One-quarter of respondents (25.0%) were illiterate, while 50.0% had an educational qualification below the diploma level. The remaining 25.0% held a bachelor's degree or a higher qualification. These findings suggest that a substantial proportion of the sample had relatively limited formal education, a factor that may influence access to skilled employment and entrepreneurial opportunities in the tourism sector.

Agriculture and animal husbandry represented the largest occupational category, accounting for 43.0% of respondents. Tourism services represented 18.0%, followed by trade and commerce (10.9%), education and research (8.1%), labour (7.0%), industry (6.0%), intermediary and other services (3.9%), and unemployment (3.1%).

Monthly income was below IQD 400,000 for 35.9% of respondents, between IQD 400,000 and IQD 800,000 for 51.6%, and above IQD 800,000 for 12.5%. The reported average monthly income was IQD 585,000. Overall, these characteristics

indicate that a substantial proportion of respondents belong to lower-income groups and depend on agriculture, services, and other local economic activities.

Table 1. *Demographic characteristics of the study sample*

Component		**Frequency**	**Percentage**	**Component**		**Frequency**	**Percentage**
Age group	18-29 years	98	25.5	Gender	Male	277	72.1
	30-49 years	192	50.0		Female	107	27.9
	50-64 years	73	19.0	Occupation type	Agriculture and animal husbandry	165	43.0
	65 years and above	21	5.5		Tourism services	69	18.0
Education	Illiterate	96	25.0		Education and research	31	8.1
	Below diploma	192	50.0		Trade and commerce	42	10.9
	Bachelor's and above	96	25.0		Industry	23	6.0
Income level (dinars)	Below 400,000	138	35.9		Labor	27	7.0
	400,000-800,000	198	51.6		Intermediary and services	15	3.9
	Above 800,000	48	12.5		Unemployed	12	3.1

Source: *Own study.*

4.2 Descriptive Analysis of Tourism-Related Economic Indicators

The descriptive statistics reveal several structural weaknesses in the relationship between tourism activity and the local economy of Babylon Province (Table 2). Economic leakage recorded the highest overall mean (M = 3.62, SD = 0.94), suggesting that tourism-related expenditure is not adequately retained within the provincial economy. Among the individual indicators, payments to foreign or non-local companies received the highest mean score (M = 3.85), followed by imports of food and other goods (M = 3.72), dependence on external tour operators (M = 3.61), non-local ownership of tourism infrastructure (M = 3.54), and payments to non-local employees (M = 3.38).

By contrast, the strength of local value chains recorded a relatively low overall mean (M = 2.85, SD = 1.06). Purchases from local farmers and producers achieved a mean of 2.92, while the use of local handicrafts recorded 2.81. Participation by local transportation providers and tour guides received the lowest mean value among these indicators (M = 2.76). These results suggest that linkages between tourism businesses and local suppliers, producers, and service providers remain limited.

The economic multiplier effect also recorded a relatively low mean (M = 2.91, SD = 0.98). The circulation of primary income within the local market received a mean of 2.98, while the creation of indirect employment induced effects on household consumption, and impacts on related sectors recorded means of 2.87, 2.91, and 2.88, respectively. These findings indicate that tourism expenditure generates relatively limited secondary economic activity within the province.

The overall mean for sustainable tourism development was 3.12 (SD = 0.87), indicating a moderate level of performance across the measured dimensions. Economic–environmental balance recorded a mean of 3.18, alignment with local culture 3.15, equitable distribution of benefits 3.05, and attention to carrying capacity 3.01. The relatively low score for equitable benefit distribution highlights concerns regarding the extent to which tourism-related economic gains reach different groups within the local community.

Taken together, these descriptive findings suggest that, despite Babylon Province's considerable historical and cultural tourism potential, the local economic benefits of tourism remain constrained by high economic leakage, weak local supply-chain connections, and limited income circulation. These conditions provide an important basis for examining the relationships among tourism activity, local economic linkages, and sustainable development through inferential and qualitative analyses.

Table 2. *Descriptive statistics of tourism-related economic development indicators*

Indicator	Item	Mean	Stand.Dev.	Minimum	Maximum
Economic leakage	Payments to foreign/non-local companies	3.85	0.91	1.5	5.0
	Imports of food/goods	3.72	0.96	1.8	5.0
	Dependence on external tour operators	3.61	1.02	1.2	5.0
	Non-local ownership of infrastructure	3.54	0.88	1.5	4.8
	Payments to non-local employees	3.38	1.05	1.0	5.0
	Overall mean	3.62	0.94	1.5	5.0
Local value chain strength	Purchases from local farmers/producers	2.92	1.08	1.0	5.0
	Use of local handicrafts	2.81	1.04	1.2	4.9
	Participation in local transportation/guidance	2.76	1.10	1.0	5.0
	Sustainable linkages with local markets	2.90	0.99	1.5	4.8
	Overall mean	2.85	1.06	1.0	5.0
Economic multiplier effect	Primary income circulation in the local market	2.98	0.95	1.2	4.8

	Creation of indirect jobs	2.87	1.01	1.0	5.0
	Induced effect on household consumption	2.91	0.98	1.5	4.7
	Impact on related sectors	2.88	1.00	1.0	5.0
	Overall mean	2.91	0.98	1.2	4.8
Sustainable tourism development	Economic–environmental balance	3.18	0.89	1.5	4.9
	Equitable distribution of benefits	3.05	0.92	1.2	5.0
	Attention to carrying capacity	3.01	0.85	1.8	4.7
	Alignment with local culture	3.15	0.83	1.5	5.0
	Overall mean of sustainable development	3.12	0.87	1.5	4.9

Source: *Own study.*

4.3 Regression Analysis of Tourism's Economic Impacts

The regression results provide further evidence of the relationship between tourism activity and economic outcomes in Babylon Province (Table 3). The first model examined the relationship between direct tourist income and the indirect multiplier effect. Direct income from tourists was positively associated with the indirect multiplier effect (standardized $\beta = 0.64$, $p = 0.001$).

The model explained 43.9% of the variance in the indirect multiplier effect ($R^2 = 0.439$; adjusted $R^2 = 0.437$). The unstandardized coefficient of 0.61 indicates that each additional IQD 1,000 in direct tourist income is associated with an estimated IQD 610 increase in the indirect effect, assuming that the variables are measured in comparable monetary units.

The second model examined the determinants of local employment creation. Tourist volume had a positive and statistically significant association with employment (standardized $\beta = 0.29$, $p = 0.001$). However, local value-chain strength demonstrated a stronger association (standardized $\beta = 0.47$, $p = 0.001$). Together, the predictors explained 48.1% of the variance in local employment creation ($R^2 = 0.481$; adjusted $R^2 = 0.478$).

This finding suggests that the employment contribution of tourism depends not only on the number of visitors but also on the extent to which tourism businesses are connected to local producers and service providers.

The third model examined increases in household and business income. Direct sales to tourists (standardized $\beta = 0.52$, $p = 0.001$) and the multiplier effect (standardized

β = 0.31, p = 0.001) were both positively associated with income increases. The model explained 52.7% of the variance in household and business income (R^2 = 0.527; adjusted R^2 = 0.524). Direct tourist expenditure therefore appears to be an important source of income, while the multiplier effect provides an additional channel through which tourism can support economic activity.

The fourth model investigated the relationship between local inflation and the purchasing power of low-income households. The local inflation index was positively associated with the measured reduction in purchasing power (standardized β = 0.48, p = 0.001). The model explained 23.1% of the variance in the reduction in purchasing power (R^2 = 0.231; adjusted R^2 = 0.229). This finding indicates that local price increases are an important factor associated with the economic vulnerability of lower-income households.

Overall, the regression results demonstrate that tourism's contribution to local economic development is closely associated with the strength of local economic linkages. Although tourist volume contributes positively to employment, local value-chain strength has a stronger standardized association with employment creation. Similarly, direct tourist expenditure and multiplier effects are both relevant to income generation. These findings highlight the importance of policies that strengthen local procurement, improve connections between tourism businesses and local suppliers, and encourage the circulation of tourism revenue within the province.

Table 3. *Regression results for tourism-related economic development indicators*

Dependent Variable	**Predictor**	**Standardized β**	**Unstandardized β**	**t**	**p**	**R^2**	**Adjusted R^2**	**F (df)**
Indirect multiplier effect	Constant	—	1.12	8.41	0.001			
	Direct income from tourists	0.64	0.61	15.8	0.001	0.439	0.437	299.1 (1,382)
Local employment creation	Constant	—	1.43	9.62	0.001			
	Tourist volume (number of visitors)	0.29	0.27	5.3	0.001			
	Local value chain strength	0.47	0.44	8.9	0.001	0.481	0.478	176.2 (2,381)
Household/business income increase	Constant	—	1.08	7.91	0.001			
	Direct sales to tourists	0.52	0.49	11.3	0.001			
	Multiplier effect	0.31	0.29	6.5	0.001	0.527	0.524	212.8 (2,381)
Reduced	Constant	—	2.11	12.4	0.001			

purchasing power of low-income households	Local inflation index (average price increase)	0.48	0.45	10.2	0.001	0.231	0.229	115.6 (1,382)

Source: *Own study.*

4.4 Differences in Income Growth across Occupational Groups

The analysis of income increases across occupational groups reveals significant differences in the distribution of tourism-related economic benefits (Table 4). The tourism and services sector recorded the highest mean income increase (M = 3.79), followed by trade and commerce (M = 3.42), agriculture and animal husbandry (M = 3.11), and other occupations (M = 2.87).

The Tukey post-hoc results placed each occupational category in a separate homogeneous group (A–D), suggesting statistically significant differences between the reported group means under the assumptions of the test. The findings indicate that tourism-related income gains are concentrated more strongly in tourism and service activities than in agriculture and other occupations. In particular, the comparatively lower mean value for agriculture and animal husbandry suggests that local agricultural producers may not be benefiting fully from the demand generated by tourism.

This pattern reinforces the importance of strengthening supply-chain connections between tourism businesses and local agricultural producers. Establishing stable purchasing arrangements between hotels, restaurants, farmers, and other local suppliers could increase the participation of agriculture in tourism-related economic activity and improve the distribution of benefits across occupational groups.

Table 4. *Comparison of mean income increases across occupational groups using ANOVA and Tukey's post-hoc test*

Occupation	**Mean Increase in Income**	**Tukey homogeneous groups**
Services and tourism	3.79	A
Trade and commerce	3.42	B
Agriculture and animal husbandry	3.11	C
Other occupations	2.87	D

Source: *Own study.*

4.5 Structural Barriers to Sustainable Tourism Development

The multiple regression analysis of barriers to sustainable tourism development identified economic leakage as the strongest negative predictor (standardized β =

−0.43, p = 0.001), followed by weak local value chains (β = −0.35, p = 0.001), concentration of ownership among non-local investors (β = −0.29, p = 0.001), and inadequate infrastructure and services (β = −0.19, p = 0.001).

The overall model explained 56.1% of the variance in sustainable tourism development (R^2 = 0.561; adjusted R^2 = 0.556). The additional variance explained by the individual barriers was reported as 18.5% for economic leakage, 12.3% for weak local value chains, 8.4% for non-local ownership concentration, and 3.6% for infrastructure and service shortages.

These findings indicate that the principal barriers are structural rather than simply related to the volume of tourist arrivals. Economic leakage reduces the extent to which tourism expenditure circulates within the local economy, while weak local value chains limit the participation of local producers and businesses. The concentration of ownership among non-local investors may further constrain local income retention, particularly when profits and procurement expenditure leave the province. Infrastructure deficiencies also limit the capacity of local businesses to provide competitive tourism services.

The findings therefore suggest that improving tourism performance in Babylon requires more than attracting additional visitors. Strengthening local procurement, expanding opportunities for local ownership, improving infrastructure, and supporting small businesses are important conditions for increasing the economic contribution of tourism to the province.

Table 5. *Multiple regression analysis of barriers to sustainable tourism development*

Economic Barrier	**Standardized β (Negative)**	**Unstandardized β**	**t**	**p**	**Additional Variance Explained**
Constant	—	4.89	28.1	0.001	—
High economic leakage	-0.43	-0.41	-9.1	0.001	18.5%
Weak local value chain	-0.35	-0.33	-7.3	0.001	12.3%
Concentration of ownership among non-local investors	-0.29	-0.27	-5.9	0.001	8.4%
Shortage of infrastructure and services	-0.19	-0.18	-3.8	0.001	3.6%

Source: *Own study.*

4.6 Qualitative Findings: Thematic Analysis of Stakeholder Interviews

The qualitative findings were derived from 18 in-depth interviews with key stakeholders. The interview data were analyzed using MAXQDA through open, axial, and selective coding. During the initial coding stage, 146 codes relating to the research questions and objectives were identified. These codes covered economic experiences and issues associated with income, employment, economic diversification, social participation, security, infrastructure, barriers, and potential policy solutions.

During axial coding, the initial codes were reviewed, compared, and grouped according to their relationships with the principal research variables. This process resulted in 48 axial economic codes, addressing the multiplier effect, economic leakage, inflation, income diversification, employment, and investment. The extracted codes are presented in Table 6.

Table 6. *Axial codes extracted from the qualitative interviews*

Initial codes	1. Major ownership of large accommodation facilities is held by non-local investors. 2. Revenue from tourists' overnight stays largely exists in the local economic cycle. 3. Tourism restaurants source a considerable share of their food supplies from outside the province. 4. Babylon Province functions primarily as a transit station for pilgrims. 5. Pilgrimage tours are managed by companies based in other provincial capitals. 6. Backward and forward linkages of the tourism value chain with local producers are very weak. 7. Land and housing prices along the main tourism routes have increased dramatically. 8. Rising rents have led to the migration of some low-income households. 9. Local accommodation owners enjoy relatively adequate incomes. 10. Women earn supplementary income through the provision of traditional food and handicrafts. 11. Inequality in the distribution of tourism benefits has given rise to social tensions. 12. Women's cooperatives perform better than men's cooperatives. 13. Non-local investors tend to source labor from outside the province as well. 14. Access to bank facilities is difficult for local tourism businesses. 15. Specialized training programs for tour guides and hospitality are lacking. 16. Babylon Province is not recognized as a destination along the pilgrim route. 17. There is high potential for development in the surrounding villages. 18. Youth achieve acceptable sales through social media. 19. Accommodation infrastructure is inadequate for attracting foreign tourists. 20. Establishing a permanent handicrafts bazaar can create sustainable employment opportunities. 21. Coordination among provincial institutions in the tourism sector is weak. 22. The licensing process for ecotourism accommodation is lengthy. 23. Non-local investors mainly engage in constructing and renting properties. 24. Legally mandating the purchase of local products can reduce leakage. 25. Farmers do not supply their products with hotels due to the absence of stable contracts. 26. Women show greater motivation and performance in home-based tourism businesses. 27. Local investors are more inclined to reinvest profits within the province. 28. Increasing taxes on non-local hotels can generate financial resources for local development. 29. Genuine cooperatives can play an effective role in reducing economic leakage. 30. Advertising for Babylon Province along the main pilgrim routes is very limited. 31. Increasing overnight stays can distribute

	economic benefits more widely. 32. Religious tourism is more sustainable than recreational tourism. 33. Women and youth are the main driving forces of change in local tourism. 34. Transforming Babylon into a pilgrim accommodation hub can bring about economic transformation. 35. The income multiplier effect of tourism in the local market is very low. 36. Economic leakage is the most important barrier to sustainable tourism development. 37. Land and housing inflation is the most significant negative impact of tourism on local livelihoods. 38. Most tourism revenue goes into the pockets of non-local investors. 39. Local purchasing can double the multiplier effect. 40. Hotels do not purchase from local suppliers due to higher prices. 41. Farmers complain about the lack of a reliable market for their products. 42. Women's handicrafts are the most important source of supplementary household income. 43. Local guides work only during pilgrimage seasons. 44. Local accommodations have more sustainable incomes than large hotels. 45. Rising land prices have benefited only landowners. 46. Tenants have migrated due to soaring rents. 47. Food inflation has reduced the purchasing power of low-income households. 48. Non-local investors also bring in labor from outside. 49. Banks do not provide tourism loans. 50. An ecotourism accommodation license takes six months. 51. Hotels bring rice and meat from Baghdad. 52. If local purchasing is mandated, leakage will be halved. 53. Women's cooperatives are more successful than men's cooperatives. 54. Youth achieve good sales through Instagram. 55. There is no permanent handicrafts bazaar. 56. Advertising along the pilgrim route is nonexistent. 57. Babylon only sells tea, and the money leaves. 58. Hotel ownership should be transferred to locals. 59. Taxes on non-local hotels should be higher. 60. Ecotourism has very high potential. 61. Pilgrims can stay overnight in Babylon. 62. Women are the driving engine of the local tourism economy. 63. Land inflation is without benefit for local people. 64. Tourism revenue has not been distributed fairly. 65. The multiplier effect is less than 1.5. 66. Economic leakage drains more than 60 percent of revenue. 67. The local value chain is very weak. 68. Local purchasing is the most important solution for reducing leakage. 69. Community-based participation is weak. 70. Non-local investment expatriates' profits. 71. Housing inflation is the most significant negative impact. 72. Income has reached only a limited group. 73. Women have benefited most from tourism. 74. Youth are successful with social media. 75. Cooperatives are inefficient. 76. There is no marketing training. 77. Accommodation infrastructure is weak. 78. Public transportation is inadequate. 79. Licenses are difficult. 80. There is no banking support. 81. Institutional coordination is weak. 82. There is no comprehensive provincial plan. 83. Advertising along the pilgrim route is not carried out. 84. A permanent bazaar is needed. 85. A local purchasing law is necessary. 86. Transfer of ownership is essential. 87. Differentiated taxation on non-locals. 88. Empowerment of women and youth. 89. Ecotourism is a priority. 90. Pilgrim hospitality is a great opportunity. 91. The multiplier effect must be increased. 92. Leakage must be reduced. 93. The value chain must be strengthened. 94. Community participation must be increased. 95. Inflation must be controlled. 96. Income must be distributed fairly. 97. Employment must be made sustainable. 98. Local investment must be encouraged. 99. Professional training is necessary. 100. Digital marketing must be strengthened. 101. A direct sales market is needed. 102. Contracts with hotels must be concluded. 103. Cooperatives must be reformed. 104. Licensing must be facilitated. 105. Banking facilities must be provided. 106. Institutional coordination

	must be established. 107. A comprehensive plan must be formulated. 108. Advertising must be increased. 109. A permanent bazaar must be built. 110. A local purchasing law must be passed. 111. Ownership must be transferred. 112. Taxation must be differentiated. 113. Women must be supported. 114. Youth must be empowered. 115. Ecotourism must be developed. 116. Pilgrim hospitality must be strengthened. 117. The multiplier effect must be increased. 118. Leakage must be curbed. 119. The value chain must be completed. 120. Participation must become genuine. 121. Inflation must be managed. 122. Income distribution must be made fair. 123. Employment must be made permanent. 124. Local investment must be prioritized. 125. Training must be expanded. 126. Marketing must be professionalized. 127. A sales market must be created. 128. Contracts must be made sustainable. 129. Cooperatives must become efficient. 130. Licensing must be simplified. 131. Facilities must be accessible. 132. Coordination must be strengthened. 133. The plan must be operationalized. 134. Advertising must be expanded. 135. The bazaar must be established. 136. The law must be enforced. 137. Ownership must be localized. 138. Taxation must be fair. 139. Women must be prioritized. 140. Youth must be supported. 141. Ecotourism must be expanded. 142. Pilgrim hospitality must be targeted. 143. The multiplier effect must be the goal. 144. Leakage must be reduced to zero. 145. The value chain must be completed. 146. Community participation must be increased.
Core codes	1. Predominant ownership of accommodation facilities by non-local investors. 2. Rapid exit of accommodation revenue from the local economic cycle. 3. Extensive import of food supplies by hotels and restaurants. 4. Severe weakness of backward and forward linkages in the tourism value chain. 5. Low-income multiplier effect of tourism in the local market. 6. High economic leakage (more than 60 percent of primary revenue). 7. Considerable inflation in land and rent prices in tourism areas. 8. Reduced purchasing power of low-income households due to local inflation. 9. Concentration of economic benefits in the hands of non-local investors. 10. Dependence on non-local tour operators and pilgrimage companies. 11. Predominantly seasonal and unstable employment in the tourism sector. 12. Direct income limited to specific groups (local accommodation owners and active women). 13. Severe inequality in the distribution of tourism-derived income. 14. Failure to repatriate profits from non-local investment into the local economy. 15. Weak supply chain for local food and agricultural products. 16. Absence of stable contracts between hotels and local farmers. 17. Weak digital marketing for local tourism products and services. 18. Lack of a permanent bazaar for direct sales of handicrafts and agricultural products. 19. Limited access to banking facilities for developing tourism businesses. 20. Non-local investment directed mainly toward property construction and renting. 21. Absence of a legal requirement to purchase a minimum specified percentage of local products. 22. Weak economic advertising along the main pilgrim routes. 23. High economic potential of ecotourism development. 24. Economic potential of transforming Babylon into a pilgrim accommodation hub. 25. Economic potential of mandatory local purchasing legislation. 26. Economic potential of empowering women in home-based businesses. 27. Economic potential of digital marketing by youth. 28. Economic potential of establishing a permanent bazaar for handicrafts and local products. 29. Economic potential of increasing taxes on non-local investors. 30. Economic potential of efficient cooperatives in reducing leakage. 31. Economic potential of gradual transfer of facility ownership to the local community. 32. Economic

	potential of increasing overnight stays and the multiplier effect. 33. Economic potential of strengthening links with the agricultural sector. 34. Economic potential of religious tourism as a source of sustainable income. 35. Economic potential of selling handicrafts and traditional food to pilgrims. 36. Economic weakness due to the absence of a comprehensive tourism development plan. 37. Economic weakness due to the lengthy licensing process. 38. Economic weakness due to the inconsistency of provincial institutions. 39. Economic weakness due to the lack of government financial support. 40. Economic weakness due to the shortage of professional marketing training. 41. Economic weakness due to the absence of standard accommodation infrastructure. 42. Economic weakness due to dependence on non-local capital. 43. Economic weakness due to land inflation without profit distribution. 44. Economic weakness due to seasonal employment of tour guides. 45. Economic weakness due to the lack of income circulation in the local market. 46. Economic weakness due to the import of non-local labor. 47. Economic weakness due to the absence of a direct sales market for farmers. 48. Economic weakness due to insufficient advertising along the pilgrim routes.

Source: *Own study.*

The final stage involved identifying the main themes and their associated sub-themes. The 48 axial codes were reviewed and grouped into four overarching economic themes and twelve sub-themes, as presented in Table 7. According to the thematic analysis, these themes accounted for the reported distribution of economic references across the interviews.

The first theme, high economic leakage and rapid revenue outflow, accounted for 45% of the references. It included non-local ownership of accommodation facilities, the outflow of accommodation revenue, reliance on imported food and labour, and weak linkages between tourism businesses and local suppliers. One accommodation manager explained:

"Revenue from overnight stays mainly exits the province's economic cycle through non-local ownership and tour operators based in other centers."

This account illustrates the perceived limitations of local economic participation in tourism-related revenue generation and retention.

The second theme, negative effects of local inflation and income inequality, accounted for 28% of the references. Its sub-themes included increases in land and rental prices, declining purchasing power among low-income households, and the concentration of tourism-related income among a limited number of beneficiaries. A provincial expert observed:

"Land and rent price increases have only been profitable for owners, and for tenants and low-income households have led to reduced purchasing power and migration."
This perspective highlights the unequal effects of rising property and rental prices, particularly on households that do not own land or property.

The third theme, structural and institutional barriers to tourism-related economic development, accounted for 16% of the references. The main issues included weak coordination among provincial institutions, the absence of a comprehensive tourism development plan, lengthy licensing procedures, limited financial support, inadequate professional training, weak marketing, and infrastructure deficiencies. A senior provincial manager stated:

"There is no coordination between the Directorate of Cultural Heritage, the governorate, and local councils, and no codified plan for tourism economic development has been formulated."

This finding emphasizes the importance of institutional coordination and coherent planning in translating tourism potential into sustainable local economic benefits.

The fourth theme, economic capacities and strategies for sustainable development, accounted for 11% of the references. Its sub-themes included strengthening local procurement, developing ecotourism and accommodation services for pilgrims, and empowering women, young people, and cooperatives. A civil activist and business owner suggested:

"If hotels are legally required to supply at least 50% of their food needs from local producers, economic leakage will decrease dramatically, and the multiplier effect will more than double."

This proposal reflects the perceived importance of strengthening local purchasing arrangements and integrating local producers into tourism supply chains.

Overall, the qualitative findings reveal that stakeholders perceive economic leakage, inflation, unequal benefit distribution, and institutional weaknesses as major constraints on tourism development in Babylon Province. At the same time, they identify local procurement, community-based business development, women's and youth empowerment, and improved pilgrim accommodation as potential strategies for strengthening the local economic impact of tourism.

Table 7. *Main themes and sub-themes identified through qualitative analysis*

Row	Main Economic Theme	Sub-themes (Number of Codes)	Brief Description and Sample Quote
1	High economic leakage and rapid revenue exit (45% of references)	Non-local ownership of accommodation facilities (8 codes); Exit of accommodation revenue (6 codes); Import of food and labor (7 codes); Weak local value chain (5 codes)	"Revenue from overnight stays mainly exists the province's economic cycle through non-local ownership and tour operators based in other centers" (Accommodation manager, 47 years old)
2	Negative effects	Land and rent inflation (6	"Land and rent price increases

	of local inflation and income inequality (28% of references)	codes); Reduced purchasing power of low-income households (5 codes); Concentration of income in limited groups (6 codes)	have only been profitable for owners, and for tenants and low-income households have led to reduced purchasing power and migration" (Provincial expert, 52 years old)
3	Structural and institutional barriers to tourism economic development (16% of references)	Inconsistency of provincial institutions and lack of comprehensive plan (5 codes); Lengthy licensing process and lack of financial support (5 codes); Weak training, marketing, and infrastructure (4 codes)	"There is no coordination between the Directorate of Cultural Heritage, the governorate, and local councils, and no codified plan for tourism economic development has been formulated" (Senior provincial manager, 49 years old)
4	Economic capacities and strategies for sustainable development (11% of references)	Mandatory local purchasing legislation and strengthening value chain (7 codes); Development of ecotourism and pilgrim hospitality (6 codes); Empowerment of women, youth, and cooperatives (5 codes)	"If hotels are legally required to supply at least 50% of their food needs from local producers, economic leakage will decrease dramatically and the multiplier effect will more than double" (Civil activist and business owner, 41 years old)

Source: *Own study.*

4.7 Integration of Quantitative and Qualitative Findings

The quantitative and qualitative findings were integrated using a convergence approach. The two strands of evidence were compared to identify areas of agreement and complementarity across five principal dimensions: economic leakage, local inflation and income inequality, local value-chain strength, the participation of women and young people, and opportunities associated with pilgrim accommodation and ecotourism.

Economic leakage: Both components identified economic leakage as a major constraint on the local economic benefits of tourism. In the quantitative analysis, economic leakage was the strongest negative predictor of sustainable tourism development ($\beta = -0.43$). In the qualitative analysis, it represented the largest thematic category, accounting for 45% of references. Interview participants described how non-local ownership, external tour operators, and the purchase of supplies from outside the province limit the circulation of tourism revenue within Babylon.

Local inflation and income inequality: The quantitative findings indicated a significant association between the local inflation index and the reduction in purchasing power among low-income households. The qualitative findings provided

further insight into this relationship, with participants highlighting increases in land and rental prices, declining affordability, and the migration of tenants. Together, these findings suggest that tourism-related economic activity may generate uneven outcomes, benefit property owners while placing additional pressure on households with limited incomes.

Weak local value chains: The quantitative results demonstrated that local value-chain strength was positively associated with employment creation ($\beta = 0.47$). The interviews provided a possible explanation for this relationship, emphasizing weak connections between hotels and local farmers, limited purchasing from local producers, and dependence on tour operators based outside the province. These findings indicate that stronger connections between tourism businesses and local suppliers could increase the local employment and income effects of tourism.

The role of women and young people: Both strands of evidence highlighted the potential contribution of women and young people to local tourism development. Interview participants referred to women's home-based businesses, traditional food production, handicrafts, and cooperative activities, as well as young people's use of social media to market local products. These activities represent potential channels for expanding participation in tourism-related entrepreneurship and diversifying household income.

Pilgrim accommodation and ecotourism: The integrated findings also identified opportunities to transform Babylon from a primarily transit-oriented destination into a location where pilgrims and other visitors remain overnight. Developing accommodation services, improving visitor facilities, and promoting ecotourism in surrounding villages could increase visitor expenditure and extend its benefits to a wider range of local businesses.

The integrated analysis points to five principal findings. First, economic leakage limits the circulation of tourism revenue within the province, with qualitative evidence suggesting that more than 60% of primary tourism revenue leaves the local economic cycle.

Second, employment and income generation are closely associated with local economic linkages, as reflected in the regression models for employment and income.

Third, local inflation is an important concern because it is associated with reduced purchasing power among low-income households.

Fourth, tourism-related benefits are unevenly distributed across occupational groups, with tourism and service activities recording higher mean income increases than agriculture and animal husbandry.

Fifth, the main policy priorities identified by the findings concern reducing economic leakage, strengthening local value chains, addressing non-local ownership concentration, and improving infrastructure and services.

Taken together, the results suggest that tourism in Babylon Province has considerable economic potential, but this potential is constrained by the limited retention and circulation of tourism revenue within the local economy. A shift from policies focused primarily on increasing tourist numbers towards strengthening local economic linkages, supporting community participation, and improving the distribution of benefits is therefore necessary to promote more inclusive and sustainable tourism development.

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