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NEXUS BETWEEN FDI AND TOURISM: EMPIRICAL EVIDENCE FROM ASIAN COUNTRIES

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ABSTRACT

This research aims to look into the impact of foreign direct investment on tourism. Panel data from 46 Asian countries between 1998 and 2018 were collated for this study. The OLS, POLS, 2SLS, and GMM models were used in this study. A substantial correlation was found between between foreign direct investment and the number of international tourist departures in all models except the POLS model, and with the exception of the GMM model, there was a significant negative association between foreign direct investment and international tourism spending. In the POLS model, there is a significant positive relationship between foreign direct investment and international tourism receipts for passenger transport items, as well as expenditures for passenger transport items and international tourism receipts, and a significant negative relationship between foreign direct investment and international tourism receipts for passenger transport items. In the 2SLS model, there is a significant positive relationship with international tourism receipt. In the GMM model, there is a significant positive relationship between foreign direct investment and international tourism and a significant negative relationship between foreign direct investment and international tourism receipt, expressed in percentage of total exports.

Contribution/ Originality: This study contributes to look at the impact of foreign direct investment on tourism. Panel data from 46 Asian countries was gathered for this study, which spanned the years 1991 to 2018. The OLS, POLS, 2SLS, and GMM models were used in this study.

1. INTRODUCTION

Foreign Direct Investment (FDI) broadens the tourist sector by supplying the essential funds and expertise to invest in assets such as land, infrastructure, and structures (Selvanathan, Selvanathan, & Viswanathan, 2012), as well as knowledge, capital, and access to international marketing and distribution systems (Samimi et al., 2013). Such wealth of import potential makes the tourism industry crucial in transferring skills, product knowledge, and processes to nations with a presence (Blomström & Sjöholm, 1999; Markusen, 1995). Aside from directly generating employment in the tourist business, growth in this sector also contributes to job creation in other parts of the economy, found in McCatty & Serju, (2006). Furthermore, international tourism helps rise in revenue by increasing efficiency and encouraging competition between firms and other worldwide tourist destinations (Helpman & Krugman, 1985; Krueger, 1980; Samimi, Sadeghi, & Sadeghi, 2013).

Direct FDI contributes to the tourist sector in multinational hotel chains (Tang, Selvanathan, & Selvanathan, 2007), however, inflows of FDI into a host nation can undermine local businesses, hinder technical progress, and push off native businesses (Dixon & Boswell, 1996). Haley and Haley (1997) discovered that FDI might improve tourism by bringing unidentified tourists fascination and lodging, however, these papers also quashed the causation between FDI and tourism. Another study conducted in the USA by Sanford and Dong (2000) also explored tourism's impact on new FDI.

This research seeks to determine the link between FDI and tourism in Asian countries based on the studies stated above. This paper is divided into five sections, with the first being the introduction. The second contains a review of the literature, and the third covers the study's procedures. Furthermore, section four discusses the findings and discussion, and section five concludes with some practical recommendations and conclusions.

2. LITERATURE REVIEW

According to Forsyth and Dwyer (2003), FDI and knowledge are crucial in developing and updating tourism-related infrastructure and encouraging new investment in the sector. As a result, a constructive coefficient is predicted in this case. Noriko and Mototsugu (2007), Gani (1998), and Louca (2006) all support the favourable association flanked by international tourism and small island nations' economic growth.

Although tourism is a tertiary sector, an area connected to FDI in tourism is still largely untapped (Dwyer, Forsyth, & Dwyer, 2010; Sinclair & Stabler, 1991; Zhang, 1999). However, there has been a noticeable increase in interest in recent years (Craigwell & Moore, 2008; Dunning & Kundu, 1982; Endo, 2006; Sanford & Dong, 2000).

Tourism investment is defined by the World Travel and Tourism Council (WTTC) as new construction, furniture, and equipment for renovating existing hotels, motels, vacation homes, tourist transportation, tourism-related information and communication technology (ICT) projects, and "green" or "sustainability-oriented" projects. (Source: WTTC (2015)).

Tourism-related investment, both government and non-government, has increased in recent years, keeping pace with overall investment growth—global tourism-related investments, totalling about 290 billion USD in 2000. In 2015, however, the figure more than doubled, hitting$775 billion USD, representing 4.3% of total investment. Furthermore, tourism-related investment is expected to expand at a rate of 4.3% per year from 2015 to 2025, reaching 1254 billion USD by 2026, accounting for 4.7% of overall investment (WTTC, 2016a).

The tourism industry grows as a result of FDI, transmitting new-fangled technological abilities and benchmarks, which help the industry's capability, competency, and competitiveness, and attracts new visitors (United Nations Conference on Trade and Development, 2008). Furthermore, according to Dwyer and Forsyth (1994), FDI can attract more visitors from investors' home nations by putting out massive promotional efforts in that country.

According to Haley and Haley (1997), FDI can boost worldwide business travel. Investors visit FDI recipient nations before they decide to invest in order to survey the economic, cultural, and overall political differences between the FDI source and destination nations, as well as how to manage their established business activities once they have invested. Tourism can also lead to more significant FDI in a county, according to Dunning and McQueen (1981); Kundu and Contractor (2000), since expanding tourism will be a focus for foreign investment in hotels, restaurants, and other tourism-oriented businesses.

According to Sanford and Dong (2000), international tourism allows potential investors to gain first-hand information about the ambience of a country or region, which in turn allows investment opportunities to be identified. However, while there are compelling theoretical reasons for the link between FDI and tourism, data is limited, with just a few studies accessible. In the example of the United States, Sanford and Dong (2000) used an econometric study to analyze the link between tourism and FDI, and discovered, using the Tobit regression model,

that tourism enhances inward FDI considerably. The authors, however, did not look at the impact of FDI on tourism.

Katircioglu (2011) looked at the nexus between FDI and tourism in Turkey from 1970 to 2005. This paper uses the ARDL testing technique to show that unidirectional causation exists between tourism and FDI in the long term. As a result, the report advises the Turkish government to endorse the tourist industry to boost foreign investment. Selvanathan et al. (2012) used the Granger causality test in a VAR frame to investigate the instance of India and discovered two-way causation between tourism and FDI. As a result, Indian officials were advised to put in place appropriate rules to attract FDI to help the country's tourist sector grow.

FDI is becoming essential in the global economy, as it has a significant influence on a country's economy and tourism sector. FDI plays a vital role in growing world tourism, but its effects have been overlooked, according to Dwyer and Forsyth (1994). As a result, it has received less attention than expected in previous literature. Buckley and Geyikdagi (1996) suggested that this was due to difficulty gathering information and statistics.

By analyzing the statistical reports, FDI in tourism remains low compared to FDI levels in other economic activities (Dwyer & Forsyth, 1994; United Nations Conference on Trade and Development, 2007). The effects of FDI in tourism may vary depending on country features, historical context, and company characteristics. Several writers examine the advantages (Bull, 1990; Forsyth & Dwyer, 1992; Purcell & Nicholas, 2001).

FDI complements local investment by boosting commerce, knowledge transfer, talent development, machinery, and advanced management, as well as producing jobs, training employers, and aiding in promoting tourism locations. Foreign companies strengthen a location's image while bringing stability and trust to United Nations Conference on Trade and Development (2007, 2008). Barrowclough (2007) advises that FDI also gives the host country access to worldwide marketing and distribution channels.

While there is observed promise in the effects of FDI on the tourism industry, some researchers have also looked into the negative consequences (Clancy, 1999; Copeland, 1991; Freitag, 1994; Oppermann, 1993), for example, claims that too much FDI might lead to undue trust and a significant danger to the local society. Additionally, Brohman (1996) argues that, while FDI promotes tourist growth, many developing nations confront tremendous obstacles in overcoming poverty and inequality due to TNC economic dominance, resulting in uneven socio-economic interactions.

Although Borensztein, Gregorio, and Lee (1998) used statistics on FDI influx from industrialized nations to 69 non-market economies and found that FDI facilitates technology transfer and boosts economic growth, according to MohdAzlan, Zulkefly, and Aminudin (2003) the direction of causation between FDI and economic growth in developed (NM) and emerging (NSM) countries is incongruent.

According to different researchers such as Contractor and Kundu (1995) and Kundu and Contractor (1999) and Dunning. and McQueen (1981) the pace of economic growth, particularly in the tourist industry, is an essential factor of FDI for international hotels. In this paper, researchers wanted to find out the nexus between FDI and tourism, though they only looked at the worldwide hotel sector and did not go into detail about the relationship between FDI and visitor arrivals.

Redzuan and Norlida (2010) investigated the link between the expansion of the tourist sector and economic growth in ASEAN countries, finding a one-way association between the expansion of the tourist industry and economic growth. For example, Thailand and Indonesia's tourist industries grew due to economic expansion (GLT). Meanwhile, the rise of their tourist business resulted in economic prosperity (TLG). Tamat and Norlida (2009) also investigated the association between tourist sector development and trade and growth factors in ASEAN nations. The findings revealed a long-term link between international visitor arrivals, commerce, and economic growth.

Tourism development is generally thought to be a good thing for a country's economy (Akan, Arslan, & Işık, 2008; Khan, Phang, & Toh, 1995; Lee & Kwon, 1995; Oh, 2005). Furthermore, location is vital to the attraction of

tourism since the features of the destination, such as lodging, transportation, attractions, amenities, and other facilities, represent a visitor's overall pleasure (Jani, Jang, & Hwang, 2009).

According to Eusebio and Vieira (2011), accommodations, safety, transportation, attractions, and meals significantly impact travellers' pleasure. Additionally, Tourist satisfaction is made up of favourable evaluations of destination qualities (Albayrak & Caber, 2016). As a result, the more pleased tourists are, the greater their positive experiences and ratings are (Albayrak & Caber, 2016; Liu, Liu-Lastres, Wang, & Yao-Yi, 2019).

It has been shown in many studies that FDI has a favourable impact on tourism, resulting in the growth and development of the industry (Jayaraman, Chen, & Bhatt, 2014; Li, Huang, & Song, 2017; Tomohara, 2016). According to some research, nations including India, China, Pakistan, Russia, Malaysia, Thailand, and Hong Kong have seen an increase in FDI due to the benefits of developing the tourism industries of those countries (Alam, Malik, Ahmed, & Gaadar, 2015; Tiwari, 2011). Pham and Tran found differences in findings in 2015. They found a clear causal link between international visitor arrivals and FDI between 1980 and 2012, which established tourist arrivals as a stimulus for FDI. Willem Te Velde and Nair (2006) conducted a panel regression analysis to see whether Caribbean nations might enhance FDI in tourism via trade talks. They discovered a positive link between FDI flows and GATS pledges, but not between tourist arrivals and FDI flows. Samimi et al. (2013) studied the association between FDI and tourist growth in 20 developing countries from 1995 to 2008. These experiments revealed a long-term co-integrated link between tourism-related FDI and tourism growth. Tang et al. (2007) utilized quarterly data from 1987 to 2001 to conduct a Granger causality test, observing that FDI led to tourism in China. They also suggested that more visitors would enhance hotel demand and so investment. China absorbed FDI from growing economies and underdeveloped nations. FDI might help sizeable multinational hotel chains expand their brand and meet rising tourist demand. In recent decades, FDI has emerged as a significant source of economic development in developed and developing nations (Makiela & Ouattara, 2018). In recent years, FDI has played an essential role in enhancing economic possibilities and generating jobs in host nations (Pegkas, 2015; Rasheed, Meo, Awan, & Ahmed, 2019). Through previous literature, various notable factors can be shown to influence FDI such as economic growth, market size, population density, human capital, wages, labour regulation, technological progress, labour market characteristics, natural resources, institutional quality, education, infrastructure, and per capita GDP. On the other hand, financial growth, economic openness, inflation, GDP, and economic potential are dependent on FDI (Bekhet & Al-Smadi, 2015; Castellani, Meliciani, & Mirra, 2016; Iamsiraroj, 2016; Lucke & Eichler, 2016; Villaverde & Maza, 2015).

3. METHODS

This paper conducted exploratory analysis by using the following data and techniques.

3.1. Data

The World Bank's World Development Indicators were used here to create secondary data for 46 Asian nations from 1995 to 2018. The data is made up of information from 46 nations (Appendix 1) over 25 years and takes into account ten economic characteristics. The data is the first log normalized before being used in the analysis and are first-degree separated to eliminate the risk of autocorrelation.

3.2. Methods

This article performed a model-based integrated analysis step-by-step. The Ordinary Least Squares (OLS) model initially describes the association between FDI and various tourism-related variables among the examined 46 countries. The link between FDI and various tourism-related variables is then determined using the Pooled Ordinary Least Squares (POLS) model. Next, using STATA 15, the two-stage least square model (2SLS) is used to determine the association between FDI and various tourism-related variables. Finally, the Generalized Method of

Moments (GMM) identifies key explanatory factors that explain why FDI and certain variables are linked to tourism.

3.3. Variables and Description

The net inflow (BoP, current) is stated in billions of dollars, and FDI denotes the log-normal of foreign direct investment. LnITEptim indicates log normal of international tourism expenditure expressed in percentage in total imports and LnITEcusd indicates log normal of international tourism expenditure which is expressed current USD. LnITEPTIcusd indicates log-normal international tourism expenditures for passenger transport items expressed in current USD. LnITNOA indicates the log normal of international tourism, the number of arrivals, and LnITNOD indicates the log normal of international tourism and the number of departures. The log normal of international tourist revenues represented as a percentage of total exports is denoted by LnITRpoex. LnITRcusd represents the log normal international tourism receipts in current US dollars. LnITRPTIcusd indicates the log normal of international tourism receipts for passenger transport items expressed in current USD. Lastly, LnITRTIcusd indicates log-normal of international tourism, receipts for travel items expressed in current USD.

3.4. Model Construction

The model was simplified by directly relating FDI and independent variables such as international tourism expenditure, international tourism expenditures for passenger transport items, international tourism-the number of arrivals, international tourism-the number of departures, international tourism revenues, and international tourism-receipts. The hypothesized relationship can be expressed as the following regression model:

$$L = f\,(LnITEptim, LnITEcusd, LnEPTIcusd, LnITNOA, LnITNOD, LnITRpoex, LnITRcusd,\ LnITRPTIcusd,\ LnITRTIcusd) \quad (1)$$

After formulating the model, the next step is to define Equation 1. Since it is assumed that international tourism expenditure, international tourism expenditures for passenger transport items, international tourism- the number of arrivals, international tourism-the number of departures, international tourist revenues, and international tourism-receipts are helpful for increasing foreign direct investment, a positive sign has been used for the coefficients of all indices. The full Equation 2 model for the regression analysis is as follows:

$$L = \alpha + \beta\, LnITEptim + \beta LnITEcusd + \beta LnEPTIcusd + \beta LnITNOA + \beta LnITNOD + \beta LnITRpoex + \beta LnITRcusd + \beta LnITRPTIcusd + \beta LnITRTIcusd + \mu \quad (2)$$

3.5. Pairwise Correlation Matrix

To investigate the effects of FDI on tourism in Table 1, we first look at the relationships between the factors found in the literature. The variables are then reported using a composite correlation matrix, shown below.

Table 1. Matrix of correlations.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) LnFDI	1.000									
(2) LnITEptim	0.137	1.000								
(3) LnITEcusd	0.244	0.713	1.000							
(4) LnITEPTIcusd	0.231	0.635	0.786	1.000						
(5) LnITNOA	0.323	0.428	0.512	0.470	1.000					
(6) LnITNOD	0.247	0.308	0.298	0.322	0.493	1.000				
(7) LnITRpoex	0.170	0.585	0.527	0.548	0.400	0.160	1.000			
(8) LnITRcusd	0.274	0.573	0.817	0.635	0.571	0.241	0.604	1.000		
(9) LnITRPTIcusd	0.241	0.558	0.681	0.874	0.490	0.299	0.581	0.748	1.000	
(10) LnITRTIcusd	0.232	0.584	0.653	0.689	0.593	0.461	0.479	0.532	0.650	1.000

4. RESULTS AND DISCUSSION

4.1. Econometric Models

Multiple regression models are utilized in this research to examine the dependent (LnFDI) and independent variables (LnITEptim, LnITEcusd, LnITEPTIcusd, LnITNOA, LnITNOD, LnITRpoex, ITRcusd, ITRPTIcusd, ITRTIcusd). In the following section, the impacts of such models are illustrated and interpreted.

Table 2. Ordinary least squares (OLS) model.

LnFDI	Coef.	St. Err.	t-value	p-value	[95% Conf.	Interval]	Sig
LnITEptim	-1.412	0.445	-3.17	0.002	-2.285	-0.539	***
LnITEcusd	0.05	0.094	0.53	0.598	-0.135	0.235	
LnITEPTIcusd	0.093	0.1	0.93	0.353	-0.104	0.29	
LnITNOA	0.341	0.074	4.60	0	0.196	0.487	***
LnITNOD	0.184	0.046	3.99	0	0.093	0.274	***
LnITRpoex	0.192	0.314	0.61	0.542	-0.425	0.809	
LnITRcusd	0.156	0.089	1.74	0.082	-0.02	0.331	*
LnITRPTIcusd	-0.021	0.094	-0.22	0.822	-0.205	0.163	
LnITRTIcusd	-0.019	0.058	-0.33	0.743	-0.134	0.095	
Constant	9.777	0.783	12.49	0	8.24	11.313	***

Note: *** p<.01, * p<.1.

The ordinary least squares model in Table 2 shows the nexus between FDI and international tourism expenditure, international tourism expenditure for passenger transport items, international tourism of the number of arrivals, international tourism of the number of departures, international tourism receipts for passenger transport items, and international tourism receipts for travel items. This model reveals a significant positive association between FDI and international tourism in terms of the number of arrivals and number of departures, and a large negative relationship between foreign direct investment and international tourist spending (percentage in total imports). As a result, having more foreign direct investment helps a country boost the number of international tourist arrivals and departures. On the other hand, FDI diminishes international tourism spending as a percentage of total imports. Furthermore, other research factors exhibit a mixed connection with FDI but are negligible at the 10% level.

Table 3. Pooled ordinary least squares (POLS) model.

Regression Results

LnFDI	Coef.	St. Err.	t-value	p-value	[95% Conf.	Interval]	Sig.
LnITEptim	-1.97	0.554	-3.56	0	-3.055	-0.884	***
LnITEcusd	-0.095	0.098	-0.96	0.335	-0.288	0.098	
LnITEPTIcusd	0.59	0.108	5.44	0	0.377	0.803	***
LnITNOA	0.013	0.083	0.16	0.874	-0.149	0.176	
LnITNOD	0.121	0.055	2.19	0.028	0.013	0.229	**
LnITRpoex	-0.366	0.417	-0.88	0.38	-1.184	0.452	
LnITRcusd	0.163	0.088	1.87	0.062	-0.008	0.335	*
LnITRPTIcusd	-0.246	0.1	-2.46	0.014	-0.442	-0.05	**
LnITRTIcusd	0.227	0.067	3.38	0.001	0.095	0.359	***
Constant	10.099	1.199	8.42	0	7.749	12.449	***
Mean dependent var		17.675	SD dependent var		10.078		
Overall r-squared		0.078	Number of obs		1104.000		
Chi-square		125.072	Prob> chi2		0.000		
R-squared within		0.113	R-squared between		0.064		

Note: *** p<.01, ** p<.05, * p<.1.

The linkage between FDI and multi-country tourism expenditure, international tourism expenditure for passenger transport items, international tourism of the number of arrivals, global tourism of the number of departures, international tourism receipts for passenger transport items, and international tourism receipts for

travel items are shown in the pooled ordinary least squares model (Table 3). Here, we find a significant positive relationship between FDI and international tourism expenditure for passenger transport items, international tourism of the number of arrivals, and international tourism receipts, as well as a significant negative relationship between foreign direct investment and international tourism expenditure (percentage of total imports) receipts for passenger transport items. This suggests that a country with greater numbers of FDI can boost international tourist spending on passenger transportation, international tourism arrivals, and international tourism revenue. However, FDI also appears to lower international tourist expenditure as a percentage of total imports and international tourism revenues for passenger transportation products, and other research factors exhibit a mixed connection with foreign direct investment but are negligible at the 10%. For this reason, the next model is run for additional robustness.

Table 4. Two stage least squares model.

Instrumental variables (2SLS) regression

LnFDI	Coef.	St. Err.	t-value	p-value	[95% Conf	Interval]	Sig
LnITEptim	-1.412	0.445	-3.17	0.002	-2.285	-0.539	***
LnITEcusd	0.05	0.094	0.53	0.598	-0.135	0.235	
LnITEPTIcusd	0.093	0.1	0.93	0.353	-0.104	0.29	
LnITNOA	0.341	0.074	4.60	0	0.196	0.487	***
LnITNOD	0.184	0.046	3.99	0	0.093	0.274	***
LnITRpoex	0.192	0.314	0.61	0.542	-0.425	0.809	
LnITRcusd	0.156	0.089	1.74	0.082	-0.02	0.331	*
LnITRPTIcusd	-0.021	0.094	-0.22	0.822	-0.205	0.163	
LnITRTIcusd	-0.019	0.058	-0.33	0.743	-0.134	0.095	
Constant	9.777	0.783	12.49	0	8.24	11.313	***
Mean dependent var		17.675	SD dependent var		10.078		
R-squared		0.137	Number of obs.		1104.000		
F-test		19.329	Prob> F		0.000		

Note: *** p<.01, * p<.1.

The association between FDI and international tourism expenditure, international tourism expenditure for passenger transport items, international tourism of the number of arrivals, international tourism of the number of departures, international tourism receipts for passenger transport items, and international tourism receipts for travel items are shown in the two-stage least squares model Table 4. This model shows a significant positive association between FDI and international tourism in terms of the number of arrivals and number of departures, and a large negative relationship between foreign direct investment and international tourist spending (percentage in total imports), creating the suggestion that a country with greater FDI benefits from increased international tourist arrivals and departures, though FDI also appears to diminish international tourism spending as a percentage of total imports. Furthermore, other research factors exhibit a mixed connection with foreign direct investment but are negligible at the 10%. The next model is run for additional robustness.

The generalized method of moments (GMM) model (Table 5) shows the connection between FDI and international tourism expenditure, international tourism expenditure for passenger transport items, international tourism of the number of arrivals, international tourism of the number of departures, international tourism receipts for passenger transport items, and international tourism receipts for travel items. In the model, we see evidence of a significant positive relationship between FDI and international tourism expenditure for passenger transport items, international tourism of the number of departures. However, a significant negative relationship between foreign direct investment and international tourism expenditure, which is expressed in current USD, and international tourism receipts for passenger transport items implies that a country having more foreign direct investment helps increase international tourism expenditure for passenger transport items and international tour of the number of departures. On the other hand, FDI is the reason for a decrease in international tourist spending in current USD

and international tourism revenues for passenger transportation products. Furthermore, other research factors exhibit a mixed connection with foreign direct investment but are negligible at the 10%.

Table 5. Generalized method of moments (GMM) model.

Regression results

LnFDI	Coef.	St. Err.	t-value	p-value	[95% Conf	Interval]	Sig
L.LnFDI	0.188	0.036	5.29	0	0.118	0.257	***
LnITEptim	-0.287	1.009	-0.28	0.776	-2.264	1.691	
LnITEcusd	-0.273	0.162	-1.69	0.092	-0.59	0.044	*
LnITEPTIcusd	1.144	0.161	7.10	0	0.828	1.46	***
LnITNOA	0.067	0.131	0.51	0.608	-0.189	0.324	
LnITNOD	0.215	0.104	2.06	0.039	0.011	0.419	**
LnITRpoex	-1.986	0.824	-2.41	0.016	-3.601	-0.372	**
LnITRcusd	-0.106	0.154	-0.69	0.493	-0.408	0.197	
LnITRPTIcusd	-0.187	0.169	-1.11	0.268	-0.519	0.144	
LnITRTIcusd	0.004	0.113	0.04	0.969	-0.218	0.226	
Constant	8.747	1.927	4.54	0	4.971	12.524	***
Mean dependent var		17.845	SD dependent var		9.975		
Number of obs.		1012.000	Chi-square		174.518		

Note: *** p<.01, ** p<.05, * p<.1.

5. CONCLUSION

The study finds a positive relationship between foreign direct investment and the number of international tourism visitors. In all models, with the exception of the POLS model, there is a strong link between FDI and the number of international tourism departures, and with this exception for the GMM model, there is a significant negative association between FDI and international tourism spending, representing a percentage of imports. In the POLS model, there is a significant positive relationship between FDI and international tourism receipts for passenger transport items and expenditures for passenger transport items and international tourism receipts (current USD), and a significant negative relationship between FDI and international tourism receipts for passenger transport items (current USD). There is also a significant favorable association between international tourism receipts and the 2SLS model (current USD). According to the GMM model, we have found a strong positive relationship between FDI and international tourism receipts, expressed as a percentage of total exports. A significant negative relationship between FDI and international tourism receipts is also expressed as a percentage of total exports.

For some Asian countries, tourism has evolved into their primary economic activity, producing significant revenue from employment and foreign exchange. This industry should be encouraged upon more international investors to boost tourist growth, and scholars agree that FDI supplies host economies with significant financial capital, technological know-how, and management competence. These investments are also crucial for economic development. Furthermore, it was shown that FDI helps to develop tourism.

FDI has the potential to deliver more advanced tourism services since these companies invest significantly in Research and Development. As a result, authorities must intervene and establish various policies in order to encourage FDI, which might include lowering FDI limits and creating a more conducive climate for these investments. Policies promoting better ease of doing business, relatively flexible labor markets, and intellectual property rights protection, for example, are critical, as this will attract more FDI to the tourist sector in the future. Grants or loans at favorable rates to these investors, tariff exemptions, and tax holidays are all examples of incentives to encourage tourism-related FDI.

This research has only looked at data of the last 25 years from Asian countries. However, if more than 25 years were taken into account, the findings would be much more impressive. Furthermore, data was altered for research reasons, which may have resulted in inconsistency, and other aspects were overlooked in this article. Aside from that, further study should be conducted to determine the most important factors of FDI.

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Appendix 1. 1-List of countries.

Afghanistan	Lao PDR
Armenia	Lebanon
Azerbaijan	Malaysia
Bahrain	Maldives
Bangladesh	Mongolia
Bhutan	Myanmar
Brunei Darussalam	Nepal
China	Oman
Colombia	Pakistan
Cyprus	Philippines
Egypt, Arab Rep.	Qatar
Georgia	Saudi Arabia
India	Singapore
Indonesia	Sri Lanka
Iran, Islamic Rep.	Syrian Arab Republic
Iraq	Tajikistan
Japan	Thailand
Jordan	Timor-Leste
Kazakhstan	Turkmenistan
Korea, Dem. People's Rep.	United Arab Emirates
Korea, Rep.	Uzbekistan
Kuwait	Vietnam
Kyrgyz Republic	Yemen, Rep.