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Increasing Tourist Arrivals: Do Capital Investment and Government Spending Matter?

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Abstract: The contribution of tourism sector on economic growth has been noticed in many economies around the globe. Countries strive to improve their tourism sectors by employing strategies that seek to attract a sizable amount of tourist arrivals. Literature suggests that both capital investment in travel and tourism, and government spending on travel and tourism service are crucial factors in promoting the competitiveness of the sector. However, little is known as whether the two factors influence the number of arrivals. Therefore, this study sought to establish the contribution of both government spending and capital investment in influencing tourist arrivals. The study employed data from 150 countries focusing on the years 2010 to 2018. Based on the multiple regression analysis, this study confirms that there exist positive linear relationships between number of arrivals and capital investment in travel and tourism for the years 2010 to 2018. Nevertheless, the study finds that government spending does not influence the number of arrivals. Therefore, governments need to study and understand the interconnectedness between government spending and capital investment in order to carefully allocate their resources in advancing the competitiveness of the investment climate of their respective tourism sectors.

Keywords: tourism; capital investment; government spending; tourist arrivals

JEL Classification: Z30

1. Introduction

Around the globe, the contribution of tourism sector in most economies is eminent. It is regarded as a major driver of economic development in most economies, and a key creator of a great number of retail and service businesses (Ardahaey, 2011). According to UNCTAD (2010, p.6), "tourism includes a wide range of activities, such as transportation, accommodation and catering, tour operation and travel agency businesses, tour guiding, the sale of souvenirs, and financial services". Tourism affects a lot of sectors including the "hotels and other lodging facilities, eating and drinking establishments, and amusement and recreation facilities such as theme parks and ski resorts" (Ardahaey, 2011, p.214). Generally, the growth of the tourism sector has been regarded as a promoter of the growth of tourism related businesses such as hotels and restaurants (Van der Schyff, Meyer, & Ferreira, 2019). However, tourism is also a source of foreign exchange and tax revenues, and a driver of the advancement of other economic sectors apart from hotels and restaurants (Kweka, Morrissey, & Blake, 2003; Paramati, Alam, & Lau, 2018). The growth of the tourism sector is heavily contributed to by the

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international tourism. Countries that receive a great number of foreign tourists are the ones realizing an apparent contribution of tourism on economic growth in terms of a favourable balance of trade, GDP, and FDIs. Simply, in as much as the number of arrivals increases, the more the sector grows and acts as a catalyst for advancing other economic sectors (FaladeObalade & Dubey, 2014; Selimi, Sadiku, & Sadiku, 2017). This is due to the fact that tourists spend and the tourism receipts significantly contribute to the economic growth (Selimi, Sadiku, & Sadiku, 2017). Tourists are also likely to spend in hotels and restaurants, and in buying souvenirs (Wamboye, Nyaronga, & Sergi, 2020). Through their spending, businesses grow and become a growing source of employment opportunities. Tourism contributes significantly in the creation of both direct and indirect employment opportunities and acts as an important instrument for sustainable development (UNCTAD, 2010; Paramati, Alam, & Lau, 2018). This is why, in order to realize tourism growth, governments need to invest by creating friendly tourism business environments. Such environments encompass the development of relevant infrastructures, promotion of favourable tourism and other related policies, and the creation of both appealing destinations and tourism products. Nevertheless, efforts should be directed to attracting tourism investment, both domestic and foreign in order to realize tourism growth. This is why there is a relationship between FDI and tourism growth (Işik, 2015). Nevertheless, Selimi, Sadiku, & Sadiku (2017) confirm that both FDI and government spending in tourism influence economic growth. It is therefore worth claiming that in order to realize tourism growth, the number of tourist arrivals should increase. However, an increase in the number of arrivals depends on the competitiveness of the tourism industry. This study argues that this competitiveness is characterized by both government spending, and capital investment in travel and tourism. However, little research has been done on the influence of government spending, and capital investment in travel and tourism on the number of arrivals. Therefore, specifically, this study aims at finding whether the number of tourist arrivals can be influenced by government spending, and capital investment in travel and tourism. This study establishes this relationship based on tourism data from individual economies around the globe. The aim is to use the findings to deepen an understanding on the mechanisms that influence the competitiveness of the tourism sector. It enlightens the tourism players and the governments to devise policies and strategies that foster international tourism based on the favourable tourism business environment.

2. Literature Review

2.1 Capital Investment and Tourist Arrivals

Tourism growth depends significantly on tourism investment (Paramati, Alam, & Lau, 2018). This is the capital investment in travel and tourism whose significant role in driving economic growth and sustainability is apparent (Puah, Jong, Ayob, & Ismail, 2018). As mentioned earlier, these are both domestic and foreign investments. These investments have a significant contribution in creating appealing destinations, and in managing smooth delivery of tourism services. Investments can be translated in terms of developing the relevant tourist accommodation and restaurant or catering services, creating affordable and reliable transportation services and enhanced tour guide operations, and other investments that seek to support the tourism business such as the establishment of ICT, logistics, finance, and marketing firms. Apart from contributing to the development of attractive destinations, these investments are also the major sources of employment opportunities. Competent human resources play a vital role in advancing tourism business. According to Obadić & Pehar (2016), the human resources can fall into either direct or indirect employment. Those who work in front offices in all tourism related businesses fall in the direct employment category because they are in

contact with tourists in order to serve their needs. The indirect employment encompasses all employees who are not in contact with tourists but work in supporting tourism related business to execute their operations. They include development and maintenance of tourist facilities and other related infrastructures, and accounting, marketing, supply, and logistics services. Puah, Jong, Ayob, & Ismail (2018) argue that human capital investment in tourism sector is of paramount importance. Investors in the tourism sector have a responsibility of investing in the competency and welfare of their staff. For example, recruiting the best talents in their established ventures, and offering an attractive compensation scheme and relevant training, are a few examples of human capital investements whose impact in the promotion of destinations is signifcant. Bardarova, Jakovlev, & Koteski (2013) confirm that tourism and catering enterprises that invest greatly in developing their professional and qualified staff are likely to succeed.

It should be noted that competitive destionations are the ones attracting a great number of tourists. Tourists flood in destinations that offer competitive products and packages. Therefore, it is advised that competitive tourism products should be increased in the sector in order to attract as many tourists as possible. This is why unique products such as ecotourism were introduced in the market and promoted in order to diversify tourism products and ultimately attract more tourists (Liu, 2003). Strategic investments in tourism, whose aim is to develop competitive tourism products are likely to attract a substantial amount of tourist arrivals and ultimately advance their business sustainability. A competitive tourism product can be defined in terms of its affordability and its ability to satisfy the fundamental needs of tourists from different economies. In this regard, the focus can also be made in developing tourism products and packages that attract tourists from relatively high-income economies, and those from low income countries. In a developing country like Tanzania for example, a relationship between the number of arrivals and the income of tourists has been revealed (Wamboye, Nyaronga, & Sergi, 2020). However, it should be noted that in order to attract investment in tourism, governments need to ensure that their policies are friendly and consistent (Munyanyi & Chiromba, 2015). These are the policies that are devised to ensure that both domestic and foreign investments in tourism sector increase significantly. These are friendly policies that seek to meet the prospective investor's interests on matters pertaining to taxation, business regulations, as well as dispute management issues. The aim is to position the tourism sector as a friendly business environment in the eyes of the potential tourism investors whose investments are intended to create competitive destinations and ultimately attract a substantial number of arrivals.

2.2 Government Spending and Tourist Arrivals

Government spending on travel and tourism service has a significant contribution on the competiveness of destinations. The motive behind such spending is to create an appealing tourism industry that embraces the participation of both the public and private sectors in advancing tourism growth. The integration of public and private sectors is essential in championing the growth of tourism. For example, the public sector is responsible in developing friendly business and investment climate in order for the private investment in tourism to flourish (Nawaz & Hassan, 2016). In developing friendly business and investment climate, government spending is inevitable. Government spending on investments that facilitate the tourism sector has for years been a focus of tourism development strategies. Government spending can be done in improving infrastructures such as a friendly transport system that enables smooth mobility of tourists (Kweka, Morrissey, & Blake, 2003; Du, Lew, & Ng, 2016). More spending can also be done on promotion activities, preparation of special tourism related events, and designing appealing tourism products in order to attract a sizable amount of arrivals (Puah, Jong, Ayob, & Ismail, 2018). This is due to the fact that attracting a great number of arrivals and the quest to realize tourism growth require great marketing efforts. These include heavy promotion of local and international campaigns. Governments are advised to invest in establishing

tourist promotion centres, and integrate them with their foreign offices such as embassies and government travel and tourism agencies (Munyanyi & Chiromba, 2015). A government can also collaborate with other governments in simplifying travelling and other immigration issues so that cross-border tourism can be stimulated (Puah, Jong, Ayob, & Ismail, 2018). Governments need to strengthen their international relations particularly their relevant regional integration so that they can be used in improving their transportation networks, and easing visa requirements (Wamboye, Nyaronga, & Sergi, 2020). Reliable transportation is a key factor in determining the competitiveness of the destination. It links the tourists and their preferred destination. A reliable transportation is also a driving force in reducing travel costs (Van Truong & Shimizu, 2017). Transportation cost is a major factor in attracting international tourists. Others include cost of living in destination, and the exchange rate (Wamboye, Nyaronga, & Sergi, 2020; Van Truong & Shimizu, 2017). It should be noted that an increased number of arrivals causes exchange rate fluctuations (Van der Schyff, Meyer, & Ferreira, 2019). This is why; initiatives that seek to manage the exchange rate should be prioritized (Wamboye, Nyaronga, & Sergi, 2020).

Destinations are likely to achieve their competitiveness if investment in the relevant infrastructures and commitment in raising the quality of services is done appropriately (Tsai, Song, & Wong, 2009). Wamboye, Nyaronga, & Sergi (2020) reveal that an increased number of arrivals (international tourism) are significantly influenced by infrastructure development. The government has a role to play in ensuring that there is abundant investment in tourism destination particularly in terms of technology and infrastructure, and enhancement of tourism production processes (Işik, 2015). The services provided at the destinations and other attractions, and the relevant information and promotions also play a major role in determining the competitiveness of the destination. Through these factors, a destination is likely to increase a significant number of arrivals. Other factors include the quality of tourism packages and their relevant prices, whether the destination encourages both business and travel leisure, and political stability (Van Truong & Shimizu, 2017). An economy that attains political and social stability is in a good position of attracting international tourists (Wamboye, Nyaronga, & Sergi, 2020). A hospitable business environment and society is a major factor in the development of a sustainable tourism sector (Du, Lew, & Ng, 2016). Nevertheless, all the government spending and initiatives should be backed by friendly policies. These are policies that support a hospitable business environment, and facilitate investments in infrastructures, technology, business processes, and human capital development (Ohlan, 2017; Du, Lew, & Ng, 2016). In turn, these policies contribute to the promotion of tourism investment, facilitate the realization of tourism growth, and ultimately create more jobs and increase tax revenues (Paramati, Alam, & Lau, 2018). Through tax revenues, the financial power of the government increases, and eventually its spending on tourism and travel service whose role is to attract a significant number of arrivals, will be apparent.

3. Methodology

As noted earlier, the aim of this study is to find whether the number of arrivals can be influenced by the capital investment in travel and tourism, and the government spending on travel and tourism service for the years 2010 to 2018. The study has focused on the post-recession period (after the great recession of 2007 to 2009). Based on the findings, the study aims to advise governments around the globe to understand and enhance areas that can boost their respective number of tourists. The number of arrivals for each of the years (2010 to 2018) was taken from the World Bank while the data on capital investment in travel and tourism, and government spending on travel and tourism service were

taken from the World Travel & Tourism Council. From these data sources, it was realized that a total of 264 countries and regions were included in both the World Bank and World Travel & Tourism Council data. The intention of the study was to remain with data of individual countries as a way of avoiding data redundancy. In this case, 47 regions were removed because they combine data from individual countries. Therefore, the study remained with data from 217 countries. It was also realized that there were countries that had some missing data for the period 2010 to 2018 on at least a variable. These were 67 countries. After removing them from the list, the study remained with 150 countries (see Table 1) with data on all the variables. This study encompasses two independent variables. These are capital investment in travel and tourism (Capital), and the government spending on travel and tourism service (Spending). It also encompasses one dependent variable. This is the number of arrivals (Arrivals). According to the World Travel & Tourism Council data, the capital investment in travel and tourism, and the government spending on travel and tourism service are measured in billion US$ (Real prices).

The study adopted a multiple regression analysis to test the relationship between *Arrivals*, *Capital*, and *Spending*. Before establishing whether these relationships exist, the study tested the underlying assumptions. For each of the years (2010 to 2018), it was realized that the partial regression plots showed linear relationships between *Arrivals* and each of the independent variables: *Capital*, and *Spending*. By inspecting the studentized residuals plotted against the unstandardized predicted values, it was found that there was homoscedasticity. The study also examined all the tolerance values and their corresponding VIF and found that they were all greater than 0.1 and less than 10 respectively. It was concluded that there was no evidence of multicollinearity. When checking for unusual points, it was found that all the residuals were less than ±3 standard deviations confirming that there was no any outlier. Nevertheless, it was also realized that there were neither high leverage points nor highly influential points. After examining all the histograms, it was realized that the standardized residuals appeared to be approximately normally distributed. Also, after examining the normal P-P Plot of regression standardized residual, it was confirmed that the residuals were approximately normally distributed.

Table 1. Countries Used in the Study

Country Name					
Aruba	Chile	United Kingdom	St. Kitts and Nevis	Malaysia	Serbia
Angola	China	Georgia	Korea, Rep.	Niger	Slovak Republic
Albania	Cote d'Ivoire	Gambia, The	Kuwait	Nicaragua	Slovenia
Argentina	Congo, Rep.	Greece	Lao PDR	Netherlands	Sweden
Armenia	Colombia	Grenada	Lebanon	Norway	Eswatini
Antigua and Barbuda	Comoros	Guatemala	St. Lucia	Nepal	Seychelles
Australia	Cabo Verde	Guyana	Sri Lanka	New Zealand	Togo
Austria	Costa Rica	Hong Kong SAR, China	Lesotho	Oman	Thailand
Azerbaijan	Cuba	Croatia	Lithuania	Panama	Tajikistan
Belgium	Cayman Islands	Haiti	Luxembourg	Peru	Tonga
Benin	Cyprus	Hungary	Latvia	Philippines	Trinidad and Tobago
Burkina Faso	Czech Republic	Indonesia	Macao SAR, China	Papua New Guinea	Tunisia
Bulgaria	Germany	India	Morocco	Poland	Turkey
Bahrain	Dominica	Ireland	Moldova	Puerto Rico	Tanzania
Bahamas, The	Denmark	Iran, Islamic Rep.	Madagascar	Portugal	Ukraine
Bosnia and Herzegovina	Dominican Republic	Iceland	Maldives	Paraguay	Uruguay
Belarus	Algeria	Israel	Mexico	Qatar	United States
Belize	Ecuador	Italy	North Macedonia	Romania	Uzbekistan
Bermuda	Egypt, Arab Rep.	Jamaica	Malta	Russian Federation	St. Vincent and the Grenadines
Bolivia	Spain	Jordan	Myanmar	Saudi Arabia	British Virgin Islands
Brazil	Estonia	Japan	Montenegro	Sudan	Vietnam
Barbados	Ethiopia	Kazakhstan	Mongolia	Singapore	Vanuatu
Brunei Darussalam	Finland	Kyrgyz Republic	Mozambique	Solomon Islands	South Africa
Canada	Fiji	Cambodia	Mauritius	Sierra Leone	Zambia
Switzerland	France	Kiribati	Malawi	El Salvador	Zimbabwe

4. Results

4.1 Descriptive Statistics

From 2010 to 2018, there has been an increase in number of arrivals, capital investment in travel and tourism, and the government spending on travel and tourism service based on the average world data. For example, according to Table 2, the average number of arrivals rose from 6.107million in 2010 to 9.095million in 2018. This is an average increase of 2.899million arrivals in the entire period. However, care should be taken when interpreting this figure. This is because; this is an average figure that is less likely to draw a true picture of the size of tourists in individual economies. This is why; although there is a gradual increase in average number of tourists from 2010 to 2018, the study realizes that there are several countries whose number of arrivals did not increase consistently in the same period. Such trend repeats itself when analysing capital investment in travel and tourism. The average capital investment rose from USD 4.254billion in 2010 to USD 5.951billion in 2018 as shown

in Table 2. This is an average increase of USD 1.697billion in the entire period. In this case, the study similarly argues that care should be taken when interpreting these data. This is due to the fact that this is the average figure that is less likely to draw a true picture of the size of capital investment in individual economies. That is why; the study has realized that there are several countries whose capital investment did not increase consistently from 2010 to 2018 despite the fact that there was a gradual increase in average capital investment in the same period. Similarly, the trend is the same when analysing the government spending on travel and tourism service. The average government spending rose from USD 0.3626billion in 2010 to USD 0.4366billion in 2018 as shown in Table 2. This is an average increase of USD 0.074billion in the entire period. Again, the study argues that care should be taken when interpreting this trend. This is because; the average increase in government spending is less likely to draw a true picture of the size of the government spending in individual economies. This is why; the study finds that there are several countries whose government spending did not increase consistently from 2010 to 2018 although there was a gradual increase in average capital investment in the same period.

Table 2. Descriptive Statistics

Year	*Variable*	*N*	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
2010	*Arrivals*	150	4700.00	76647000.00	6107017.3333	11683463.20990
	Capital	150	.00	137.32	4.2543	13.99125
	Spending	150	.00	18.31	.3626	1.61570
2011	*Arrivals*	150	5300.00	80499000.00	6389420.7333	12290469.14614
	Capital	150	.00	128.92	4.3641	14.01948
	Spending	150	.00	18.09	.3685	1.61357
2012	*Arrivals*	150	4900.00	81980000.00	6742863.3333	12640761.47702
	Capital	150	.00	141.68	4.5344	15.08142
	Spending	150	.00	17.95	.3755	1.61740
2013	*Arrivals*	150	5900.00	83634000.00	7083928.7333	13118638.65362
	Capital	150	.00	138.08	4.6438	15.44291
	Spending	150	.00	17.61	.3828	1.60892
2014	*Arrivals*	150	5000.00	83701000.00	7414707.0000	13540600.18622
	Capital	150	.00	146.17	4.8753	16.55639
	Spending	150	.00	17.65	.3905	1.62365
2015	*Arrivals*	150	3900.00	84452000.00	7730890.1333	13977010.35287
	Capital	150	.00	159.42	5.1627	18.03774
	Spending	150	.00	17.88	.4027	1.66525
2016	*Arrivals*	150	5700.00	82682000.00	8007112.5333	14154934.64987
	Capital	150	.00	171.00	5.4585	19.27335
	Spending	150	.00	18.06	.4149	1.70678
2017	*Arrivals*	150	5800.00	86758000.00	8589914.9333	15000260.25413
	Capital	150	.00	176.35	5.6800	20.04492
	Spending	150	.00	18.27	.4247	1.74473
2018	*Arrivals*	150	7100.00	89322000.00	9095120.1333	15595114.61081
	Capital	150	.00	184.59	5.9510	21.09775
	Spending	150	.00	18.43	.4366	1.78513

4.2 Multiple Regression Results

A multiple regression was run to predict *Arrivals* from *Capital* and *Spending* for the years 2010 to 2018. For the year 2010, the variables: *Capital* and *Spending*, statistically significantly predicted *Arrivals*, F (2, 147) = 73.135, p < .0005, adj. R^2 = .492. One variable: *Capital* added statistically significantly to the prediction, p < .0005. However, *Spending* did not add statistically significantly to the prediction, p = .069. Regression coefficients and standard errors for the year 2010 can be found in Table 3. On the other hand, a multiple regression was run to predict *Arrivals* from *Capital* and

Spending for the year 2011. The variables: *Capital* and *Spending* statistically significantly predicted *Arrivals*, F (2, 147) = 87.394, $p < .0005$, adj. $R^2 = .537$. The variables: *Capital* and *Spending* added statistically significantly to the prediction, $p < .0005$ and $p = .034$ respectively. Regression coefficients and standard errors for the year 2011 can be found in Table 3. Similarly, a multiple regression was run to predict *Arrivals* from *Capital* and *Spending* for the year 2012. The variables: *Capital* and *Spending* statistically significantly predicted *Arrivals*, F (2, 147) = 73.247, $p < .0005$, adj. $R^2 = .492$. One variable: *Capital* added statistically significantly to the prediction, $p < .0005$. However, *Spending* did not add statistically significantly to the prediction, $p = .183$. Regression coefficients and standard errors for the year 2012 can be found in Table 3. Also, a multiple regression was run to predict *Arrivals* from *Capital* and *Spending* for the year 2013. The variables: *Capital* and *Spending* statistically significantly predicted *Arrivals*, F (2, 147) = 69.870, $p < .0005$, adj. $R^2 = .480$. One variable: *Capital* added statistically significantly to the prediction, $p < .0005$. However, *Spending* did not add statistically significantly to the prediction, $p = .755$. Regression coefficients and standard errors for the year 2013 can be found in Table 3. Again, a multiple regression was run to predict *Arrivals* from *Capital* and *Spending* for the year 2014. The variables: *Capital* and *Spending* statistically significantly predicted *Arrivals*, F (2, 147) = 68.993, $p < .0005$, adj. $R^2 = .477$. One variable: *Capital* added statistically significantly to the prediction, $p < .0005$. However, *Spending* did not add statistically significantly to the prediction, $p = .816$. Regression coefficients and standard errors for the year 2014 can be found in Table 3. Furthermore, a multiple regression was run to predict *Arrivals* from *Capital* and *Spending* for the year 2015. The variables: *Capital* and *Spending* statistically significantly predicted *Arrivals*, F (2, 147) = 64.836, $p < .0005$, adj. $R^2 = .461$. One variable: *Capital* added statistically significantly to the prediction, $p = .001$. However, *Spending* did not add statistically significantly to the prediction, $p = .351$. Regression coefficients and standard errors for the year 2015 can be found in Table 3. Moreover, a multiple regression was run to predict *Arrivals* from *Capital* and *Spending* for the year 2016. The variables: *Capital* and *Spending* statistically significantly predicted *Arrivals*, F (2, 147) = 65.228, $p < .0005$, adj. $R^2 = .463$. One variable: *Capital* added statistically significantly to the prediction, $p < .0005$. However, *Spending* did not add statistically significantly to the prediction, $p = .678$. Regression coefficients and standard errors for the year 2016 can be found in Table 3. Likewise**,** a multiple regression was run to predict *Arrivals* from *Capital* and *Spending* for the year 2017. The variables: *Capital* and *Spending* statistically significantly predicted *Arrivals*, F (2, 147) = 59.016, $p < .0005$, adj. $R^2 = .438$. One variable: *Capital* added statistically significantly to the prediction, $p = .001$. However, *Spending* did not add statistically significantly to the prediction, $p = .765$. Regression coefficients and standard errors for the year 2017 can be found in Table 3. Finally, a multiple regression was run to predict *Arrivals* from *Capital* and *Spending* for the year 2018. The variables: *Capital* and *Spending* statistically significantly predicted *Arrivals*, F (2, 147) = 57.281, $p < .0005$, adj. $R^2 = .430$. One variable: *Capital* added statistically significantly to the prediction, $p = .002$. However, *Spending* did not add statistically significantly to the prediction, $p = .794$. Regression coefficients and standard errors for the year 2018 can be found in Table 3.

Table 3. Multiple Regression Results (2010 to 2018)

Year	*Arrivals*	*B*	*95% CI for B*		*SE B*	*β*	R^2	ΔR^2
			LL	*UL*				
2010	Model						.499	.492***
	Constant	3440915.135***	2021749.352	4860080.918	718116.518			
	Capital	799877.418***	546999.379	1052755.457	127959.608	.958***		
	Spending	-2032095.198	-4221901.557	157711.161	1108070.767	- .281		
2011	Model						.543	.537***
	Constant	3420854.082***	1996681.998	4845026.166	720649.772			
	Capital	861685.063***	633413.954	1089956.171	115508.178	.983***		
	Spending	-2148935.893*	-4132262.381	-165609.406	1003589.241	- .282*		
2012	Model						.499	.492***
	Constant	3954440.034***	2426147.496	5482732.573	773336.089			
	Capital	748143.702***	493195.021	1003092.382	129007.379	.893***		
	Spending	-1608389.438	-3985647.000	768868.123	1202923.537	-.206		
2013	Model						.487	.480***
	Constant	4308181.514***	2707831.350	5908531.678	809798.194			
	Capital	628803.408***	381069.377	876537.440	125356.672	.740***		
	Spending	-376873.511	-2754707.895	2000960.873	1203215.417	- .046		
2014	Model						.484	.477***
	Constant	4654520.473***	3003046.033	6305994.913	835667.749			
	Capital	543109.769***	303522.535	782697.004	121234.286	.664***		
	Spending	287718.714	-2155349.784	2730787.212	1236224.734	.035		
2015	Model						.469	.461***
	Constant	5049433.683***	3324492.369	6774374.997	872842.951			
	Capital	422053.571**	178916.746	665190.396	123030.426	.545**		
	Spending	1247972.172	-1385656.921	3881601.264	1332650.897	.149		
2016	Model						.470	.463***
	Constant	5283044.689***	3539593.532	7026495.847	882209.175			
	Capital	453625.248***	202573.595	704676.901	127035.432	.618***		
	Spending	597690.771	-2237239.347	3432620.890	1434511.859	.072		
2017	Model						.445	.438***
	Constant	5773772.445***	3882722.922	7664821.969	956895.886			
	Capital	460532.238**	190073.866	730990.611	136855.487	.615**		
	Spending	471721.641	-2635524.261	3578967.542	1572307.221	.055		
2018	Model						.438	.430***
	Constant	6202404.076***	4224037.769	8180770.383	1001079.325			
	Capital	453920.161**	173127.087	734713.235	142084.982	.614**		
	Spending	438528.709	-2880056.256	3757113.673	1679247.561	.050		

B = unstandardized regression coefficient; CI = confidence interval; *LL* = lower limit; *UL* = upper limit; *SE B* = standard error of the coefficient; β = standardized coefficient; R^2 = coefficient of determination; ΔR^2 = adjusted R^2

*$p < .05$. **$p < .01$. ***$p < .001$

5. Discussion

The multiple regression results have indicated that there are linear relationships between the number of arrivals and capital investment in travel and tourism for the years 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, and 2018. These relationships are positive, confirming that the number of arrivals is likely to increase when capital investment in travel and tourism increases. However, the relationships between the number of arrivals and the government spending on travel and tourism service for the years 2010, 2012, 2013, 2014, 2015, 2016, 2017, and 2018 do not exist. Nevertheless, the findings inform that there is a negative linear relationship between the number of arrivals and government spending on travel and tourism service for the year 2011. This is an unlikely relationship. This is because; more government spending on travel and tourism is likely to increase the number of arrivals. Similarly, less government spending is likely to reduce the number of arrivals. In this regard, it can be

concluded that there was no any linear relationship between the number of arrivals and the government spending on travel and tourism service from 2010 to 2018.

The contribution of capital investment in travel and tourism on number of arrivals is enormous. According to UNCTAD (2010), apart from the size of capital investment that can be enjoyed by the respective country, the capital investment in travel and tourism plays a vital role in providing the necessary and required training, enhancing efficiency in management processes and systems, and linking the sector to international markets. In this regard, the number of visitors will increase and eventually positively impact other tourism related businesses. This impact can easily be explained by an increased employment rate in tourism and travel. This is due to the fact that "a given level of revenue or capital investment creates many more jobs in tourism than the same level of revenue or investment would in many other sectors" (UNCTAD, 2010, p. 6). In this regard, governments need to devise mechanisms that create friendly environments for investment in tourism to flourish (Khan, Bibi, Lorenzo, Lyu, & Babar, 2020; Jucan & Jucan, 2013). Policies that promote tourism investment should be implemented (Shakouri, Yazdi, Nategian, & Shikhrezaei, 2017). These policies should focus on sustaining these investments (Khan, Bibi, Lorenzo, Lyu, & Babar, 2020). The policies may touch taxation issues and the travelling costs. The development of the required human resources and the conducting of relevant research to understand the needs and characteristics of the sector should be prioritized. Additionally, governments need to put in place relevant infrastructures, technology, and security in order to advance the growth of the sector and eventually create more jobs (Shakouri, Yazdi, Nategian, & Shikhrezaei, 2017). These mechanisms define the government spending on travel and tourism service. However, the findings reveal that government spending does not influence the number of arrivals. Conversely, according to Suhel & Bashir (2018), investment and government spending in tourism influence the number of tourists. It is also asserted that government spending significantly impacts economic growth (Suhel & Bashir, 2018). This study argues that governments need to study and understand the investment environments of tourism and travel, and eventually allocate their resources in areas that directly play a vital role in enhancing the investment environments. Through such environments, governments will succeed in attracting both local and international tourism investors. The FDIs in tourism is crucial in attracting more arrivals (Bezuidenhout & Grater, 2016). Nevertheless, the initiatives to attract more investments need the support of social, local, and international media (Khan, Bibi, Lorenzo, Lyu, & Babar, 2020).

6. Conclusion

This study aimed at finding whether the number of tourists can be influenced by the capital investment in travel and tourism, and the government spending on travel and tourism service for the years 2010 to 2018. The study used data from 150 countries and subsequently revealed that the capital investment in travel and tourism influences the number of arrivals. However, the findings inform that the relationship between government spending on travel and tourism service and the number of arrivals does not exist for the years 2010 to 2018. The study concludes that efforts to create favourable business environments whose aim is to attract both local and international investments in travel and tourism should be employed by governments that intend to increase the number of tourists in their respective countries. It is also advised that these environments need to be defined by the development and implementation of friendly policies. These policies and relevant regulations cannot be devised if governments are not aware of the dynamics in the travel and tourism sector both locally and internationally. However, in order to understand and manage the changing tourism business

environment, investment in research, infrastructure, marketing, technology, and security need to be prioritized by governments that seek to attract more tourists. Therefore, this study argues that such investments can be interpreted as government spending on travel and tourism service based on the nature of tourism sectors of individual economies. In this regard, governments need to define their spending on travel and tourism service and integrate it with capital investment so that the direct contribution of government spending on the number of arrivals can be realized. Ultimately, these initiatives are likely to influence the growth of the tourism sectors, create more jobs, and positively impact the socioeconomic developments of the respective countries.

7. Study Limitations

This study has drawn a global overview on the relationship between the number of arrivals and both capital investment in travel and tourism, and government spending on travel and tourism service. It relied on the secondary data from various countries whose tourism sectors differ significantly. In this regard, it is strongly argued that a global picture is not likely to be effective in each individual sector due to the fact that these sectors differ from one country/region to another. It is therefore recommended that more studies should be carried out to understand the characteristics of the capital investment, and the government spending and their influence on the number of tourists based on individual country's/region's tourism sector.

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