

## **Determinants of Foreign Direct Investment in Tourism: A Panel Data Analysis of Developing Countries**

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**Abstract :** The purpose of this paper is to investigate the determinants of tourism foreign direct investment (TFDI) to selected developing countries during 1978-2017. The study used pooled panel data to estimate an econometric model. The findings show that market size and institutional barriers are determining factors for TFDI in countries, while other variables of positive country conditions, FDI-related government policy, tourism-related infrastructure and labor conditions are insignificant. The result shows that institutional effects are positive, while market size negatively affects TFDI inflows. The research is limited to eight developing countries. The results can be used to support government policy on TFDI. The paper makes the following contributions: First, it provides important insight and understanding into the TFDI decision-making process in developing countries. Second, both TFDI theory and evidence are minimal, and an econometric model developed on the basis of available literature has been empirically tested.

**Keywords :** determinants, developing countries, FDI in tourism, panel data

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