

## The impact of foreign direct investments on the increase in the number of visitors in tourism - Case study Republic of Kosovo

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**Abstract:** Foreign Direct Investment (FDI) plays a significant role in the Republic of Kosovo's economy, namely in the tourist sector. The primary goal of this research is to examine the impact of FDI on the increase in the number of tourist visits (NTV), as well as the trend of NTV and government spending on recreation, culture, and religion in the Republic of Kosovo. The results demonstrate that NTV increased in Kosovo between 2008 and 2022, however this increase was not consistent. The most pronounced growth was in 2021 compared to 2020, at approximately 133%, while the most pronounced decline in NTV was in 2020 compared to 2019, at -46%. From 2008 to 2022, the FDI trend was the highest in 2022, when the value of FDI reached 778.2 million euros, while the government's expenditures in the fields of recreation, culture, and religion were the highest in 2021, at approximately 61 million euros. Empirical analysis indicates that FDI has positively impacted the expansion of NTV in Kosovo, with a  $\beta$  parameter of 0.41. The report suggests that state officials adopt more sustainable and effective policies that will result in higher FDI, government tourism spending, and NTV in Kosovo. A sustainable FDI policy for the tourism industry will have an impact not only on tourism, but also on other tourism-related businesses. Furthermore, a critical appraisal is required in Kosovo to improve tourism performance and regional economic development, among other things.

**Keywords:** Foreign direct investment, Marketing, Regression, Government, Tourism and development.

**JEL Classification:** M5; G150; Z32; C1; H6.

### 1. Introduction

In Kosovo, both investment and tourist policies are currently poorly managed, therefore long-term management is critical to attracting FDI and growing tourism in the country. FDI has played a vital role in the expansion and development of the global tourist industry, which has piqued the interest of researchers and policymakers (Ibrahim, 2024).

Tourism has become increasingly significant in economic development, both locally and globally, in terms of income generation and job creation, among other things. Politicians at the national level should focus more on creating an attractive environment for recruiting FDI, increasing tourism spending, and increasing local and international NTV. Kosovo's economy, in general, and particularly its tourism economy, has historically had a low degree of development due to political, economic, and social factors. Based on the Central Bank of Kosovo's (CBK, 2023) statistical data on FDI trends in Kosovo 2008-2022, it indicates we have a more pronounced upward trend in recent years, with FDI reaching 778.2 million euros, but this increase is insufficient when compared to other countries in the region. According to the statistical data of the national accounts published by the Statistical Agency of Kosovo (ASK), it is clear that the Government of Kosovo's expenditures in the field of tourism, respectively in recreation and culture, were quite small, with the largest value of the government's expenditures in recreation and culture in 2021 at around 61 million euros. Tourism's sustainable development requires an integrated

approach to planning and administration. Kosovo continues to face challenges in increasing FDI, despite progress in several areas over the last few years, such as tax and macroeconomic policy reforms and road infrastructure investments, but the core issue is that Kosovo continues to fail to attract large investors (Democracy for Development, 2021).

The increase in tourist arrivals affects the increase in demand for goods and services such as food, lodging, and transportation, so governments should have long-term policies to attract FDI in terms of increasing product availability and expanding infrastructure to meet tourist demand. Prior to the pandemic, travel and tourism (including its direct, indirect, and induced consequences) accounted for 10.5% of total employment (334 million) and 10.4% of world GDP (\$10.3 trillion). Furthermore, foreign tourists spent \$1.91 trillion in 2019 (WTTC, 2023).

Tourism is one of the most important economic industries of today. According to the Financial Times Intelligence (FDI) tourist investment report, foreign direct investment in tourism drives global job creation and economic growth (Mujačević, 2023).

Most governments in developing nations prioritize attracting FDI and experiment with various policies. Political and macroeconomic stability are critical factors in FDI decision-making, therefore a lack of this stability makes a country unappealing for FDI, even if it offers other benefits (Schneider & Frey, 1985).

Based on KAS's tourism statistical data on the trends of the number of NTV, including local and international visitors in Kosovo 2008–2022, it appears that the trend of the number of NTV from 2008 to 2022 has had an unsteady increase, with a more pronounced increase in 2022, reaching 460,467 visitors. FDI allows access to modern technology, which boosts general productivity and income growth (Patrick, 1966). FDI in tourism would help developing countries close the development disparity among developed and developing countries (UNCTAD, 2007).

FDI is a category of international investment that transfers the security of stable income from one resident subject of an economy to another, with a major impact on the latter's management. Tourism development has a substantial economic impact since it is a multidisciplinary activity that involves multiple businesses and relies on a diverse set of capabilities. The advantages of tourism are dispersed to a larger segment of society than those of other sectors of the economy. (Schroenn and Telce, 2006).

Foreign direct investment (FDI) has the potential to establish long-term financial stability, contributing to economic advancement and social benefit. The potential of an economy to benefit from tourism is dependent on the availability of (international) capital to invest in infrastructure development, particularly the expansion of accommodation and transportation services (Soukiazis & Proença, 2008).

Some researchers consider FDI as a solution to global challenges such as the poverty crisis, while others believe it can exacerbate problems. Investment activity is determined by the government's engagement in mutual funds, bond shares, corporate shares, and liquid assets. There is a causal relationship between FDI and tourism arrivals: as FDI improves consumption and service quality, the number of international visitor arrivals increases (Selvanathan et al., 2012). The regression analysis between FDI and NTV shows that the parameter  $\beta_1 = 0.41$ .

This means that for each unit of variable X (FDI), the value of variable Y (NTV) increased by 0.41 units. For every million of FDI, NTV increased by 0.41 thousand visitors. During the course of our inquiry, we attempted to answer the following research questions: How much did FDI influence the expansion of NTV in Kosovo? The assumptions for this study were developed based on the research issue of how FDI has influenced the expansion of NTV in Kosovo: [H] Foreign direct investment in Kosovo has contributed to an increase in tourist visits. The paper's structure includes: Section 2: Literature Review. Section 3: Research Methodology. Section 4: Data Analysis and Results. Section 5 covers the study's findings, while Section 6 presents the conclusions and recommendations.

## 2. Literature Review

There have been several arguments and research offered by academics on FDI in the tourism sector in various publications. However, according to the 2007 World Economic Report, FDI represents an investment involving a long-term relationship and reflecting a long-term interest through control by an

entity resident in one economy (foreign direct investor or parent enterprise) in an enterprise resident in another economy (foreign enterprise or subsidiary) (Rani & Kidane, 2012).

We have several researchers working on FDI and tourism in Kosovo (Bajrami et al., 2023; Kovaçi et al., 2020; Bellaqa & Bajrami, 2021; Bellaqa et al., 2023). Currency, expertise, infrastructure, linkage to international markets, and distribution networks are the most effective ways to attract foreign direct investment in tourism (Cró & Martins, 2020; Hayali et al., 2021).

This analysis examined data from a variety of local and international entities, including the American Chamber of Kosovo, the World Bank, the Organization for Economic Cooperation and Development, and the International Monetary Fund. However, there are very few research on the effects of FDI on NTV growth. One of the essential factors in international integration and economic development has and continues to be the contribution to FDI and tourism development. Tourism is becoming an important industry in the global economy because it contributes to a country's growth (Munir et al., 2021).

One of the most important theories of FDI is the notion of monopolistic advantage for horizontal foreign investments, which is described using monopolistic benefits. This idea has also been applied to American firms in high-level skill-oriented marketing industries such as cosmetics and fast food abroad (Root, 1978). Vernon's Production Cycle theory can explain both trade and foreign direct investment, giving a temporal dimension to the monopolistic advantage model. Home country rivals may also elect to invest in a specific country's oligopolistic market. In conclusion, a synthesis of international trade and investment theories can help explain the complexities of international business and marketing behavior (Vernon, 1966).

According to Dunning's eclectic theory, there are many different techniques for entering the market, each with its own set of benefits and drawbacks. The OLI paradigm, often known as the eclectic paradigm, is a useful tool for ruling out some of these tactics. OLI is an abbreviation for the advantages of ownership, location, and internalization.

According to this paradigm, a corporation must have all three of these advantages to successfully engage in FDI (Dunning, 1969). One definition of FDI that can be singled out is that of the Organization for Economic Cooperation and Development (OECD), which defines it as "an aim to ensure a sustainable interest of a resident unit in an economy (the direct investor) in a resident unit of another economy (the direct investment enterprise)" (OECD, 2007).

Tourism, according to the World Tourism Organization (WTO), encompasses a variety of activities carried out by individuals who travel and remain beyond their typical surroundings for no more than one consecutive year for pleasure, business, or other purposes. The tourism industry requires cash, infrastructure, knowledge, and worldwide marketing and distribution chain growth and support (Banerjee et al., 2015; Hof & Blázquez-Salom, 2015; Stauvermann & Kumar, 2017).

Tourism is a highly complex phenomenon that can only be fully understood through a multidisciplinary approach (Candela & Figini, 2012).

### 3. Methodology

In this article, the theoretical treatment is carried out utilizing current literature and research papers in the fields of foreign direct investment and tourism, including an analysis of the number of domestic and international tourists. FDI patterns and the number of tourists to Kosovo have been reported and evaluated for the years 2008–2022. Data utilized in research, whether quantitative or qualitative, can come from a variety of sources (Fielding & Pillinger, 2008).

A regression study was conducted using the Ordinary Least Squares regression (OLS) approach to determine the functional connection between the independent variable, foreign direct investment, and the dependent variable, visitor count. Lagendre Lazader applied the least squares approach for the first time in 1806 (Nuhui & Shala, 2005).

This method is used to determine the effect of the independent variable  $X$  on the dependent variable  $Y$  and to disclose the functional relationship between them, which is  $Y = f(X)$ . Changes in the dependent variable  $Y$ , which in this example is the number of visitors, are expected to arise from changes in the independent variable  $X$ , which is foreign direct investment. Empirical regression analysis

is used to identify the functional link between foreign direct investment and the number of visitors to tourism. The analyses are based on information gathered from trustworthy local and international sources. In the empirical study, the regression coefficients for variables Y and X were determined.

The formulas used for linear regression are stated as follows:

$$Y = \beta_0 + \beta_i X_i + \varepsilon \quad (1)$$

Where:

Y - Dependent variable;

$\beta_0$  = Constan;

$\beta_i$  - Partial regression coefficients;

$X_i$  - Independent variable;

$\varepsilon$  - Standard error;

In this study, we examined the relationship between the independent variable FDI (described below) and the dependent variable NTV (specified below).

We used the following linear regression model:

$$Y = \beta_0 + \beta_i X_i + \varepsilon \quad (2)$$

The dependent variable Y Number of Visitors in Tourism, denoted by the abbreviation (NTV), was tested against the independent variables.

X1 - Foreign direct investment (FDI) to increase the number of visitors

$$Y_{NTV} = \beta_0 + \beta_1 FDI + \varepsilon \quad (3)$$

Prior to ANOVA analysis, we calculated the mean of  $\bar{y}$ , mean of  $\bar{x}$ , parameter of b, parameter of a, and value of Yc using the following formulas:

$$\bar{y} = \frac{\sum Y}{n} \quad (4)$$

$$\bar{x} = \frac{\sum X}{n} \quad (5)$$

$$b = \frac{n \sum (xy) - (\sum x)(\sum y)}{n(\sum x^2) - (\sum x)^2} \quad (6)$$

$$a = \bar{y} - b * \bar{x} \quad (7)$$

$$Y_c = a + b * x \quad (8)$$

Where:

$\bar{y}$  - Arithmetic mean of phenomena Y;

$\bar{x}$  - Arithmetic mean of phenomenon X;

b - Line slope or average change in Yc for each altered unit of X;

a - Estimated value of Y when X = 0;

Yc - Average value of Yc specified for the value of X.

Y - Dependent variable,

$X_i$  - Independent variable,

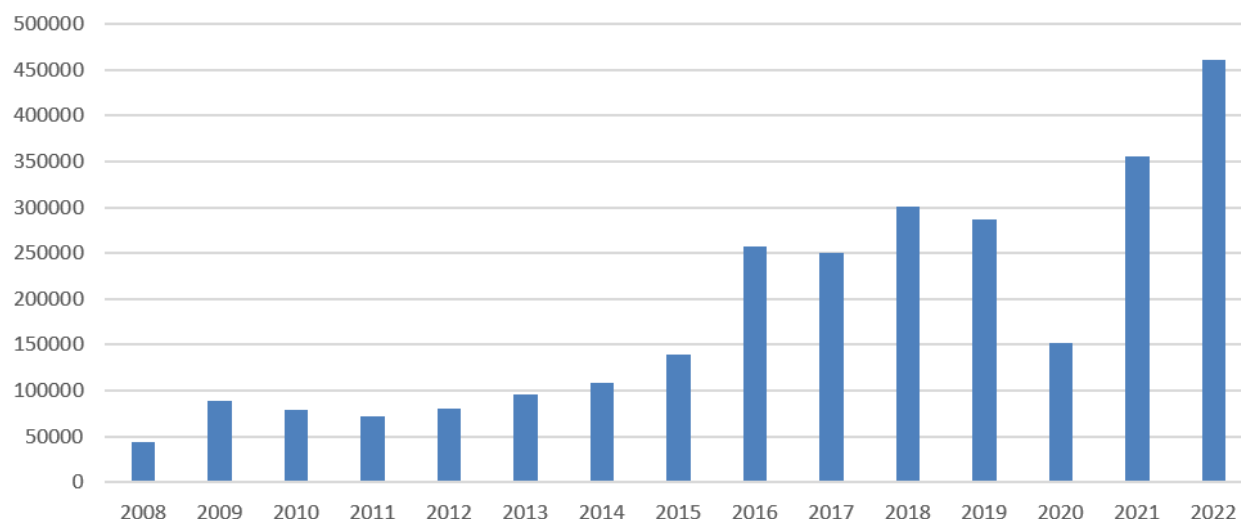
n - number of years.

## 4. Data Analysis and Results

### 4.1. The Trend of the Number of Visitors in Kosovo 2008 – 2022

Many studies have found that tourism and tourist visitors play a vital and diversified role in a country's economic development. Whereas we may underline that tourism contributes to income generation, tourists spend in hotels, restaurants, activities, and tourist attractions, which helps to grow overall GDP and improve the balance of payments. Consequently, tourism helps to create jobs, grow local businesses, promote culture, and encourage investment, among other things. Between 2008 and 2022, the number of visitors to Kosovo increased but did not remain consistent. From 2008 to 2014, the number of tourists was low, but from 2015 to 2022, the number of visitors increased, reaching its peak

in tourism in 2022 with around 460,467 visitors (Agency of Statistics of Kosovo, 2023). Figure 1 depicts trends in the number of visitors (both local and international).



**Figure 1.**

Trends in the number of visitors to Koaovo from 2008 to 2022 in thousands of tourists.

**Source:** The authors evaluated the data based on the data of the Statistical Agency of Kosovo for the statistical data of the hotel business from 2008 to 2022.

We can alternatively depict the patterns in visitor numbers from 2008 to 2022 using the chain index, as shown in Table 1.

**Table 1.**

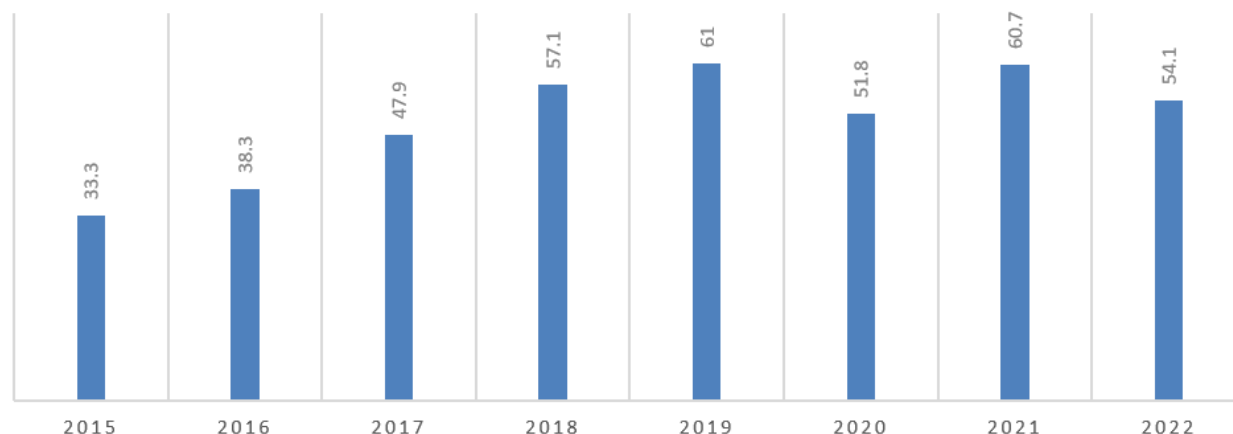
Number of visits to Kosovo, 2008-2022.

Period	Number of visitors	Chain indexes for the number of visitors + or - Change	+ or - change
1	2	3	4
2008	44294	-	
2009	88949	200.81	100.81
2010	79044	88.86	-11.13
2011	72393	91.58	-8.41
2012	80322	110.95	10.95
2013	95454	118.83	18.83
2014	107790	112.92	12.92
2015	139483	129.40	29.40
2016	257420	184.55	84.55
2017	250300	97.23	-2.76
2018	300804	120.17	20.17
2019	287083	95.43	-4.56
2020	152399	53.08	-46.91
2021	355141	233.03	133.03
2022	460467	129.65	29.65

**Source:** Data derived by the authors based on data about the number of visitors provided by KAS in 2023.

Based on the study of the trend according to the chain index, the table above shows that the most pronounced increase occurred in 2009 compared to 2008, or that the number of visitors increased by 100% in 2009 compared to 2008. A large rise in the number of tourists in 2021 compared to 2020, or a

133% increase over 2020. The number of visits in 2010 decreased by -11% compared to 2009. The most significant decline in the number of visitors occurred in 2020 compared to 2019, with a decrease of -46%. This more pronounced fall in 2020 is thought to be the effect of the COVID-19 pandemic. From 2015 to 2022, the government has dedicated a small amount of expenses on recreation, culture, and religion. The greatest expenses were in 2021 at roughly 61 million euros, in 2019 at around 61 million euros, and the lowest in 2015 at around 33.3 million euros (Kosovo Statistics Agency, 2024). Figure 2 depicts government expenditures on recreation.



**Figure 2.**

Government of Kosovo expenditures for recreation, culture, and religion in millions of euros from 2015 to 2022.

**Source:** Data derived by the authors based on data from National Accounts statistics published by KAS in 2023.

According to data on non-resident arrivals in hotels and comparable facilities in the Western Balkans, Serbia looks to have the most non-residents, followed by Albania (Eurostat, 2023). Table 2 allows us to exhibit information in detail.

**Table 2.**

Non-resident arrivals at hotels and similar facilities, 2010–2020.

Country	2016	2017	2018	2019	2020
Montenegro	669	795	913	1123	179
North Macedonia	489	601	674	725	115
Albania	:	:	691	736	281
Serbia	1147	1 336	1 514	1 626	329
Bosnia and Herzegovina	731	870	994	1139	189
Kosovo	164	162	193	177	85

**Source:** Eurostat (Online data code: tour\_occ\_arnat), Eurostat data collecting.

#### 4.2. Empirical Results on Foreign Direct Investments and the Number of Tourist Visits to Kosovo

This article uses regression analysis to determine the functional relationship between the independent variable FDI ( $X_1$ ) and the dependent variable NTV ( $Y$ ). The least squares approach is employed for regression analysis because it is the most appropriate method for determining the functional relationship between  $X$  and  $Y$ , where  $Y = f(X)$ . Changes in  $Y$  are thought to be a result of changes in  $X$ . Table 3 presents data by year for foreign direct investments and the number of visitors to Kosovo's tourist industry, as well as their analysis.

**Table 3.**

The data are expressed during the period 2008 - 2022 in millions of euros for FDI and in thousands of visitors for NTV.

Year	FDI (X)	NTV (Y)	$X^2$	$X * Y$	$Yc$
2008	369.9	44	136826.01	16275.6	197.759
2009	387.4	88	150078.76	34091.2	204.934



2010	368.5	79	135792.25	29111.5	197.185
2011	384.4	72	147763.36	27676.8	203.704
2012	229.1	80	52486.81	18328	140.031
203	280.2	95	78512.04	26619	160.982
2014	151.2	107	22861.44	16178.4	108.092
2015	308.8	139	95357.44	42923.2	172.708
2016	220	257	48400	56540	136.3
2017	255.4	250	65229.16	63850	150.814
2018	272.1	300	74038.41	81630	157.661
2019	254.6	287	64821.16	73070.2	150.486
2020	345.7	152	119508.49	52546.4	187.837
2021	420.7	355	176988.49	149348.5	218.587
2022	778.2	460	605595.24	357972	365.162
Total	$\Sigma X = 5026.2$	$\Sigma Y = 2765$	$\Sigma X^2 = 1974259.06$	$\Sigma XY = 1046160.8$	$\Sigma Y_c = 2752.242$

**Source:** The authors processed the data based on the data of the Statistical Agency of Kosovo for the number of visitors and the data of the Central Bank of Kosovo for FDI for the years 2008-2022.

To calculate the average of two occurrences of X (FDI) and Y (NTV), use the formulas:

$$\bar{y} = \frac{2765}{15} = 184.33$$

$$\bar{x} = \frac{5026.2}{15} = 335.08$$

Secondly, the parameters a and b are replaced.

$$b = \frac{15 * 1046160.8 - 5026.2 * 2765}{15 * 1974259.06 - (5026.2)^2} =$$

$$= \frac{15692412 - 13897443}{29613885.9 - 25262686.44} =$$

$$= \frac{1794969}{4351199.46} = 0.41$$

Thirdly, we replace the straight line equation with the regression line equation, which accurately reflects the relationship and evolution of the observed phenomenon.

$$a = 184.33 - 0.41 * 335.08 = 46.10$$

$$Y = a + b * x = 46.10 + 0.41 * x$$

Lastly, the other values are found by successively substituting X (FDI) values into the resulting equation.

$$\text{For } X = 369.9 \rightarrow Y_c = 46.1 + 0.41 * (369.9) = 197.759$$

$$\text{For } X = 387.4 \rightarrow Y_c = 46.1 + 0.41 * (387.4) = 204.934$$

$$\text{For } X = 368.5 \rightarrow Y_c = 46.1 + 0.41 * (368.5) = 197.185$$

$$\text{For } X = 384.4 \rightarrow Y_c = 46.1 + 0.41 * (384.4) = 203.704$$

$$\text{For } X = 229.1 \rightarrow Y_c = 46.1 + 0.41 * (229.1) = 140.031$$

$$\text{For } X = 280.2 \rightarrow Y_c = 46.1 + 0.41 * (280.2) = 160.982$$

$$\text{For } X = 151.2 \rightarrow Y_c = 46.1 + 0.41 * (151.2) = 108.092$$

$$\text{For } X = 308.8 \rightarrow Y_c = 46.1 + 0.41 * (308.8) = 172.708$$

$$\text{For } X = 220 \rightarrow Y_c = 46.1 + 0.41 * (220) = 136.3$$

$$\text{For } X = 255.4 \rightarrow Yc = 46.1 + 0.41 * (255.4) = 150.814$$

$$\text{For } X = 272.1 \rightarrow Yc = 46.1 + 0.41 * (272.1) = 157.661$$

$$\text{For } X = 254.6 \rightarrow Yc = 46.1 + 0.41 * (254.6) = 150.486$$

$$\text{For } X = 345.7 \rightarrow Yc = 46.1 + 0.41 * (345.7) = 187.837$$

$$\text{For } X = 420.7 \rightarrow Yc = 0.41 + 0.41 * (420.7) = 218.587$$

$$\text{For } X = 778.2 \rightarrow Yc = 0.41 + 0.41 * (778.2) = 365.162$$

According to the regression analysis, there appears to be a relationship between the independent variable, in this case FDI, and the dependent variable, in this case the number of tourist visitors, but the strength of this relationship is not significant. The regression analysis of the impact of FDI on NTV in Kosovo from 2008 to 2022 revealed a  $\beta_1$  parameter of 0.41. This demonstrates that for every unit increase in the independent variable X (in this case FDI), the value of the dependent variable Y (in this case NTV) increases by 0.41 units. This means that for every million euros in foreign direct investment, the number of tourists grew by 0.41 thousand. This finding is supported by the results of regression analysis and ANOVA. The statistic  $\beta_1 = 0.41$  implies a weak correlation between FDI and NTV. To test the hypothesis that FDI has increased the number of visitors to Kosovo, CBK's FDI statistics and KAS's visitor data were used. The major hypothesis examined was that FDI had an influence on increasing the number of tourists to Kosovo over the analyzed period, which was from 2008 to 2022. The purpose of this investigation was to demonstrate the impact of foreign direct investment on NTV growth. Empirical data analysis was carried out using the Excel application, with linear regression employed to investigate the link between FDI and NTV. The regression results demonstrate that the  $\beta_1$  coefficient is positive (0.41), indicating that FDI has had a favorable effect on the growth of NTV in Kosovo. The number  $p = 0.045$  is below the level of  $\alpha = 0.05$ .

This suggests that FDI has had a positive effect on increasing the number of visitors by 0.41 units; this effect is statistically sustainable, demonstrating that FDI has had an effect on boosting NTV at a significance level of 0.05. Furthermore, the ANOVA analysis shows a significant level of 0.043, which is less than 0.05. Thus, hypothesis H1 is accepted, and it can be demonstrated that FDI influenced the rise of NTV in Kosovo. Tables 4, 5, and 6 reflect the outcomes of the empirical analysis.

**Table 4.**  
Regression analyses for FDI and NTV in Kosovo, 2008–2022.

Multiple R	0.474484
R square	0.225135
Adjusted R square	0.16553
Standard error	114.3211
Observations	15

**Source:** Data examined by the authors based on the data of the Statistical Agency of Kosovo on the number of visitors and the data of the Central Bank of Kosovo on FDI for the years 2008–2022.

Table 5 Displays the coefficients and indicators for FDI and NTV.

**Table 5.**  
Values of coefficients and other indicators.

Variable	Coefficients	Standard error	t stat.	P-value	Lower 95%	Upper 95%
Intercept ( $\beta_0$ )	46.10519	77.00587	0.498723	0.0459646	-120.256	212.4663
FDI ( $\beta_1$ )	0.412523	0.21226	1.943482	0.093928	-0.04604	0.871082

**Source:** Data examined by the authors based on the data of the Statistical Agency of Kosovo on the number of visitors and the data of the Central Bank of Kosovo on FDI for the years 2008–2022.

Table 6 shows the variance analysis and related metrics.



**Table 6.**  
ANOVA analysis.

Source	df	SS	MS	F	Significance F
Regression	1	49364.38	49364.38	3.777123	0.043928
Residual	13	169901	13069.3		
Total	14	219265.3			

**Source:** Data examined by the authors based on the data of the Statistical Agency of Kosovo on the number of visitors and the data of the Central Bank of Kosovo on FDI, for the years 2008–2022.

## 5. Discussion

Establishing political and economical stability is critical to enhancing the performance of FDI, tourism, and government spending in Kosovo. The management of tourism policy, HD, and the allocation of government resources are still not sufficient. In 2022, FDI was valued 778.2 million euros. When compared to 2021, there was a more noticeable growth in FDI in 2022, with an increase of 84.97%. In 2022, government expenditures on recreation, culture, and religion totaled 54.1 million euros, a 10.8% reduction from the previous year, 2021. In terms of NTV, we have a 29.65% rise in 2022 over 2021. In 2021, NTV increased significantly when compared to 2020, with a percentage rise of approximately 133%. NTV experienced a significant decline in 2020 when compared to 2019, with a decrease of -46%. The reduction in 2020 was attributed to the COVID-19 pandemic. Regression analyses of the dependent variable NTV and the independent variables FDI reveal that a change in variable X affects variable Y. The regression analysis confirms that FDI in Kosovo has a favorable impact on NTV growth ( $\beta_1 = 0.41$ ), supporting the hypothesis. The level of significance is  $p = 0.0459$ , which is less than the value  $\alpha = 0.05$ , implying that the hypothesis is accepted or shown that FDI has influenced the expansion of NTV in Kosovo.

## 6. Conclusions and Recommendations

This study uses descriptive and empirical analysis to determine the presence of causal linkages between FDI and NTV from 2008 to 2022. According to the research, there is a positive correlation between FDI growth and NTV.

This study examined the trend of government investment from 2015 to 2022, as well as the entrance of non-residents in hotels and similar facilities in Western Balkan countries between 2010 and 2020. Kosovo should do more to attract FDI and expand NTV, as evidenced by the results, which show an improvement in the trend of FDI and NTV, but the resulting analyses reveal that these metrics are unsustainable.

Creating and maintaining economic and political stability might be considered one of the most important aspects in attracting FDI and expanding NTV. FDI inflows into the tourism sector stimulate both the growth of NTV and consumption.

The significant impact of tourism-related FDI on NTV growth in developing countries' economies justifies the need for central and local government intervention by implementing various policies, including "soft" policies, such as government support for trade fairs and maintenance of tourism websites such as cultural and heritage sites or eco-tourism, and "hard" policies, such as the government offering incentives to foreign investors to bring their established or prospective.

The lack of effective policies and plans has resulted in insufficient stability in the attraction of FDI and the growth of NTV in Kosovo. Finally, we can include some of the proposals for improving the effect of FDI on the expansion of NTV, which are: Infrastructure development, international marketing and promotion, workforce training and development, diversification of tourism products, establishment of investment facilities, public-private partnerships, technological and innovation development, and so on.

These ideas seek to maximize the positive impact of FDI in the tourist sector and the expansion of NTV, thereby contributing to the country's economic development.

Indeed, we should focus more on developing tourism infrastructure in conformity with European Union norms as well as global standards. There is a need in Kosovo for more and ongoing research to

quantify the effects of FDI on NTV growth and other pertinent variables. The extension of research into the effects of FDI in NTV and tourism will play an important role in the establishment of long-term policies at the central and local levels to improve the performance of these indicators, as well as other relevant indicators.

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