Factors influence residents' investment decision for tourism industry development

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Abstract

The growth of the tourism sector depends on tourism investment in small and medium-sized businesses throughout various regions. This paper investigates the impacts of capital, expectations of benefits, knowledge, and information on residents' investment decisions in the tourism industry. Investment in tourism is a key driver of economic expansion and development. So, it is necessary to look into locals' predisposition to invest in the tourism industry. A suitable process for selecting study participants was used, and the questionnaire method was used to collect data. Partial least square structural equation modelling was then used to evaluate the data (PLS-SEM). The findings of this study indicate that citizens' investment decisions are influenced by capital, knowledge, information, and benefit expectations. The results of this study will provide policymakers and the management of Malaysian tourist industry with new information that they can use to create successful regulations that encourage locals to make investment decisions that will advance the tourism industry.

1. Introduction

The present global drop in the price of oil has turned tourism into the new cash cow and focused attention on economic growth for the majority of economies. Malaysia takes advantage from the tourism industry because it stabilizes their economy The importance of tourism is demonstrated by the fact that its contribution now is comparable to or even greater than the commercial volume of several businesses, such as the export of food products and crude oil. (Robaina-Alves, Moutinho, & Costa, 2016). Many developing economies, including Malaysia, are now heavily dependent on the tourism industry for their income. Traveling outside one's home country or region for pleasure or business is included in the category of social and economic activities known as tourism (Andries, Arnaiz-Schmitz, Díaz-Rodríguez, Herrero-Jáuregui, & Schmitz, 2021).

It is a prominent and prevalent industry in today's world that stimulates economic growth (Chin, Puah, Teo, & Joseph, 2018). Globally, it is acknowledged as a unique and significant service industry for developing countries' economies and improves the lives of their citizens (WTTC, 2021). Tourism is an agent of economic growth, revenue generation, job creation, and regional economic development (Chin et al., 2018). Tourism investment has given enormous economic impact to countries, including their economic activities, accommodations, goods and services, restaurants, handicrafts, hotels, amusement, improvements in entertainment centres, and infrastructural development. There would need to be a sizable investment to achieve the promising global tourism-driven growth anticipated for 2030. This will require expansion in the provision

of accommodation, transportation, and other tourism-related services and infrastructure necessary to meet expected demand from tourists while enhancing economic, social, and environmental outcomes. It will be important to implement an integrated plan including multiple agencies. Investment boosts trade and tourism in developing nations and has a highly positive impact on financial gain.

Tourist investment is one of the fastest-evolving financial industries in the world, contributing 10% to the world's gross domestic product (WTTC, 2021). In 2015, tourism investment was US$775 billion, which is 4.3% of total investment. It is assumed to get to US$1,254 billion by 2026 (WTTC, 2021). Residents' investments in TSMEs will improve their lives because this sector of investment has abundant potential and generates income and employment. Previous studies relating to community investment in the TSMEs programme are still in their infancy. This paper fills the gap which intends to investigate and assess the impact of residents' investment in the tourism industry, using Langkawi as a case study. It is important to consider the potential for investment in tourism firms, with an emphasis on tourism small and medium enterprises, because tourism investment is significant in every country (TSMEs).

Due to the industry's contribution to Malaysia's economy in terms of employment creation, economic growth, and foreign exchange (Chin et al., 2018; Mrema, 2015; Seraphin, Sheeran, & Pilato, 2018; Set, Mahmood, & Agbola, 2016) During the emerging and evolving stages of tourism development, governments take deliberate action to promote the expansion of the tourism sector. because it is one of the primary sources of income around the world (Akama, 2002). These approaches include financial incentives and cooperation with induced investors for the growth of tourism sector.

Some propositions were highlighted pertaining to the factors responsible for investments in residents with a focus on capital and expected benefits from it. In Malaysia, Langkawi is the major city for tourism, where most of the investment comes from the government and the people. Hence, it is discovered that whether Langkawi natives are willing to invest in TSMEs, it will be necessary to ascertain their capital capacity.. This is because capital is the key to investment., it is essential for countries to inspire and support savings as an indicator of tourism development, and individuals would be encouraged to have enough capital for investment in TSME. The residents are to be guided towards investments that will supplement personal fulfilment and the growth of the economy. This growth depends basically on investment, which addresses economic conflicts and community developmental interests and emphasises the link amid progress. The participation of the residents in investment contributes extensively on tourism development. In order to achieve successful tourism investment, those factors need to be tackled which influence their investment. Researchers have long been interested in the connection between investment and sectoral economic growth, and a sizable body of literature is available in this field. However, the body of literature pertaining to tourism investment is still in its infancy. A comprehensive and conclusive concept has not yet been offered by the various empirical studies and methodologies. The goal of the current study is to investigate and examine the indicators influencing resident investment in the tourism sector.

2. Review of the Literature

Investments assist in energizing and restructuring economic activity that boosts economic growth across all over the world Investments, which are a part of total demand and a source of capital formation, were given significantly greater consideration in earlier research on sectoral growth than the tourism sector. The tourist industry is seen by governments as a major driver of development, job creation, and tax revenue (Anaba, Masud, & Ching, 2020). Governments play a significant role in facilitating and promoting tourism by offering sustainable policies and a solid framework to ensure the quality of work in this sector (Anaba et al., 2020). Any government cannot overlook the importance of tourism investment because these investments not only benefit the industry as a whole but also produce positive economic results at the national, state, and local levels.. Government involvement in tourist development is vital and yields outstanding results in countries like Malaysia, Indonesia, the Bahamas, Jamaica, Kenya, South Africa, Morocco, Dubai, Tunisia, etc. (Akama, 2002). They encourage tourism, which boosts a nation's gross domestic product (GDP) and its citizens' standard of living. The development of the tourism sector has depended heavily on investments (Anaba et al., 2020). Additionally, the growth of tourism in any location is intimately tied to the availability of necessary infrastructure, such as transportation and tourist attractions.

2.1. Resident Investment in Tourism Industry

Residents are a group of individuals with distinctive characteristics who are linked by social ties, have similar opinions, and engage in cooperative activities (Jimura, 2019). They understand their culture, the history of everyone, their affairs with one another, and their competence in participating collectively in matters concerning their environment. Hence, with an understanding of affairs and competence, participation in achieving development targets becomes easy, especially where money is involved. Thus, investments, derived from people's savings, usually stimulate development and provide intermittent employment for the populace. It plays a key role in boosting tourism-related entrepreneurship in countries and contributes to economic growth and individual well-being (Seraphin et al., 2018). These investments may be induced or autonomous (WTTC, 2021). This study is assessing induced investment in the tourism industry. In the tourism industry, an "induced

investment" is a profit-oriented investment that focuses more on restaurants, hotels or accommodation, transport services, tourist guides or tour operators, cultural services, entertainment services, crafts, etc. (WTTC, 2021). Induced investment is a crucial component in the growth and development of both an economy and an industry (Anaba et al., 2020). The primary driving force behind the induced sector's participation in tourist investment is typically financial gain. Tourism investment, conversely, impacts job opportunities in the environment and increases revenues. It helps in meeting the needs of the people and solving their problems by giving them things that make life healthier and improve their livelihood (Mrema, 2015). Using the Vector Autoregressive (VAR) methodology, Nawaz and Hassan (2016) also discovered a favorable and significant impact of induced investment on economic growth. Induced capital investment was identified by Petrescu (2011) as a key factor in the expansion of the travel industry and travel demand. According to Telfer and Sharpley (2014) the sustainability and expansion of tourism depend on investments. In the Savolainen (2017) and Set et al. (2016) studies, investment involves knowledge sharing and information sharing. In general, the term "information" refers to actions that make content available to individual upon request and have an impact on them or a method of communicating ideas and information from one person or group to another. Information integrates two features. (1) conveying materials or disseminating information to others; and (2) getting material that has been offered. Investors acquire information and knowledge so as to be used to perform better tasks (Savolainen, 2017).

Information and knowledge are vital to every investor. Before venturing into investment, the investor needs vital information on the intended investment area. These knowledge or information helps the investor manage investment risk and makes investment decisions vital (Pilerot, 2012; Savolainen, 2017). Having the right information and being knowledgeable about issues makes it easier to plan. Before investing in any business, the investor sources appropriate and genuine information so as to avert risk. In the study of Set (2013) investors go into investments based on optimistic expectations. Before entering into an investment, the investor makes investment decisions. These decisions are a compound procedure where the investor looks at the expectations of prospects and means towards meeting them. All investors want to make the right decisions to curb high risk. Risk and return are the two greatest issues that affect every investor's decision making (Bakar & Yi, 2016; Sarangee, Schmidt, & Calantone, 2019; Uslu & Bagci, 2018). In Newell and Seabrook (2006) they found that the main factors influencing investors' decisions are financial, locational, economic, diversification, and relationship factors. In another development, Ngoasong and Kimbu (2016) postulate that entrepreneurship growth is a procedure by which communities are reinvigorated and encouraged to utilise tourism to foster regional growth and better their lives through investing in small firms.

Specifically, the Malaysian government sees tourism investment as the industry backbone and works effortlessly towards achieving and managing companies. In the interest of advancing the industry, the government initiated and pioneered programmes and policies on tourism for small and medium-sized enterprises. To increase tourism development, Ringgit (RM) 4,677.1 million was launched on training and financial programmes (Set, 2013). RM 200 million was set aside to encourage tourism projects and programmes to assist tourism small and medium scale enterprises (Set, 2013). There was an exemption on income tax for tour operators, which was a new clause introduced by the government in the Investment Incentive Act of 1968. To maintain tourists' interest in Malaysia, the Malaysian government promotes and markets entrepreneurial talents while enhancing the competitiveness of tourism goods and services. The results of these efforts were encouraging. With 239,110 (100.0%) operating enterprises, TSMEs in Malaysia contribute significantly to the economic growth of the nation. Accommodation services offering 2,817 (1.2%), transportation services offering 40,025 (16.7%), art, entertainment, and recreation services offering 6,217 (2.6%), food and beverage services offering 142,721 (59.7%), miscellaneous tourism services offering 36,721 (15.4%), and travel agency services offering 10,609 (4.4%) (Department of Statistics, 2012; Set, 2013).

2.2. Dynamics Influencing Resident Investment

Investment is a function of several factors and recognising them will increase your understanding of investment. Investors normally glare for information on the levels of risk and return to make the right investment decision. Every investor should recognise the degree and enormity of investment risks and their impact. Previous findings showed that investment is constructively linked with an increase in GDP, enhancement of indigenous well-being, and the development of an environment (Kimbu, Ngoasong, Adeola, & Afenyo-Agbe, 2019). However, countless circumstances restrict people from investing. They include, among others: general economic factors, investment risk, lack of knowledge, managing aids and experiences, low level of awareness, and inadequate capital (financial and non-financial). In the studies of Abul (2019); Bernal, Amaya, Gaviria-Peñaranda, and Zwerg-Villegas (2021); Pfeiffer (2016) and Seetharaman, Niranjan, Patwa, and Kejriwal (2017) findings show that earnings, dividends, and demographic factors influence investment decision making. Investor's decision making is usually based on their age, education and gender. According to Obamuyi (2013) a company's past performance, experience, and viewpoints also affect investment decisions. Investment decisions are vital and should be given appropriate attention by investors.

Information search is another dynamic element in tourism investment. Information plays an essential role in investment decisions, and the right information helps reduce the associated risk. Individuals with much information tend to make better decisions than those with little information, and they tend to manage risk

efficiently as well as reduce uncertainty in investment choices (Wilson, 2010). Residents with positive information remain more enthusiastic about investing in tourism.

Knowledge is a fluid amalgam of framed experience, values, contextual information, and expert insight. It serves as a framework for assessing and assimilation of new experiences and information. (Moscardo, 2011; Rasoolimanesh, Ringle, Jaafar, & Ramayah, 2017). The degree of knowledge residents possess affects their capacity to invest in tourism (Saarinen, 2010). Tourism's performance is correlated with residents' knowledge and information. Residents who are informed about tourism development are more enthusiastic about investing in tourism projects. This is true because people who are aware of tourism will understand its costs and advantages, which will inspire them to invest (Andereck, Valentine, & Richard, 2005). Therefore, having a suitable level of tourism knowledge could assist residents in becoming active players in tourism investment. Knowledge is an important resource for tourism investment (Moscardo, 2011).

Finally, economic expectations are an issue in tourism investment decisions. Expectations are mere anticipations of investment expansion and an economic rate of inflation. Investors always forecast expectations about the economy and the future to enhance quality decisions. The economic and social features influenced investors' decisions regarding investments greatly (Obamuyi, 2013).

2.3. Proposed Structural Models

This study examines the dynamics influencing residents' tourism investment in Langkawi, Malaysia because lack of attention was given to this area This paper investigates the role of capital, knowledge, information, and the expectation of benefits as some of the dynamics influencing resident investment in tourism development. The mechanisms behind investment in tourism development are still unexplored (Kişi, 2019; Rios-Morales, Gamberger, Jenkins, & Smuc, 2011).

2.3.1. Tourism Investment and Capital

Tourism investment requires individual motivation towards savings' level to save enough capital for investment. According to Kuznets (1955) he emphasised the importance of capital for investment. The level of investment by the people depends on their ability to grow from the little they are earning. Based on his study, capital is concentrated among the high revenue earners and less among the people in the low quintile of income earning. Intrinsically, the investment in tourism development is a function of the willingness to save from household earnings to raise adequate capital for investment. The extent of individual spending explicates the proficiency of their saving capacity. Their preparation to invest in the tourism industry depends on their competence of raising to raise capital (Attanasio, Picci, & Scorcu, 2000; Fuchs-Schündeln, Masella, & Paule-Paludkiewicz, 2019). Hence, we postulate that there is an interaction between capital available and tourism investment that ensures growth in the tourism industry. Thus, we assume:

H1: There is a significant relationship between capital and residents' investment decision.

2.3.2. Tourism Investment and Expectation of Benefit

Investors' ventures into investment are grounded in expectations of benefit; they invest based on the benefit accrued. In Gamel, Menrad, and Decker (2017) citizens are given the option to participate by investing, and that is how they determined their benefits from investments. Also, Obamuyi (2013) and Baker and Haslem (1973) stated that investors forecast their expectations of benefit, expectations about the economy, and future expectations extremely. These expectations are mere anticipations of investment expansion and return. Investor's decisions regarding investment are largely influenced by economic and social features (Obamuyi, 2013). By assumption, investors venturing into investment are grounded on expectations of benefit and are grounded on expectations of accrued benefits.

H2: There is a significant relationship between expectation of benefit and residents' investment decision.

2.3.3. Tourism Investment and Knowledge

Knowledge is pertinent for firms, and it plays a significant role, particularly at the beginning of any establishment. It correlates with the growth of the industry as it transforms an economy quickly (Savolainen, 2017). As such, the findings of Bernal et al. (2021) state that a lack of knowledge triggered an unfavourable bias towards tourism investment. He revealed that knowledge was the key element in determining people's level of power. The power of knowledge reduces business hazards and helps identify the needs of customers. It is very important for the success of every establishment (Bernal et al., 2021). The knowledge of a business and communication skills such as customer orientation and competitive advantage help investors to advance their accomplishments and attain business growth (Kişi, 2019). Based on these premises, this study assumes that knowledge stimulates people and investors towards tourism development. Hence:

H3: There is a significant relationship between knowledge and residents' investment decision.

2.3.4. Tourism Investment and Information

Information is a fact provided or learned about something or someone. It plays an essential role in any investment. Having the right information helps every investor reduce the associated risk. Individuals with much

information tend to make better decisions than those with little information and are more enthusiastic about investing (Wilson, 2010). Hence, we propose that there is an interface between information available and tourism investment. Thus, we presume:

H4: There is a significant relationship between information and residents' investment decision.

Based on the literatures and hypotheses, conceptual model of the study was developed as shown in Figure 1.
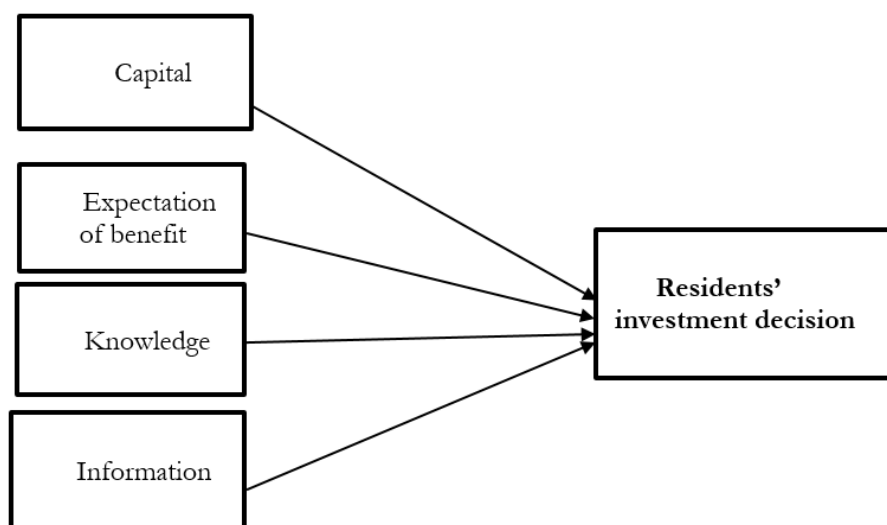

Figure 1. Conceptual framework.

3. Research Method

The influence of locals' investments in the tourism sector is measured in this Malaysian study using a cross-sectional design and a quantitative methodology. The study evaluates how capital, expertise, and information affect the attitudes of Langkawi inhabitants about their investment in the local tourism business.

3.1. Data and Data Source

First, the study was quantitatively designed and explored survey research tools. Hence, the data used in this study was collected through primary sources. A questionnaire was chosen as a research instrument to facilitate the collection of data during the field work. Due to the fact that there are many required sectors in tourism development, including transport, accommodation, food, tourist guides, entertainment, etc., a stratified sampling technique was employed to get a total sample of 380, which was collected from the indigenes of Langkawi. The research instrument was self-administered at the sample area. A five-point Likert scale was used for all the constructs. The instrument was chosen because it has a continuum of response categories, from strongly disagreeing to strongly agreeing.

3.2. Data Analysis and Estimation

The PLS-SEM approach was used to analyse the data. The data were exposed to estimate the measurement models in order to assess the validity and reliability of the model systems. Internal consistency, convergent validity, indicator reliability, and discriminant validity were used to evaluate the measurement model. When the composite reliability and average variance extracted (AVE) values were used to analyze the constructs' reliability and validity, the results showed that all of the values were higher than 0.5 for each construct. Construct dependability and convergent validity were attained and described in this way. Each measure's discriminant validity was calculated. The second stage, which required estimating the structural model, produced the path coefficients, probability values, and paths that connected the model's constructs.

3.3. Area of Study

Langkawi Island is the study focus area because of the vast natural resources and potentials that may be exploited. The Langkawi Island is located in the north western portion of Peninsular Malaysia. The island is recognised for its warm weather, clean beaches, coral reefs, abundant marine life, freshwater lakes, karst terrain, and lush rainforests, making it a popular vacation spot for both locals and visitors. Langkawi Island is the largest of the 104 islands that make up the Andaman Sea archipelago. It's about 51 kilometres from the mainland coast of north western Peninsular Malaysia, between latitudes 6°10′N-6°30′N and longitudes 99°35′E-100°E. The island is part of the state of Kedah and covers a total land area of 47,848 square kilometres.

Prior to tourism development in Langkawi, majority of the islanders are farmers (Bird & Jelinek, 1989). There was constant grind of migration amongst the locals due to absence of job opportunities. When the economy was redirected towards tourism, majority of the local residents joined the industry and the numbers of resident engaged in agriculture and fishing lessened (Council, 1992). Conversely, tourism affected development

in Langkawi as well as attracted foreign exchange activities. Langkawi has gone through a lot of changes which includes government policies, environmental and economic changes (Langkawi Development Authority, 2013b). Below is the map of Langkawi Malaysia.

Figure 2 illustrates the Langkawi map.

Figure 2. Langkawi map.

Source: wordpress.com

4. Result and Discussion

The outcomes of the structural models are shown in this section. Consequently, the outcomes of both the measurement and structural models are reported.

4.1. Factor Loadings of the Measurement Model

All of the constructs or manifest variables met the 0.70 threshold value, according to an analysis of the factor loadings to establish internal consistency, which revealed that the factor loadings were higher than the recommended value of 0.70. (Hair Jr, Sarstedt, Ringle, & Gudergan, 2017). Following this, the structures with low loadings are eliminated, as seen in Table 1.

Table 1. Factor loadings of the measurement model.

Independent variables	EOB	KNOW	INFOR	CAP	INVT
EOB3	0.757				
EOB4	0.756				
EOB5	0.818				
KNOW1		0.771			
KNOW3		0.799			
KNOW4		0.761			
KNOW6		0.901			
KNOW7		0.869			
INFOR2			0.879		
INFOR3			0.850		
INFOR4			0.905		
INFOR5			0.910		
CAP1				0.700	
CAP2				0.706	
CAP3				0.798	
CAP4				0.816	
CAP5				0.793	
INVT1					0.748
INVT2					0.735
INVT3					0.789
INVT4					0.809
INVT5					0.719
INVT6					0.757

Note: Expectation of benefit (EOB), Knowledge (KNOW), Information (INFOR), Capital (CAP), Investment (INVT).

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Table 2 Reliability and validity.

Variables	Mean	SD	CA	rho A	CR	AVE
EOB	2.8650	0.7065	0.673	0.672	0.821	0.605
KNOW	3.7400	0.8775	0.845	0.867	0.891	0.624
INFOR	3.8310	0.8907	0.879	0.886	0.898	0.646
CAP	3.2270	0.8266	0.817	0.817	0.873	0.580
INVT	3.7200	0.8656	0.839	0.843	0.882	0.556

Note: Expectation of benefit (EOB), Knowledge (KNOW), Information (INFOR), Capital (CAP), Investment (INVT).

4.2. Reliability and Validity Analysis

The reliability and validity of a reflecting measurement model was examined, and the results showed that the average extracted variance (AVE) is more than the cut-off value of 0.50 (Kline, 2010). All items had factor loadings greater than 0, ranging from 0.719 to 0. 910 for all products. This idea reached convergent validity while preserving the one-dimensionality of each scale. Composite reliability (CR) and average variance extracted (AVE) were calculated to evaluate the reliability of the internal consistency. All variables' CR exceeded Hair, Black, Babin, and Anderson (2010) suggested threshold value of 0.70. The Cronbach's alpha values greater than 0.7 were found for expectation of benefit, knowledge, information, capital, and investment, see Table 2. As long as an item's Cronbach's alpha value is more than 0.7, it is considered to be reliable. (Hair, Ringle, & Sarstedt, 2013). (Hair et al., 2013).. A set of indicators is said to have convergent validity when they all represent the same underlying construct, as shown by their one-dimensionality, and when AVE value for each item is greater than 0.5 (Bonett & Wright, 2015). The proposed constructs observed the convergent and the AVE values for the four variables surpassed the least benchmarks of >0.50 as shown in Table 2.

The square root of the AVE (diagonal) for each construct must be bigger than all of the correlations (off-diagonal) among the constructs in order to prove discriminant validity (Chin, 2010; Hair Jr, Sarstedt, Hopkins, & Kuppelwieser, 2014). The discriminant validity is strong since the loading values are fewer than the outer loadings. The indicator loadings should be analysed in order to evaluate discriminant validity, and the Fornell-Larcker criterion is employed to quantify discriminant validity at the construct level. The Fornell-Larcker criterion did not find any instances in Table 4 that lacked discriminant validity, which is a sign of dependability. The Heterotrait-Monotrait Ratio (HTMT), shown in Table 5, is used to measure correlation between the constructs. According to this study, the constructs pass the test and there is no proof that they lack discriminant validity. The models have satisfactory discriminant validity, as shown in Table 3's results of the measurement model's discriminant validity assessment using the Fornell-Larcker criterion (Fornell & Larcker, 1981).

Table 3 Discriminate validity.

Variables	EOB	KNOW	INF	CAP	INV
EOB	0.778				
KNOW	0.498	0.790			
INFOR	0.559	0.599	0.872		
CAP	0.406	0.533	0.674	0.762	
INVT	0.356	0.546	0.512	0.494	0.746

Note: Expectation of benefit (EOB), Knowledge (KNOW), Information (INFOR), Capital (CAP), Investment (INVT).

Table 4. Fornell-lacker criterion.

Variables	EOB	KNOW	INF	CAP	INV
EOB	0.812				
KNOW	0.679	0.890			
INFOR	0.0687	0.702	0.876		
CAP	0.718	0.733	0.774	0.852	
INVT	0.721	0.646	0.612	0.704	0.810

Note: Expectation of benefit (EOB), Knowledge (KNOW), Information (INFOR), Capital (CAP), Investment (INVT).

Table 5. Heterotrait-Monotrait ratio (HTMT).

Variables	EOB	KNOW	INF	CAP	INV
EOB	0.787				
KNOW	0.811	0.716			
INF	0.802	0.702	0.806		
CAP	0.897	0.813	0.674	0.814	
INVT	0.821	0.799	0.712	0.802	0.836

Note: Expectation of benefit (EOB), Knowledge (KNOW), Information (INFOR), Capital (CAP), Investment (INVT).

4.3. Path Analysis

A path coefficient indicates the direct effect of one variable that is considered a cause on another variable that is assumed to be an effect. The trail connections between the model's constructs in the structural model are

used to calculate path coefficients (Chin, 2010). In other words, it assesses the relationship amid dependent and independent variables, all the variables were merged into a single model. Table 6 shows the Path coefficient and hypothesis testing (effect size). Results revealed that the path coefficients between expectation of benefit were discovered to have a significant impact on tourism investment at <0.000% significance level, as shown in Table 6. Additionally, it was discovered that knowledge had a positive and significant impact on tourism investment at <0.023% significance level. The result also discovers noteworthy relationship amid information and tourism investment at <0.000% significance level. Finally, it was discovered that capital also had a favourable and significant impact on tourism investment at <0.002% significance level. All the constructs were positive and significant, indicating H1–H4 support. The p-value were less than 0.05 hence supporting the 4 hypotheses.

Table 6. Path coefficient and hypothesis testing.

Hypothesis	Relationship	Std. beta	Sample mean	Std. error.	T statistic	P value	Effect size	Supported
H1	EOB → INVT	0.142	0.1396	0.059	2.216	<0.029	0.000	Yes
H2	KNOW → INVT	0.163	0.1682	0.073	2.228	<0.026	0.023	Yes
H3	INFOR → INVT	0.174	0.1789	0.058	2.314	<0.025	0.000	Yes
H3	CAP → INVT	0.141	0.139	0.058	2.439	<0.015	0.002	Yes

Note: Expectation of benefit (EOB), Knowledge (KNOW), Information (INFOR), Capital (CAP), Investment (INVT).

4.4. Effect Size (f^2)

According to Cohen (1988), f^2 values of 0.35, 0.15, and 0.02 are considered large, medium and small effect sizes respectively. If exogenous construct contributes to explaining an endogenous construct, the difference between R^2 included and R^2 excluded will be high, leading to a high f^2. Corresponding to the effect sizes (f2) in Table 7 expectation of benefit, information and knowledge were found to have medium effects on investment while capital has a large effect on investment. Given that the goal of this study was to identify the dynamic factors influencing investment, the coefficient of determination (r2) of all endogenous latent variables, as shown in Table 7, are considered moderate and large. The effect size is calculated using formula below:

$$f^2 = \frac{R^2 \text{ included} - R^2 \text{ excluded}}{1 - R^2 \text{ included}}$$

Table 7. f^2 (Effect size).

Variables	EOB	KNOW	INFOR	CAP	INVT
INVT	-	-	-	-	0.223
EOB	-	-	-	-	0.015
KNOW	-	-	-	-	0.182
INFOR	-	-	-	-	0.040
CAP	-	-	-	-	0.310

Note: Investment (INVT), Expectation of benefit (EOB), Knowledge (KNOW), Information (INFOR), Capital (CAP).

4.5. Importance Performance Matrix Analysis

In order to more thoroughly analyse the findings, this study examined doing importance-performance matrix analysis (IPMA) using factors such as expectation of benefit, knowledge, information, money, and investment. A low value denotes a negative consequence, whereas a high value denotes a good outcome in IPMA. All indication coding must have the same orientation. Otherwise, we cannot draw the conclusion that better performance is represented by higher latent variable values. If not, the scale must be turned around to update the indicator coding (e.g., on a 5- point scale, 1 becomes 5 and 5 becomes 1, 2 becomes 4 and 4 becomes 2, and 3 remains unchanged). As shown in Table 8, expectation of benefit toward tourism investment was the most important factor in determining investment and knowledge, information and capital was cogitated by its comparatively high importance and performance values.

Table 8. Performance and total effects.

Variables	Total effect	Performance
KNOW	0.116	52.126
CAP	0.126	54.442
EOB	0.311	51.333
INFOR	0.131	53.841
INVT	0.739	50.441

Note: Knowledge (KNOW), Capital (CAP). Expectation of benefit (EOB), Information (INFOR), Investment (INVT).

This paper assesses the impact and limiting factors affecting resident tourism investment on Langkawi Island. The results show significant relevance on expectations of benefit, knowledge, information, and capital.

Across countries where tourism gained sufficient economic ground, the benefits provided increasing returns to the economy. From the Langkawi grassroots, the expectation of benefit accruing to the household is an enabling indicator for tourism investment, indicating that residents are driven towards tourism investment. People believe that, among other things, tourism investment will improve people's wellbeing and the environment. The expectation of benefit is very important to every investor, as it motivates them towards achieving their goals. The well-being and public health constitute benefits derived from investment in tourism (Page et al., 2017). Also, Koellner, Sell, and Navarro (2010); Anaba et al. (2020); Page et al. (2017) and Zhang and Lei (2012) find a significant effect between expectation of benefit and tourism investment.

Besides that, people have an understanding of the benefits; this understanding is supported by their knowledge of tourism development, which thereby correlates with tourism investment. Those countries, e.g., the United States of America, the United Kingdom, etc., with a high impact of tourism on economic growth could not underrate how knowledge spurs development. So, the residents are trained to acquire the needed knowledge in the areas needing tourism investment Bernal et al. (2021); Kişi (2019). Knowledge has a significant effect on the residents' intention towards tourism investment. It indicates that knowledge has a great impact on residents' attitudes toward investing in the tourism industry. Their knowledge correlates to their understanding and degree of aid for tourism investment. People get motivated towards investment based on their knowledge of what they are venturing into and knowing the cost-benefit of investment. Since understanding and knowledge are important indicators, the characteristics and tourists' preferences will help investors choose the right investments for the area that will bring advantages to every sector. People who are knowledgeable about tourism tend to be more enthusiastic about investing in it. The studies of McCamley and Gilmore (2017) and Savolainen (2017) support knowledge toward tourism investment, and this current study finds the same direction.

Information is knowledge that has been given or acquired about something or someone. It plays a crucial role in every investment. Every investor can lower investment risk by having access to the right information. People who have access to a lot of information tend to make better decisions and are more enthusiastic about investing than those who don't (Wilson, 2010). Because of this, we propose that there is an interface between information that can be gathered and investment in tourism.

Capital for investment is derived from various sources, especially savings. The savings ability of the residents explains the level at which the residents want and support tourism development. According to macroeconomic theory, it is a percentage of income that is not spent on home consumption. Often, people think that this percentage would lead to economic growth. (Attanasio et al., 2000). Investment is an indicator that causes a higher level of output within economic activities. As such, a sufficient amount of capital for investment increases economic growth, which would translate to individual well-being in the medium- and long-term.

5. Conclusion

Investment in tourism is crucial for a region's economic growth and development. This study looked into how information, expectations of rewards, capital, and knowledge affected tourism investment in Langkawi, Malaysia. Particularly, tourism development was crucial in the development and expansion of Langkawi's and Malaysia's economies. It is not a gain to say that investing in the tourism industry is a means to stimulate growth over a long-term period and enables the poor to share in economic gains. The resident investment in the tourism industry in Langkawi was due to sufficient knowledge and the expectation that residents would benefit from investing in the industry. The high expectations of benefits inform and remind the residents of the improvement in their standard of living and the serene environment. There is a linkage between knowledge and the expectation of benefits. The larger the tourism investment, which in turn boosts economic activity in the area, the more the locals are aware of the benefits of investing in any component of tourism development. Their investments enable them to generate earnings for their survival. It also helps to safeguard their natural and cultural legacies, which trigger their economic prospects. For example, residents' increasing attitude toward tourism investment would reduce poverty, increase wellbeing, and preserve their natural habitat. This would occur through positive tourism and socioeconomic output. Other spill over benefits would come in the form of increased income, higher savings, and increased infrastructural development in Langkawi. Since resident's value knowledge and information, it will be necessary for the government to organise seminars and workshops to update the residents of Langkawi about new developments in tourism. The government may easily manipulate economic and financial factors like interest and currency rates, the price of consumer goods (inflation), etc. to draw in more money for tourism investment since it is known that capital accumulation is a powerful stimulant for such investments. Finally, to develop tourism and attain a robust economy, we suggest a strong collaboration between the residents and government to increase investment in TSMEs in Malaysia.

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