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The Impact of Foreign Investment on Enhancing Visitor Experience through Sustainable Tourism in Algeria

Abstract. *This study analyses the impact of foreign investment on visitor experience, with a particular focus on the mediating role of sustainable tourism. The empirical investigation was conducted at Rusica Park, a major tourist complex in Algeria developed through Saudi foreign investment and officially inaugurated in 2023. Data were collected from a sample of 1,763 visitors using a structured questionnaire and analysed through Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS 4.1.1.1. Foreign investment was measured through five dimensions: infrastructure development, service diversification, tourism technology, financial services, and service quality. Sustainable tourism was assessed through environmental, economic, and sociocultural components, while visitor experience included satisfaction, perceived value, revisit intention, and recommendation. The results reveal significant direct impacts of foreign investment on both sustainable tourism and visitor experience, in addition to a strong indirect impact mediated by sustainability practices. These findings emphasise the importance of integrating sustainability into foreign investment strategies to maximise positive outcomes for the tourism experience. This study contributes to the growing literature on tourism development by offering empirical evidence from an emerging economy, highlighting the impact of foreign capital on sustainable and satisfying visitor experiences.*

Keywords: *foreign investment, visitor experience, sustainable tourism, Structural Equation Modelling, Smart PLS, Algeria.*

JEL Classification: F21, L83, Q56, C38, O55.

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1. Introduction

Tourism has emerged as a strategic driver of economic diversification, cultural exchange, and sustainable development, especially in emerging economies seeking to reduce dependence on traditional sectors. Among the key enablers of tourism

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growth is foreign investment, which provides critical financial resources for infrastructure development, service enhancement, and innovation. Although the economic benefits of such investment are well documented, its impact on the visitor experience, a key determinant of destination competitiveness, remains insufficiently explored, particularly when mediated by sustainable tourism practices. (World Tourism Organization, 2020)

In the Algerian context, Rusica Park stands as a notable example. Officially inaugurated in 2023, the complex represents one of the largest foreign-funded tourism projects in the country, developed through a Saudi investment of 8.4 billion Algerian dinars. Beyond its economic scale, Rusica Park offers a valuable empirical setting to investigate how foreign capital influences perceived value, satisfaction, and visitor loyalty behaviours.

This study aims to analyse the impact of foreign investment on the visitor experience, with particular attention to the mediating role of sustainable tourism. The conceptual model is built on multiple dimensions, including infrastructure development, service diversification, tourism technology, financial services, and service quality. Sustainable tourism is assessed through environmental, economic, and sociocultural pillars, while the visitor experience is evaluated via overall satisfaction, perceived value, revisit intention, and recommendation.

By shifting the focus beyond financial performance toward intangible experiential outcomes, this research seeks to address a relevant gap in the tourism literature. Data were collected from 1,763 visitors to Rusica Park and analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) via SmartPLS 4.

Consequently, this study offers a dual contribution: it enriches the theoretical understanding of the relationship between foreign investment and tourism experience, and it provides empirical insights to inform evidence-based, visitor-centred, and sustainability-driven tourism strategies in developing economies.

2. Theoretical and Empirical Literature Review

2.1 Theoretical Background of the Study

2.1.1 Foreign Investment

Foreign investment refers to the allocation of capital by individuals, companies, or governments from one country to the economic activities of another country, with the aim of establishing long-term interest and influence. In the tourism sector, such investments are often directed toward the development of large-scale infrastructure projects, hospitality facilities, and service-oriented innovations that enhance the attractiveness and competitiveness of destinations. (Al-Hallaq et al., 2020)

Foreign investment can contribute not only to economic growth through job creation and capital inflows but also to the modernisation of tourism ecosystems via technology transfer, service diversification, and improved operational standards. (Dwyer et al., 2013)

In this study, foreign investment is conceptualised as a multidimensional construct comprising the following five dimensions (González-Rodríguez et al., 2021):

- Infrastructure Development: Investments in buildings, roads, accommodation, and leisure facilities.
- Service Diversification: Expansion and variety of tourism offerings tailored to diverse visitor needs.
- Tourism Technology: Integration of smart systems, online platforms, and digital tools within tourism services.
- Financial Services: Availability and modernisation of payment methods and financial transactions for tourists.
- Service Quality: Professionalism, responsiveness, and reliability of services provided to tourists.

2.1.2 Visitor Experience

Visitor experience refers to the overall cognitive, emotional, and behavioural responses generated during a tourist's interaction with a destination. It encompasses both tangible and intangible elements, including service quality, perceived value, personal satisfaction, and the likelihood of future engagement.

A rich and positive visitor experience is considered a key determinant of tourist loyalty, destination image, and word-of-mouth promotion. (Ching-Fu and Fu-Shian, 2010)

In this study, visitor experience is operationalised through four interrelated dimensions: (Yoon & Uysal, 2005)

- Overall Satisfaction: The general evaluation of the visit based on expectations and perceived quality.
- Perceived Value: The visitor's assessment of the benefits received relative to the costs incurred.
- Revisit Intention: The expressed willingness to return to the destination in the future.
- Recommendation: The likelihood of recommending the destination to others.

2.1.3 Sustainable Tourism

Sustainable tourism refers to tourism activities that balance economic profitability with environmental protection and sociocultural integrity, ensuring that current tourism development does not compromise the needs of future generations.

It emphasises long-term destination viability, equitable benefit distribution, and active engagement with local communities and ecosystems. (World Tourism Organization, 2020)

In the present study, sustainable tourism is examined through three key dimensions (Saarinen, 2006):

- Environmental Sustainability: Efforts to reduce ecological footprints, manage resources responsibly, and protect biodiversity.
- Economic Sustainability: Ensuring long-term profitability, efficient use of resources, and equitable economic gains.
- Socio-Cultural Sustainability: Preserving cultural heritage, supporting local identity, and fostering inclusive community development.

2.2 Empirical Literature Related to the Study

2.2.1 Previous Studies

Recent academic research has increasingly focused on the relationship between foreign investment and tourism development. Gopalan et al. (2023), in Current Issues in Tourism, examined the impact of Greenfield foreign direct investment (FDI) on international tourism flows using bilateral data from 103 source countries and 63 destinations between 2003 and 2017. The study found that foreign investment significantly stimulates tourism flows, particularly between countries that are geographically distant or linguistically different. (Gopalan et al., 2023)

Similarly, Nguyen (2021), in a study published in Economies, investigated the long-term effects of tourism infrastructure investment on international tourist arrivals in Vietnam using a nonlinear ARDL approach. The findings indicate a strong positive impact of investments in transportation, telecommunications, hotels, and recreational facilities on attracting foreign tourists. (Nguyen , 2021)

In another relevant contribution, Hussain et al. (2023), in Sustainability, explored the relationship between service quality, tourist satisfaction, and destination loyalty in Chinese tourist resorts using structural equation modelling (SEM). The results confirmed that service quality and satisfaction directly enhance both revisit intention and willingness to recommend the destination. (Hussain et al., 2023)

These studies collectively underscore the critical role of foreign investment and service quality in promoting tourism competitiveness and improving the visitor experience. However, they often address these variables separately and rarely incorporate sustainability as an intermediate mechanism within an integrated empirical model.

2.2.2 Research Gap and Added Value

Despite the growing body of literature examining the nexus between foreign investment and tourism development, most existing studies have predominantly emphasised either macroeconomic outcomes such as international tourist flows or tourism receipts, or specific service-related aspects such as satisfaction and loyalty. For instance, Gopalan et al. (2023) highlighted the stimulating effect of foreign direct investment on bilateral tourist flows, while Nguyen (2021) underlined the role of infrastructure investment in enhancing Vietnam's international tourism appeal.

Similarly, Hussain et al. (2023) focused on service quality and its impact on tourist loyalty within the Chinese context. However, few empirical investigations have attempted to integrate these components into a unified model that captures both the structural influence of foreign investment and the mediating role of sustainable tourism on visitor experience.

Moreover, the majority of previous research tends to conceptualise foreign investment as a monolithic or aggregate indicator, overlooking its multidimensional nature, which may encompass infrastructure development, technological infusion, financial service provision, and service quality enhancement. In parallel, the visitor experience is often treated as a behavioural outcome, rarely examined through its cognitive and emotional dimensions such as perceived value, satisfaction, and revisit intention within the framework of sustainability-driven tourism ecosystems.

Thus, the current study addresses this gap by proposing a multi-dimensional and mediating model that explores the impact of foreign investment on visitor experience through sustainable tourism. It further distinguishes itself by applying Partial Least Squares Structural Equation Modelling (PLS-SEM) to a robust sample of 1,763 visitors at Rusica Park the largest foreign-invested tourism complex in Algeria and North Africa. In doing so, this research offers novel theoretical insights and practical implications, particularly within emerging economies, where foreign capital is increasingly viewed as a lever for both tourism development and experiential quality enhancement.

2.2.3 Model Description and Hypothesis

H_o1: There is no statistically significant effect of foreign investment on enhancing the visitor experience at the Rusica Park tourist complex.
H_o2: There is no statistically significant effect of foreign investment on sustainable tourism at the Rusica Park tourist complex.
H_o3: There is no statistically significant effect of sustainable tourism on enhancing the visitor experience at the Rusica Park tourist complex.
H_o4: There is no statistically significant effect of foreign investment on enhancing the visitor experience through sustainable tourism at the Rusica Park tourist complex.

3. Methodology

3.1 Research Design

This study adopts a quantitative explanatory causal design aimed at analysing the effect of foreign investment on visitor experience, with a particular focus on the mediating role of sustainable tourism in explaining the relationships among the study variables. The conceptual framework is grounded in the recent literature on tourism investment, sustainable tourism, and customer experience, from which the research hypotheses and structural relationships were developed. The empirical investigation

was conducted in the context of Rusica Park, the largest foreign-invested tourist complex in Algeria and North Africa, officially inaugurated in 2023. A descriptive and analytical approach was used to describe the characteristics of the phenomenon under investigation and to examine the structural relationships among the latent constructs of the study. Data were collected using a structured questionnaire administered to visitors of the tourist complex, with the aim of measuring their perceptions of foreign investment quality, sustainable tourism practices, and overall visitor experience. Figure 1 presents the conceptual model of the study and the hypothesised relationships among variables.

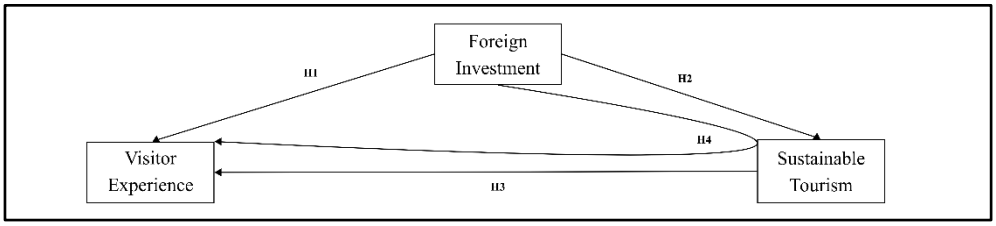

Figure 1. Conceptual model of the study
Source: Prepared by the researchers.

3.2 Population and Sample

The target population for this study consisted of visitors to Rusica Park, a tourist complex developed through a Saudi foreign investment valued at 8.4 billion Algerian dinars. According to official statistics provided by the management of the complex, the total number of visitors during the study period reached 15,520 visitors. Given the absence of a complete sampling frame and the practical difficulty of reaching all visitors, a convenience sampling technique was employed to facilitate access to respondents. This approach is widely used in tourism and hospitality research due to operational constraints and the dynamic nature of visitor flows. Efforts were made to reduce potential selection bias by targeting visitors from different locations and time slots within the complex in order to capture a diverse range of visitor profiles. To determine the minimum required sample size, Stephen Thompson's formula for finite populations was applied: (Thompson, 2012)

$$n = \frac{N \times P(1-P)}{\left(N-1\right)\left(\frac{d^2}{z^2}\right) + P(1-P)}$$

where n represents the required sample size, N is the population size, p refers to the estimated proportion of the population possessing the characteristic under study (commonly set at 0.50 to maximise sample size), d denotes the margin of error, and z corresponds to the standard score associated with the selected confidence level.
Based on a population size of 15,520 visitors, a confidence level of 95%, and a margin of error of 5%, the minimum required sample size was estimated at 375

respondents. However, the final dataset included 1,763 valid responses after data screening and validation, substantially exceeding the minimum required threshold. The sample included both domestic and international visitors and reflected a diverse demographic composition, thereby enhancing the analytical robustness of the study. This sample size is considered statistically adequate for Partial Least Squares Structural Equation Modelling (PLS-SEM), ensuring sufficient statistical power for testing the proposed structural relationships.

3.3 Data Collection Procedure

Data were collected using a structured self-administered questionnaire specifically designed for the purposes of this study. The questionnaire was distributed digitally through QR codes placed in strategic locations within Rusica Park, including reception areas, restaurants, leisure spaces, and accommodation facilities, allowing visitors to access and complete the survey conveniently during their visit. The data collection process was conducted in coordination with the reception, customer service, and catering departments of the tourist complex, facilitating direct interaction with visitors and encouraging participation from different visitor categories. Participation was voluntary and anonymous, and respondents were informed that their answers would be used strictly for academic research purposes. Data collection took place over an eight-week period, from July 1 to August 30, 2025, corresponding to the peak summer tourism season in the complex. It is important to note that this seasonal period can influence visitor patterns and should be considered when interpreting the generalisability of the findings. During the fieldwork period, members of the research team were physically present on site to supervise questionnaire distribution, provide clarification when necessary, and ensure completeness and consistency of responses. The use of multiple distribution points helped reduce sampling bias and ensured broader coverage of different visitor segments. A total of 1,800 questionnaires were collected. After data screening and validation, 37 incomplete or invalid responses were excluded, resulting in a final dataset of 1,763 valid questionnaires retained for statistical analysis.

3.4 Measurement Scales

The questionnaire used in this study was developed based on validated measurement scales adapted from recent academic literature in the fields of tourism, investment, and sustainability. All constructs were conceptualised as multidimensional latent variables in line with established approaches in structural equation modelling. Foreign investment was operationalised through five dimensions: infrastructure development, service diversification, tourism technology, financial services, and service quality. Sustainable tourism was measured through three dimensions: environmental, economic, and sociocultural sustainability. Visitor experience was assessed through four dimensions: overall satisfaction, perceived

value, revisit intention, and word-of-mouth recommendation. A five-point Likert scale was employed to measure respondents' level of agreement with the survey items, ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was reviewed by academic experts to ensure content and face validity, and a pilot test was conducted to verify clarity, comprehensibility, and reliability of the measurement instrument prior to the main data collection.

3.5 Data Analysis Techniques

Data were analysed using SmartPLS 4.1.1.1 software, based on Partial Least Squares Structural Equation Modelling (PLS-SEM). The analysis began with the assessment of the measurement model, including indicator reliability, internal consistency, convergent validity, and discriminant validity. This was followed by the evaluation of the structural model, including estimation of path coefficients, analysis of the mediating effect of sustainable tourism, and computation of the coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). Hypotheses were tested based on the statistical significance of structural paths using t-values and p-values obtained through bootstrapping procedures.

3.6 Descriptive Statistics of the Sample

This section presents the demographic profile of respondents who participated in the survey at Rusica Park. The variables include gender, age group, education level, monthly income, frequency of visits, and country of residence, as summarised in Table 1.

Table 1. Demographic Profile of the Sample (N = 1763)

Variable	Categories	Frequency (n)	Percentage (%)	Total
Gender	Male	984	55.8%	100%
	Female	779	44.2%	
Age Group	Less than 35 years	591	33.5%	100%
	35 to 50 years	794	45.0%	
	Over 50 years	378	21.5%	
Educational Level	Secondary School	190	10.8%	100%
	Higher Technician	387	22.0%	
	University Degree	1083	61.4%	
	Postgraduate Studies	103	5.8%	
Monthly Income	Less than 100,000 DZD	290	16.5%	100%
	100,000 – 200,000 DZD	813	46.1%	
	More than 200,000 DZD	660	37.4%	
Number of Visits	First Visit	419	23.8%	
	Second Visit	984	55.8%	
	Third Visit	360	20.4%	
Country of Residence	Algeria	1117	63.4%	100%
	Europe	463	26.3%	
	Middle East	212	12.0%	
	Other	29	1.6%	

Source: Authors' own elaboration based on survey data.

Table 1 shows that the sample consists of 1,763 respondents with a relatively balanced gender distribution (55.8% male and 44.2% female). The majority of respondents are aged between 35 and 50 years (45.0%), followed by those under 35 years (33.5%), and those over 50 years (21.5%), indicating a diverse age structure. Regarding education, most respondents hold a university degree (61.4%), followed by higher technicians (22.0%), secondary education (10.8%), and postgraduate studies (5.8%), reflecting a relatively educated visitor profile. In terms of income, 46.1% earn between 100,000 and 200,000 DZD, 37.4% earn more than 200,000 DZD, and 16.5% earn less than 100,000 DZD, indicating a predominantly middle- to upper-income sample. Regarding visit frequency, 55.8% of the respondents were repeat visitors (second visit), while 23.8% were first-time visitors, and 20.4% had visited three times or more, suggesting a relatively high level of repeat visitation.

Finally, 63.4% of the respondents are residents of Algeria, while 26.3% are from Europe, 12.0% from the Middle East and 1.6% from other regions, indicating both domestic and international representation in the sample.

4. Empirical Results

4.1 Assessment of the Measurement Model

4.1.1 Indicator Reliability and Construct Validity

To assess the quality of the measurement model, indicator reliability and construct validity were examined. Indicator reliability was evaluated through outer loadings, with values above the recommended threshold of 0.70 indicating acceptable reliability (Hair et al., 2021). Composite Reliability (CR) and Cronbach's Alpha were used to assess internal consistency, with values above 0.70 considered satisfactory. Convergent validity was evaluated using Average Variance Extracted (AVE), where values above 0.50 indicate adequate validity. Table 2 presents the results of the measurement model assessment for all constructs and indicators.

Table 2. Results of the Measurement Model Assessment

Construct		Indicator Code	Type	Loading	CR	Cronbach's Alpha	AVE
Foreign Investment	Tourism Infrastructure Development	FI-TI 1	Reflective	0.812	0.878	0.817	0.644
		FI-TI 2		0.794			
		FI-TI 3		0.821			
		FI-TI 4		0.758			
	Diversification of Activities and Services	FI-AS 1	Reflective	0.803	0.884	0.826	0.657
		FI-AS 2		0.790			
		FI-AS 3		0.826			
		FI-AS 4		0.769			
	Tourism Technology	FI-TT 1	Reflective	0.832	0.898	0.845	0.688
		FI-TT 2		0.805			
		FI-TT 3		0.854			
		FI-TT 4		0.799			
	Modern Financial	FI-FS 1	Reflective	0.782	0.871	0.808	0.631
		FI-FS 2		0.767			

Construct		Indicator Code	Type	Loading	CR	Cronbach's Alpha	AVE
	Services	FI-FS 3		0.802			
		FI-FS 4		0.779			
	Service Quality	FI-SQ 1	Reflective	0.811	0.889	0.832	0.668
		FI-SQ 2		0.845			
		FI-SQ 3		0.819			
		FI-SQ 4		0.772			
Sustainable Tourism	Environmental Sustainability	ST-EvS 1	Reflective	0.794	0.867	0.796	0.624
		ST-EvS 2		0.769			
		ST-EvS 3		0.826			
		ST-EvS 4		0.795			
	Economic Sustainability	ST-EcS 1	Reflective	0.781	0.874	0.808	0.635
		ST-EcS 2		0.823			
		ST-EcS 3		0.809			
		ST-EcS 4		0.768			
	Socio-cultural Sustainability	ST-ScS 1	Reflective	0.836	0.892	0.838	0.674
		ST-ScS 2		0.858			
		ST-ScS 3		0.832			
		ST-ScS 4		0.779			
Visitor Experience	Overall Satisfaction	VX-OS 1	Reflective	0.803	0.886	0.829	0.662
		VX-OS 2		0.828			
		VX-OS 3		0.834			
		VX-OS 4		0.776			
	Perceived Value	VX-PV 1	Reflective	0.809	0.881	0.821	0.653
		VX-PV 2		0.844			
		VX-PV 3		0.819			
		VX-PV 4		0.774			
	Revisit Intention	VX-RI 1	Reflective	0.857	0.902	0.852	0.698
		VX-RI 2		0.842			
		VX-RI 3		0.816			
		VX-RI 4		0.826			
	Recommendation	VX-RC 1	Reflective	0.837	0.894	0.842	0.678
		VX-RC 2		0.854			
		VX-RC 3		0.818			
		VX-RC 4		0.796			

Source: Outputs of statistical analysis using Smart PLS software.

All indicator loadings exceed the recommended threshold of 0.70, ranging from 0.758 to 0.858, confirming adequate indicator reliability across all constructs. Composite Reliability values range from 0.867 to 0.902, and Cronbach's Alpha values range from 0.796 to 0.852, indicating satisfactory internal consistency. Similarly, all AVE values exceed the 0.50 threshold, ranging from 0.624 to 0.698, confirming adequate convergent validity for all constructs.

4.1.2 Discriminant Validity

To assess the discriminant validity among the model constructs, the Fornell–Larcker criterion was applied. This approach requires that the square root of the Average Variance Extracted (AVE) for each construct be higher than its correlations

with other constructs in the model, indicating that each construct is empirically distinct. Table 3 presents the results of the Fornell–Larcker criterion.

Table 3. Fornell-Larcker Discriminant Validity

	FI-TI	FI-AS	FI-TT	FI-FS	FI-SQ	ST-EvS	ST-EcS	ST-ScS	VX-OS	VX-PV	VX-RI	VX-RC
FI-TI	**0.802**											
FI-AS	0.593	**0.811**										
FI-TT	0.561	0.606	**0.829**									
FI-FS	0.576	0.589	0.613	**0.794**								
FI-SQ	0.482	0.501	0.523	0.534	**0.818**							
ST-EvS	0.445	0.468	0.475	0.488	0.527	**0.790**						
ST-EcS	0.467	0.492	0.498	0.503	0.544	0.566	**0.797**					
ST-ScS	0.474	0.486	0.493	0.499	0.528	0.523	0.541	**0.821**				
VX-OS	0.498	0.514	0.501	0.518	0.547	0.496	0.509	0.535	**0.814**			
VX-PV	0.479	0.487	0.484	0.497	0.521	0.471	0.489	0.512	0.578	**0.808**		
VX-RI	0.491	0.499	0.493	0.509	0.535	0.482	0.502	0.525	0.603	0.588	**0.835**	
VX-RC	0.507	0.515	0.506	0.521	0.549	0.497	0.519	0.538	0.619	0.606	0.637	**0.823**

Source: Outputs of statistical analysis using Smart PLS software.

The results presented in Table 3 confirm that the square root of the Average Variance Extracted (AVE) for each construct (indicated by the bold diagonal values) exceeds its correlations with any other construct in the model. This clearly indicates that each construct demonstrates adequate discriminant validity, satisfying the Fornell–Larcker criterion. Accordingly, the constructs can be considered empirically distinct, thus validating the measurement model and justifying the continuation towards structural model assessment.

4.2 Assessment of the Structural Model

4.2.1 Path Coefficients Analysis

To assess the hypothesised relationships between the main constructs, a path coefficient analysis was performed. This analysis examines the magnitude, direction, and statistical significance of the structural paths within the model. Table 4 presents the results of the structural model.

Table 4. Results of Path Analysis

Path Relationship	Path Coefficient (β)	t-value	p-value	Confidence Interval
Foreign Investment → Sustainable Tourism	0.627	8.301	0.000	[0.489; 0.711]
Sustainable Tourism → Visitor Experience	0.503	6.485	0.000	[0.378; 0.612]
Foreign Investment → Visitor Experience	0.334	4.472	0.000	[0.183; 0.479]

Source: Outputs of statistical analysis using Smart PLS software.

All direct relationships in the structural model are statistically significant, as evidenced by p-values equal to 0.000 and t-values well above the conventional threshold of 1.96. Additionally, the 95% confidence intervals for each path do not contain zero, confirming the strength and reliability of the estimated effects.

4.2.2 The Mediating Effect of Sustainable Tourism

To examine whether sustainable tourism mediates the relationship between foreign investment and visitor experience, an indirect effect analysis was conducted using the bootstrapping method. Table 5 presents the results of the mediation analysis.

Table 5. Results of Indirect Effect Analysis

Indirect Path Relationship	Path Coefficient (β)	t-value	p-value	Confidence Interval
Foreign Investment → Sustainable Tourism → Visitor Experience	0.349	5.134	0.000	[0.193; 0.491]

Source: Smart PLS bootstrapping output.

The results presented in Table 5 indicate that sustainable tourism significantly mediates the relationship between foreign investment and visitor experience. The indirect effect is statistically significant ($\beta = 0.349$, $t = 5.134$, $p < 0.001$), and the 95% confidence interval [0.193; 0.491] does not include zero, confirming the presence of a mediation effect.

4.2.3 Coefficient of Determination (R^2)

The coefficient of determination (R^2) represents the proportion of variance in an endogenous variable explained by the exogenous constructs in the structural model. It is used to assess the explanatory power of the model. According to Hair et al. (2021), R^2 values are considered substantial when ≥ 0.75, moderate when ≥ 0.50, and weak when ≥ 0.25. Table 6 presents the R^2 and adjusted R^2 values for the endogenous constructs.

Table 6. R^2 and Adjusted R^2 Values

Endogenous Variable	R^2	Adjusted R^2	Effect Size
Sustainable Tourism	0.413	0.402	Moderate
Visitor Experience	0.637	0.612	Substantial

Source: Outputs of statistical analysis using Smart PLS software.

The R^2 value for Sustainable Tourism is 0.413, indicating that approximately 41.3% of the variance in sustainable tourism is explained by foreign investment. In comparison, the R^2 value for Visitor Experience is 0.637, meaning that 63.7% of the variance in visitor experience is jointly explained by foreign investment and sustainable tourism. The adjusted R^2 value of 0.612 supports this finding,

demonstrating the model's substantial explanatory capability while accounting for model complexity.

4.2.4 Effect Size (f^2)

The effect size (f^2) measures the individual contribution of an exogenous construct to the R^2 value of an endogenous latent variable. It indicates how much the R^2 of a dependent construct would decrease if a specific predictor were removed from the model. According to Cohen (Cohen, 2013), the commonly accepted thresholds for interpreting f^2 are as follows: Small effect: $f^2 \geq 0.02$, Medium effect: $f^2 \geq 0.15$, Large effect: $f^2 \geq 0.35$. This metric complements the R^2 by assessing the relative importance and practical significance of each predictor in the structural model. Table 7 presents the effect size results for the structural model.

Table 7. Effect Size (f^2) for Structural Paths

Structural Path	f^2 Value	Effect Size
Foreign Investment → Sustainable Tourism	0.498	Large
Sustainable Tourism → Visitor Experience	0.413	Large
Foreign Investment → Visitor Experience	0.201	Medium

Source: Outputs of statistical analysis using Smart PLS software.

The results indicate a large effect of Foreign Investment on Sustainable Tourism ($f^2 = 0.498$), a large effect of Sustainable Tourism on Visitor Experience ($f^2 = 0.413$), and a medium effect of Foreign Investment on Visitor Experience ($f^2 = 0.201$).

4.2.5 Predictive Relevance (Q^2)

To evaluate the predictive relevance of the structural model, the Stone–Geisser's Q^2 statistic was computed using the blindfolding procedure in Smart-PLS. A Q^2 value greater than zero ($Q^2 > 0$) for an endogenous construct indicates that the model has predictive relevance for that construct. As suggested by Hair (Hair et al., 2021), Q^2 values of 0.02, 0.15, and 0.35 represent small, medium, and large predictive relevance, respectively. Table 8 presents the Q^2 results for the endogenous constructs.

Table 8. Predictive Relevance (Q^2)

Endogenous Construct	Q^2 Value	Predictive Relevance
Sustainable Tourism	0.323	Medium
Visitor Experience	0.485	High

Source: Outputs of statistical analysis using Smart PLS software.

The Q^2 values presented in Table 8 demonstrate that the structural model has adequate predictive relevance. Specifically, the Q^2 value for Sustainable Tourism is 0.323, indicating a medium level of predictive power. Meanwhile, the Q^2 value for Visitor Experience is 0.485, reflecting a high predictive capability.

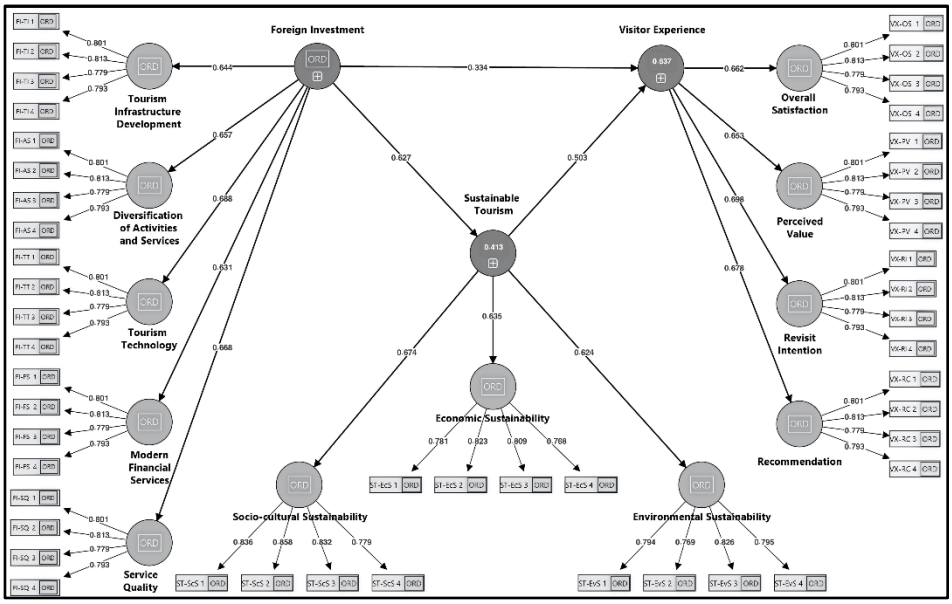

Figure 2. Final Structural Model of the Study

Source: Outputs of statistical analysis using Smart PLS software.

4.3 Hypotheses Testing

The table below summarises the results of the hypothesis testing, including the path coefficients, t-values, p-values, and statistical decisions:

Table 9. Hypotheses Testing

Hypothesis	Path	Path Coefficient (β)	T-value	P-value	Decision
H_o1	Foreign Investment → Visitor Experience	0.298	4.252	0.000	Not Supported
H_o2	Foreign Investment → Sustainable Tourism	0.594	8.007	0.000	Not Supported
H_o3	Sustainable Tourism → Visitor Experience	0.486	6.518	0.000	Not Supported
H_o4	Foreign Investment → Sustainable Tourism → Visitor Experience	0.288	5.407	0.000	Not Supported

Source: Outputs of statistical analysis using Smart PLS software.

As shown in Table 9, all hypothesised relationships in the structural model are statistically significant. Specifically, the direct effect of foreign investment on visitor experience is significant ($\beta = 0.298$, $t = 4.252$, $p < 0.001$), leading to the rejection of H_o1.

Similarly, H_o2 is rejected, as foreign investment has a strong positive effect on sustainable tourism ($\beta = 0.594$, $t = 8.007$, $p < 0.001$). The impact of sustainable tourism on visitor experience is also statistically supported ($\beta = 0.486$, $t = 6.518$, $p < 0.001$), resulting in the rejection of H_o3.

Finally, the indirect relationship through the mediating variable "sustainable tourism" is significant ($\beta = 0.288$, $t = 5.407$, $p < 0.001$), confirming the mediating role of sustainable tourism and leading to the rejection of $H_0 4$.

These findings collectively support the theoretical model, confirming the presence of both direct and indirect effects, and highlighting the importance of foreign investment and sustainable tourism in enhancing the visitor experience at the Rusica Park tourist complex.

5. Discussions

The findings of this study provide empirical evidence supporting the significant role of foreign investment in improving the visitor experience within the tourism sector, both directly and indirectly through the development of sustainable tourism practices. The structural model results confirm that foreign investment positively contributes to sustainable tourism development at Rusica Park, which subsequently improves the overall visitor experience.

The analysis revealed a strong and statistically significant relationship between foreign investment and sustainable tourism. This finding suggests that foreign investment contributes not only to the expansion of tourism infrastructure and services, but also to the adoption of sustainability-oriented practices within tourism destinations. The results indicate that improvements in infrastructure quality, diversification of tourism and leisure services, integration of tourism technologies, modernisation of financial services, and improving service quality collectively support the implementation of sustainable tourism dimensions within the tourist complex.

The finding that foreign investment positively influences sustainable tourism development is consistent with the study of Gopalan et al. (2023), who demonstrated that foreign direct investment contributes significantly to tourism growth and international tourism flows. The current study extends these findings by showing that foreign investment not only stimulates tourism activity, but also enhances sustainability-oriented tourism practices within the destination context. Similarly, the positive contribution of infrastructure modernisation and tourism service enhancement supports the conclusions reached by Nguyen (2021), who emphasised the critical role of tourism infrastructure investment in improving destination attractiveness and international tourist arrivals.

The findings also demonstrate that sustainable tourism exerts a positive and significant influence on the visitor experience. This result highlights the importance of environmental preservation, sociocultural integration, and economic sustainability in shaping visitors' perceptions and satisfaction levels. Visitors appear to value tourism environments that combine service quality with responsible environmental and social practices, which contributes to stronger engagement, satisfaction, revisit intention, and positive word-of-mouth recommendation.

The positive and significant effect of sustainable tourism on visitor experience also aligns with previous tourism research emphasising the importance of

environmental and sociocultural sustainability in shaping tourist satisfaction and destination loyalty. In particular, the findings are consistent with Hussain et al. (2023), who found that service quality and tourist satisfaction positively affect revisit intention and recommendation behaviour in tourism resorts. The current study complements this perspective by demonstrating that sustainability dimensions, alongside service quality, play a central role in improving visitors' overall experiences.

Furthermore, the direct relationship between foreign investment and visitor experience was found to be statistically significant. This suggests that foreign investment can directly improve tourism experiences through the modernisation of facilities, enhancement of operational efficiency, and the improvement of tourism services. However, the indirect effect through sustainable tourism was also significant, confirming the mediating role of sustainable tourism in the relationship between foreign investment and visitor experience. This finding indicates that the impact of foreign investment becomes more effective when investment strategies are accompanied by environmentally and socially responsible tourism practices.

Furthermore, the significant direct relationship between foreign investment and visitor experience supports prior literature suggesting that investment in tourism facilities, infrastructure, and operational systems contributes directly to improving tourism service quality and visitor satisfaction. However, unlike most previous studies that examined these relationships separately, the present study empirically validates the mediating role of sustainable tourism in this relationship. This result represents an important theoretical contribution, as it shows that the effectiveness of foreign investment in enhancing visitor experience becomes stronger when sustainability principles are integrated into tourism development strategies.

In addition to the statistical significance of the structural relationships, the demographic composition of the sample supports the contextual relevance of the findings to the broader profile of tourism consumers in Algeria and similar emerging tourism destinations in North Africa. The sample included participants from different age groups, educational levels, income categories, visit frequencies, and countries of residence, reflecting a heterogeneous visitor structure. The predominance of middle-aged visitors, middle- to high-income groups, and university educated respondents corresponds with demographic characteristics frequently associated with leisure and resort tourism consumers in Algeria and regional Mediterranean tourism destinations. Moreover, the inclusion of both domestic and international visitors contributes to capturing diversified visitor perceptions and experiences.

The explanatory and predictive indicators of the structural model further support the robustness of the findings. The R^2 values indicate that the model explains a substantial proportion of the variance in visitor experience and a moderate proportion of the variance in sustainable tourism. Similarly, the effect size (f^2) and predictive relevance (Q^2) results confirm the relevance and predictive capability of the proposed structural relationships.

From a theoretical perspective, this study contributes to the growing literature on tourism investment and sustainable tourism by proposing and empirically

validating a structural model that links foreign investment, sustainable tourism, and visitor experience within an emerging tourism destination. The study also extends the application of PLS-SEM in tourism research within the Algerian context, an area that remains relatively underexplored in the international tourism literature.

The study also contributes to extending the existing literature within the context of emerging tourism destinations in North Africa, particularly Algeria, where empirical studies applying PLS-SEM to tourism investment and visitor experience remain limited. Therefore, the current findings provide contextual evidence supporting the applicability of international tourism investment theories within developing tourism economies characterised by growing foreign investment and increasing attention to sustainable tourism development.

From a managerial perspective, the findings suggest that tourism policymakers and investors should not focus exclusively on financial investment and infrastructure expansion, but should also integrate sustainability-oriented strategies into tourism development projects. Strengthening environmental management practices, supporting local sociocultural integration, and improving the sustainability of tourism services may contribute significantly to enhancing visitor satisfaction and destination attractiveness.

Despite the robustness of the statistical results, several limitations should be acknowledged. The study was conducted within a single foreign-invested tourist complex during the peak summer tourism season, which may limit the generalisability of the findings to other tourism contexts or seasonal periods characterised by different visitor behaviours. In addition, the use of convenience sampling may introduce potential sampling bias despite the large sample size and demographic diversity of respondents. Future research is therefore encouraged to replicate the proposed model across different tourism destinations in Algeria and other African countries using probabilistic sampling techniques and longitudinal data in order to strengthen external validity and comparative analysis.

In general, the findings support the proposed theoretical framework and emphasise the important role of foreign investment in enhancing the visitor experience both directly and indirectly through sustainable tourism practices. The study highlights the importance of aligning tourism investment strategies with sustainability principles in order to improve tourism competitiveness, destination attractiveness, and long-term visitor satisfaction in emerging tourism markets.

6. Conclusions

This study examined the role of foreign investment in enhancing the visitor experience through the mediating role of sustainable tourism in the context of Rusica Park, one of the largest foreign-invested tourism projects in Algeria and North Africa. Using Partial Least Squares Structural Equation Modelling (PLS-SEM) based on data collected from 1,763 visitors, the findings confirmed that foreign investment positively influences the visitor experience both directly and indirectly through sustainable tourism practices.

The results demonstrated that the investment dimensions related to infrastructure development, service diversification, tourism technology, financial services, and service quality contribute significantly to the development of sustainable tourism. In turn, sustainable tourism positively affects visitor satisfaction, perceived value, revisit intention, and recommendation behaviour. The findings also confirmed the mediating role of sustainable tourism in strengthening the relationship between foreign investment and the visitor experience.

This study contributes to the literature on tourism investment and sustainable tourism by providing empirical evidence from the Algerian tourism context, which remains relatively underexplored in international research. The study also highlights the importance of integrating sustainability principles into tourism investment strategies in emerging tourism destinations.

From a practical perspective, the findings suggest that tourism policymakers, developers, and foreign investors should adopt sustainability-oriented investment approaches that balance economic development with environmental and sociocultural considerations in order to enhance destination attractiveness and long-term visitor satisfaction.

Despite the significance of the findings, the study remains limited to a single tourist destination and a specific seasonal period. Future studies are encouraged to examine the proposed model in different tourism destinations and contexts using broader sampling techniques and longitudinal approaches to improve generalisability and comparative understanding.

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