E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

***IANNA JOURNAL OF INTERDISCIPLINARY STUDIES*, Vol. 8, No. 2 (June 2026).**
Journal's website: https://iannajournalofinterdisciplinarystudies.com
Article History: Received 25 December 2025; Revised, 7 February 2026; Accepted, 2 March 2026

Impact of Political Corruption on International Tourism Demand: A Panel Data Analysis of 22 Asian Countries

Pasindu Weerasinghe
Sri Lanka Institute of Information Technology,
SLIIT Business School,
New Kandy Road, Malabe, Sri Lanka.
ORCID – https://orcid.org/0009-0006-5785-8114

Chamath Bandara
Sri Lanka Institute of Information Technology,
SLIIT Business School,
New Kandy Road, Malabe, Sri Lanka.
ORCID – https://orcid.org/0009-0006-3132-8449

Abhishek Indrapriya
Sri Lanka Institute of Information Technology,
SLIIT Business School,
New Kandy Road, Malabe, Sri Lanka.
ORCID – https://orcid.org/0009-0005-8646-5582

Kasun Jayasekara
Sri Lanka Institute of Information Technology,
SLIIT Business School,
New Kandy Road, Malabe, Sri Lanka.
ORCID – https://orcid.org/0009-0002-9467-6652

***Shanta R Yapa**
Director - SLIIT Innovate
Senior Academic Fellow
Sri Lanka Institute of Information Technology,
New Kandy Road, Malabe, Sri Lanka.
*corresponding author e-mail: shanta.y@sliit.lk
ORCID: https://orcid.org/0000-0001-6393-3324

Nirmani Dayapathirana
SLIIT Business School,
Sri Lanka Institute of Information Technology,
New Kandy Road, Malabe, Sri Lanka.
ORCID: https://orcid.org/0009-0001-2906-7677

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

Abstract

Background: Tourism serves as a critical driver of international economic activity, particularly for developing nations that rely on the sector for employment generation and foreign exchange earnings. However, tourism performance varies significantly across jurisdictions, suggesting that institutional factors, such as political corruption, may play a decisive role in shaping industry outcomes.

Objective: This study investigates the impact of political corruption on tourism demand across Asia. Specifically, it seeks to determine whether, and to what extent, corruption levels significantly deter international tourist arrivals in these countries.

Methodology: Adopting a quantitative research design, the study utilises panel data analysis covering 22 Asian countries from 2002 to 2020. Simple linear regression models were employed to examine the relationship between political corruption indices and international tourism demand.

Results: The findings reveal a statistically significant negative relationship between corruption and tourism demand. The regression analysis demonstrates that higher levels of perceived corruption are associated with a marked decrease in tourist inflows. Although the model exhibits relatively low explanatory power, the consistency and significance of the negative effect indicate that corruption is a critical institutional determinant of tourism performance.

Conclusion: The study concludes that political corruption is a major deterrent to the growth of the tourism industry. Reducing institutional uncertainties and curbing corrupt practices are essential prerequisites for countries aiming to enhance their competitiveness and attract international visitors.

Unique Contribution: This research contributes to the intersection of governance and tourism literature by providing long-term empirical evidence from the Asian context. It highlights the importance of institutional quality as a primary factor in the patterns of international tourism flows.

Key Recommendation: Governments and policymakers in the Asian region should prioritise anti-corruption reforms as a strategic tool for tourism development. Strengthening institutional transparency and reducing political risks will create a more favourable environment for international travellers and foster sustainable economic growth.

Keywords: Asia, corruption, governance, institutional quality, tourism demand, tourist arrivals.

Introduction

The international tourism sector has grown significantly over the years, but evidence shows that institutional inadequacies, particularly corruption, substantially limit demand for tourism. For example, a worldwide analysis shows that increased corruption has significantly reduced tourist arrivals, through nonlinear effects that intensify once corruption exceeds a certain threshold (Maria et al., 2022). Additionally, analyses of individual countries confirm that

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

increased perception of corruption leads to decreased tourist arrivals because it increases the uncertainty and cost of travel within destinations (Demir & Gozgor, 2017). In Africa, for example, corruption has been shown to directly hamper the development of tourist travel by discouraging international arrivals and thus affecting the destination negatively (Xu et al., 2023). The same can be observed in the European context, where an increased perception of corruption is thought to directly negatively impact tourist performance (Cozma et al., 2023). Further, it is evident that the insecurity that is associated with the consequences of corruption significantly offsets tourist inflows, especially in developing states (Santana-Gallego & Fourie, 2022).

Even though tourism in Asia has shown considerable growth in recent decades, it still faces challenges from corruption and governance bottlenecks that may affect travel and destination choice. Notwithstanding the considerable amount of research on corruption and tourism, there is limited regional focus on Asia in panel studies. It should be noted that tourism demand is highly sensitive to institutional quality and perceptions of credibility and governance. Countries with high corruption indices are generally viewed as less safe, less reliable, and less attractive destinations for foreign tourists (Santana-Gallego & Fourie, 2022). Corruption influences tourism demand in various ways, including poor service delivery, bribery, low regulatory transparency, and a poor destination image, factors that typically act as disincentives to return and first-time tourist visits (Demir & Gozgor, 2017). Additionally, corruption may limit investment in tourist infrastructure, public services, and safety services, thereby reducing tourist satisfaction and competitiveness (Cozma et al., 2023). Moreover, empirical research in emerging economies indicates that corruption negatively affects tourist inflows due to low confidence and certainty in local institutions and networks (Xu et al., 2023). Yet despite these global findings on corruption and tourism demand, the respective impacts within Asian economies have not yet been effectively interrogated, given the various governance challenges across Asia.

Research findings from different parts of the world confirm that a strong disincentive to international travel is the presence of corruption. For example, Santana-Gallego and Fourie (2022) provide evidence that insecurity and corruption together negatively affect tourism inflows into African countries. Similarly, Xu et al. (2023) indicate that corruption hinders tourism development in African economies, resulting from the negative signal it sends. In a Turkey-specific context, Demir and Gozgor (2017) assert that, by increasing relative corruption, international tourism declines.

In this regard, research on related factors, such as governance, transparency, and institutional performance, further supports the role of integrity in encouraging foreign tourists to travel to a particular country. For instance, Mushtaq et al. (2020) indicate that weak institutions affect demand for tourists in India, while López-Gómez et al. (2022) indicate that weak institutions worsen the impact of crises on the tourism sector. Despite such significant contributions, existing research mostly concentrates on Africa, Europe, worldwide samples, Turkey, India, Germany, and/or Pakistan (Adedoyin et al., 2022; Baig & Zehra, 2020). The Asian environment has been significantly overlooked, even though the region simultaneously experiences a rapidly developing tourism industry alongside high variability in institutions, which is a very intriguing context to analyse the effects of corruption on tourism demand. That is what the current research attempts to fill.

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

Gap 01: Lack of panel analyses on corruption and tourism demand related to Asia - The preponderance of existing literature on the relationship between corruption and tourism is generally Africa-focused (Santana-Gallego & Fourie, 2022; Xu et al., 2023), European-focused (Cozma et al., 2023), Turkish-focused (Demir & Gozgor, 2017), Indian-focused (Mushtaq et al., 2020), or uses a global database (Maria et al., 2022). There is a lack of articles that provide a thorough analysis on a per-panel basis, specifically for Asian nations.

Gap 02: Existing literature exploring the impact of corruption on tourism demand primarily uses perceptual indices, including the Corruption Perceptions Index (CPI) and the Control of Corruption (COC) constructs (Cozma et al., 2023; Demir & Gozgor, 2017; Maria et al., 2022; Xu et al., 2023). Although these indices capture overall perceptions of corruption, they cannot specifically capture political corruption.

In line with the research questions and identified research gaps in existing literature on tourism, this study seeks to examine the empirical impact of corruption on tourism demand in Asian countries. In particular, this study seeks to establish whether corruption may act as a deterrent to tourism demand in the Asian region and to explore the extent of its influence. Consequently, the study focuses on the main research question of how corruption affects tourism demand in Asia and specifically explores whether high levels of corruption substantially decrease tourism in the region. Hence, by addressing both related research objectives and research questions simultaneously within this analytical framework, this study seeks to illuminate the relationship between corruption and tourism demand in Asia.

The following are the structures of the remaining parts of this article respectively: the Literature Review section, which represents an overview of the body of research that currently exists on the subject; the third section, entitled Data and Methodology, which describes the sources of information as well as methods used; fourthly, results and discussions, which explain empirical findings related to corruptions and tourism; and finally, the Conclusion section, which comprises recommendations as well as final thoughts.

Literature review

According to the literature, two main theories focus on the relationship between corruption and tourist demand. These theories are the 'Sand on wheel hypothesis' and the 'Grease on wheel hypothesis'. The Sand on wheel hypothesis posits that corruption negatively affects tourism demand, whereas the Grease on wheel hypothesis posits that it positively affects tourism demand. On the other hand, the other argument is that corruption does not have a significant impact on tourism demand. Xu et al. (2023) state that corruption negatively affects destination image and tourism revenue. The author also states that corruption increases transactional costs and reduces destination competitiveness. In parallel, Sharma (2024) also confirms that corruption, political instability and violations are significant barriers to tourism demand.

However, a global study by Maria et al. (2022) found that the impact of corruption on tourism demand is positive in low-corruption regimes. He also states that the impact of corruption on tourism demand is negative in high corruption regimes. Santana-Gallego and Fourie (2022) and Fourie et al. (2020) argue that corruption does not significantly affect tourism demand. Although this finding is somewhat contradictory compared to other studies, it can be accepted to some extent. That is, the impact of corruption on tourism varies in all contexts. According to Maria et al. (2022), the impact of corruption on tourism varies depending on the level of

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

corruption. However, although those authors found a significant effect, Santana-Gallego and Fourie (2022) present a counterargument.

Global studies on the relationship between corruption and tourism have discussed both the sand the wheel hypothesis and the grease the wheel hypothesis. Saha and Yap (2015) and Maria et al. (2022) confirm that corruption negatively affects tourism demand in countries with low levels of corruption. However, Poprawe (2015) and Sharma (2024) describe a negative relationship between corruption and tourism demand. However, Lv and Xu (2016) find a U-shaped relationship between corruption and tourism, and the effect of corruption on tourism is significant only in the 50^{th} and 75^{th} quartiles. On the other hand, Santana-Gallego and Fourie (2022) and Fourie et al. (2020) confirm that corruption's impact on tourism is not significant. Due to these contradictory arguments and findings, the relationship between corruption and tourism remains unclear globally.

Studies in African and sub-Saharan countries have shown that corruption has a significant negative impact on tourism demand (Abu, 2024; Alola et al., 2021; Xu et al., 2023). Abu (2024) found that control of corruption (negative shock in corruption) will have a positive impact on tourism in the long run. Xu et al. (2023) also found that corruption negatively and significantly affects both international and domestic tourism. However, according to the results of the study by Alola et al. (2021), corruption has a long-term significant impact on tourism performance. However, the nature of this impact varies depending on the index used to measure corruption. Overall, most African regional studies find that the relationship between tourism and corruption is consistent with the 'Sand the wheel hypothesis' (Abu, 2024; Alola et al., 2021; Xu et al., 2023).

Most of the studies conducted in the Asian region have been country-specific (Chulaphan & Barahona, 2021; Demir & Gozgor, 2017; Mushtaq et al., 2020; Tang & Tan, 2015). Among these, a study conducted in India, Mushtaq et al. (2020), found that Rule of Law, Voice and Accountability, Regulatory Quality and Control of Corruption or Negative Shock in Corruption have a positive impact on international tourism arrivals. An increase in control of corruption has also been found to negatively affect the tourism industry, according to Abu (2024) in a study conducted in Nigeria. On the other hand, in Turkey, relative corruption has been found to negatively affect inbound international tourist arrivals (Demir & Gozgor, 2017). and Tang and Tan (2015) conducted studies in Thailand using Thai data. Among them, Tang and Tan (2015) found that international tourists are more concerned about political stability, corruption and government effectiveness. Also, Chulaphan and Barahona (2021) state that corruption and price levels negatively affect tourism in Thailand, and that relative corruption serves as a barrier to all types of tourist spending.

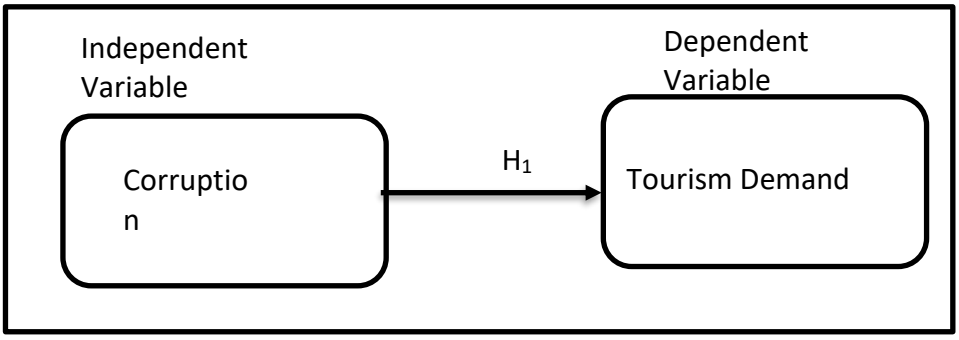
Most of the Asian regional studies have focused on a single country. Thailand: Chulaphan and Barahona (2021); Tang and Tan (2015); Turkey: Demir and Gozgor (2017); and India: Mushtaq et al. (2020) have conducted their studies. However, many countries in Asia have not been covered by these studies. Although region-wise studies have been conducted in Africa, there is a lack of literature in Asia. Therefore, there is a lack of studies on the relationship between corruption and tourism demand that cover the entire Asian region. On the other hand, most authors of global and region-specific studies have used the Corruption Perceptions Index (CPI) and Control of Corruption (CoC) indicators to measure corruption. Abu (2024); Chulaphan and Barahona (2021); Sharma (2024) have used the Control of Corruption index, while Fourie

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

et al. (2020); Lv and Xu (2016); Poprawe (2015); Saha and Yap (2015) have used the Corruption Perception Index for their studies. Maria et al. (2022) has used International Country Risk Guide (ICRG) to measure Corruption. However, there are few studies that use Political Corruption Index.

Conceptual framework

The conceptual framework in Figure 1 illustrates the relationship between corruption (independent variable) and tourism demand (dependent variable). This framework provides a structured approach to analyze how corruption influence on tourism in Asian region.
Figure 1: Conceptual framework



(Source: Authors' illustration based on literature)

Data and methodology

The study collected and used panel data from 22 Asian countries from 2002 to 2020. The datasets were collected from reliable sources. The political corruption index was used to measure corruption, and the number of tourist arrivals was used to measure tourism demand. Political corruption data were collected from OurWorldinData (2025), and tourist arrivals data were collected from the World Bank (2025). Many studies have used the Corruption Perception Index (CPI) and the Control of Corruption (CoC) index to measure corruption (Abu, 2024; Chulaphan & Barahona, 2021; Fourie et al., 2020; Lv & Xu, 2016; Sharma, 2024)). However, this study goes beyond that and uses the political corruption index to measure corruption. In previous studies, Lv and Xu (2016) used panel fixed effects and PCSE,d Barahona (2021) used Panel ARDL data analysis methods. In addition, Fourie et al. (2020) used a gravity model. Rather than that, this study employs simple linear panel regression with random effect models for data analysis based on the hypothesis below, H_1. The reason behind this is the fact that the objective of the study is to estimate the average long-run relationship between corruption and tourism demand across the Asian economies and not the short-run dynamic effects. Moreover, the results of the diagnostic tests validate the robustness of the results and confirm that the results are not driven by dynamic effects.

H_1: There is a significant impact of corruption on tourism demand

$$\text{NOT_log}_{it} = \beta_0 + \beta_1 CORR_{it} + \varepsilon_{it}$$

NOT_log_{it} - Number of tourism demand
CORR - Political Corruption
ε_{it} - Error Term

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

To ensure comparability and reduce the influence of extreme values, the dataset was normalised through winsorization. Specifically, the upper and lower tails of the variables were adjusted to limit the impact of outliers arising from cross-country institutional and measurement differences. In addition, the results of the stationarity and stability tests validate that the variables are stable and can be subjected to panel regression analysis, implying that the approximated relationships are not influenced by bias arising from non-stationarity or data anomalies.

Results and discussions

According to the correlation analysis, there is a weak negative relationship between political corruption and tourism demand, with a correlation coefficient of -0.1141. While the correlation is small in absolute value, its negative sign suggests that political corruption may be associated with lower tourism demand.

The multicollinearity tests indicate that there is no estimation bias, as shown by the Variance Inflation Factors (VIF), with CORR having a VIF of 1.00, thereby rejecting any semblance of multicollinearity. The results of the stationarity test indicate that the two variables are stationary: the log-transformed tourism demand has an adjusted t-statistic of -1.7995 and a p-value of 0.0360, while political corruption has a highly significant adjusted t-statistic of -48.0158 and a p-value of 0.0000.

Table 1 provides the summary statistics on tourism demand (NOT) and political corruption (CORR) for a sample with 418 observations. The average number of tourism demand per year is approximately 9.96 million. However, the large standard deviation (2.64×10^7) indicates substantial dispersion across countries.

Political corruption exhibits a mean value of 0.593, implying that, on average, a moderate level of corruption is practised in Asian countries. Also, the standard deviation of 0.295, along with a wide range of 0.007-0.958, indicates a wide range of governance quality across countries. In fact, this variation is helpful in identifying a relationship between governance quality and tourism performance across countries.

In general, the descriptive statistics indicate a substantial degree of structural variation in both tourism outcomes and institutional qualities. While they do not establish causality, they provide an empirical foundation for investigating the relationship between political corruption and tourism demand using a regression model.

Table 1: Descriptive statistics of variables (2002-2020)

Variables	Obs	Mean	Std. dev.	Min	Max
NOT	418	9957385	2.64e+07	66900	1.63e+08
CORR	418	.5925598	.2946839	.007	.958

(Source: Authors' compilation based on results)

Simple linear regression

In Table 2, the coefficient of SLR model analysis reveals that there is a negative and statistically significant correlation between political corruption and tourism demand. The coefficients for political corruption are -1.841 (Std. Err. = 0.229, $z = -8.05$, $p < 0.001$), and they signify that

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

for every unit increase in political corruption, the mean value for the log tourism demands variable falls by 1.84 units. The precision of the coefficients is evident from the 95% confidence interval, which ranges from –2.291 to –1.392.

The exchange rate was presented as a control variable to account for macroeconomic influences. Nevertheless, its inclusion led to a decline in the model's R-squared, suggesting a limited explanatory contribution. Accordingly, the variable was omitted from the final regression model. Then the model explains about 13.5% of the variance in tourism demand. Although the explanatory power is limited, as one might expect in the context of the relationship emphasised in this study. And this proves that tourism demand is driven by many structural, economic, and institutional factors, not just one. The F-statistic for the overall significance of the model is 64.82. However, the somewhat greater size of the coefficient in the simple regression comparison to panel-based results suggests that the SLR may overstate the association in its neglect of country-fixed unobserved heterogeneity. Nevertheless, the results provide significant support for the thesis that corruption serves as an effective deterrent to international tourism.

Table 2: Simple linear regression estimates and model statistics

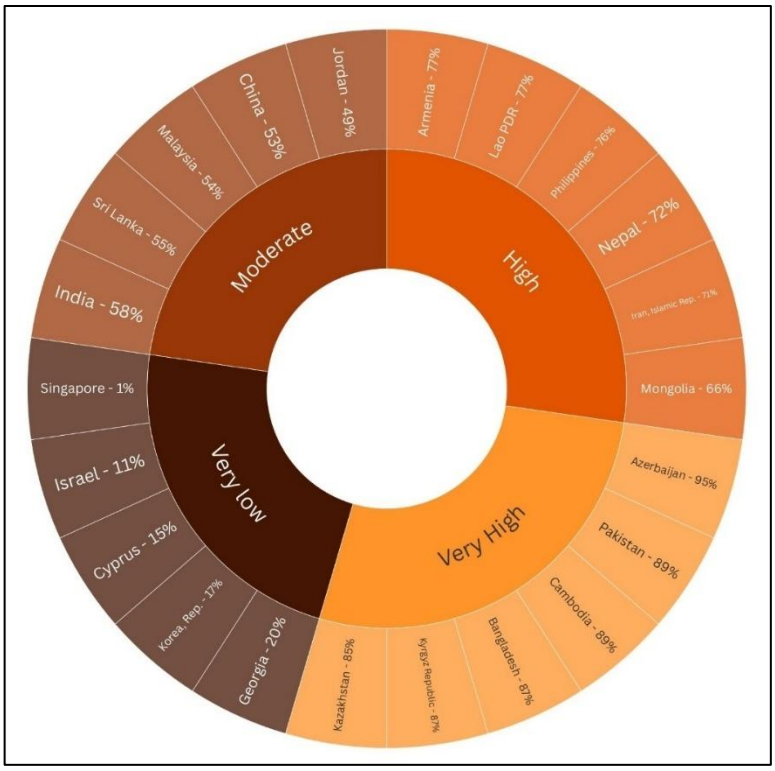
not	Coefficient	Std. err.	z	P>|t|	[95% conf. interval]	
Political Corruption	-1.84103***	.2286708	-8.05	0.000	-2.290524	-1.391535
Constant	15.91065***	.1512961	105.16	0.000	15.61325	16.20805
Model Statistics						
R^2	0.1348					
Adjusted R^2	0.1327					
F-statistic	64.82					
Root MSE	1.3761					

*Note: ***, **, * *denote significance at 1%, 5%, and 10% levels respectively*
(Source: Authors' compilation based on results)

Moreover, the results show that corruption consistently has a negative impact on international tourist arrivals across the estimated models. Although the extent of this effect is minimal in certain respects, based on the specifications of various models, the direction has remained constant, indicating that increased levels of corruption correlate with a decrease in tourist flow. In Figure 2, the sunburst chart clearly shows the classification of countries based on the number of percentages with five levels of corruption, namely, very low (0%-20%), low (21%-40%), moderate (41%-60%), high (61%-80%), and very high (81%-100%). The inner circle is used to show the classification levels, and the outer circle shows the individual countries and their respective percentage. Very low is the category of countries including Singapore, Israel, Cyprus, Korea (Rep), and Georgia. India, Sri Lanka, Malaysia, China, and Jordan have the category of moderate level. high category takes in Mongolia, Iran (Islamic Rep.), Nepal, the Philippines, Lao PDR, and Armenia. In the meantime, Azerbaijan, Pakistan, Cambodia, Bangladesh, the Kyrgyz Republic, and Kazakhstan can be found in the category of very high. In general, the chart allows one to easily compare the performance of countries by category and point out that a more significant percentage of the countries belong to the high and very high levels.

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

Figure 2: Level of Corruption in Asian region

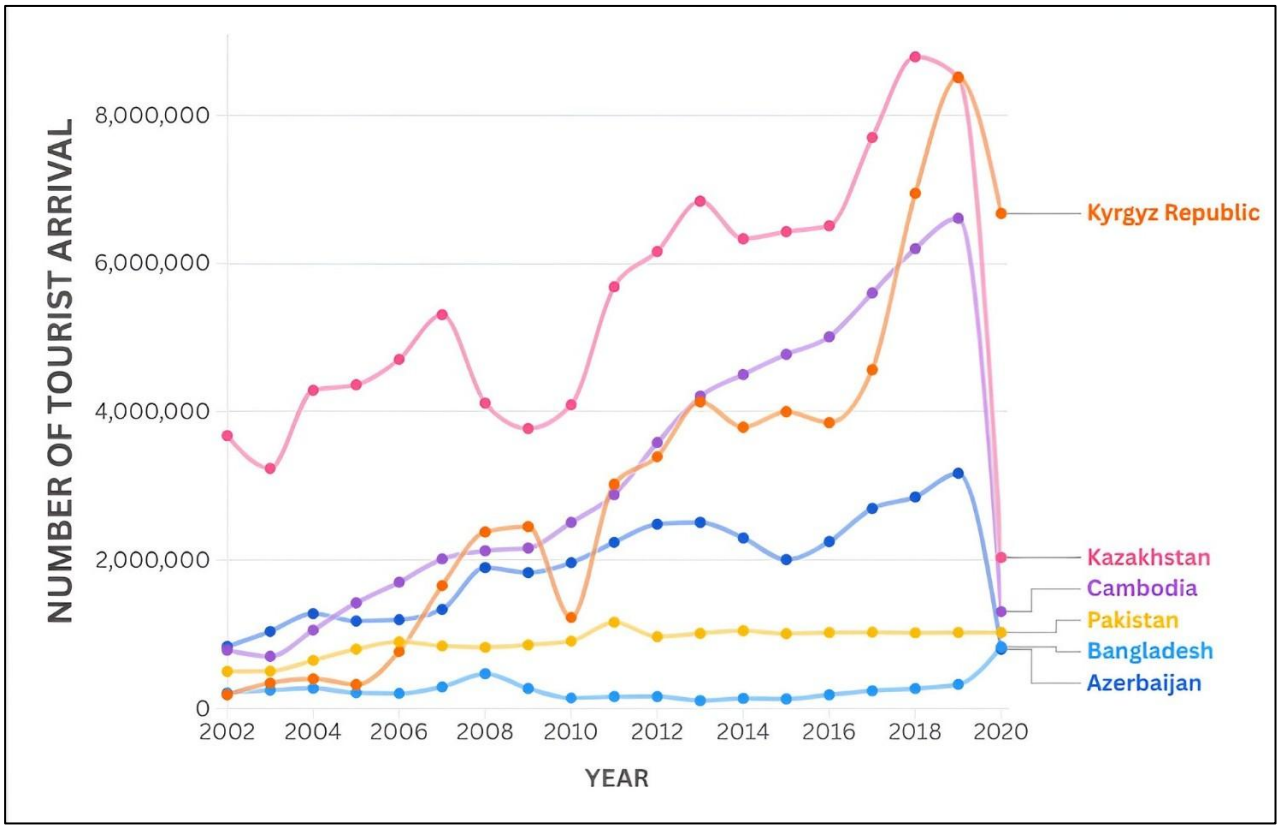


(Source: https://app.flourish.studio/projects)

These findings support the 'sand the wheel hypothesis' of the corruption-tourism relationship (Alola et al., 2021; Demir & Gozgor, 2017; Lv & Xu, 2016; Poprawe, 2015; Xu et al., 2023)). On the other hand, these results can be used to rule out the hypothesis that corruption has a non-significant effect on tourism (Fourie et al., 2020). And it confirmed that corruption damages the destination image and tourism revenue. Otherwise, corruption increases transaction costs and reduces destination competitiveness (Xu et al., 2023). On the other hand, these results can be used to rule out the hypothesis that corruption has an insignificant impact on tourism demand (Fourie et al., 2020). Furthermore, this study confirms the negative relationship between corruption and tourism demand in studies of Asian countries (Chulaphan & Barahona, 2021; Demir & Gozgor, 2017; Mushtaq et al., 2020; Tang & Tan, 2015).

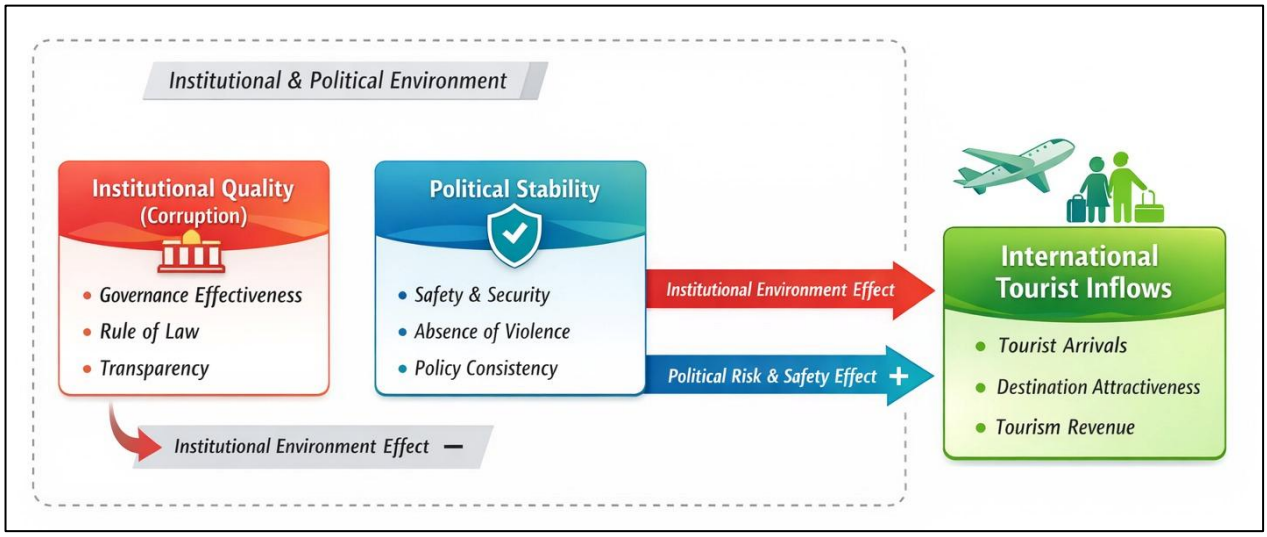
E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

Figure 3: The trend of tourism demand in very high corruption countries in Asia



(Source: Authors' illustration based on data)

Although the result indicates that corruption negatively affects overall tourism demand, this effect could vary between leisure tourism and business tourism. Corruption increases transactional costs and uncertainty for business tourists. But leisure tourists are more concerned about corruption compared with business tourists. They are more concerned about destination image and safety; otherwise, more flexible in choosing alternative destinations. According to findings by Xu et al. (2023), leisure tourism records a larger coefficient than business tourism demand.



E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

Figure 4: The relationship between corruption, political stability and international tourists inflows
(Source: Author's illustration)

Furthermore, Figure 4 shows a relationship among institutional quality, political stability, and international tourist inflows. The negative impact of institutional quality, as manifested by the rule of law, governance effectiveness, and transparency, was mediated by corruption, and the positive impact was on tourist arrivals, destination attractiveness, and tourism revenue through political stability, measured by safety, lack of violence, and policy consistency.

Several studies show that corruption can affect potential tourists' perceptions and preferences. According to the literature review, corruption in the tourism industry is common; thus, it can affect tourists' future travel preferences and stereotypes, even if tourists themselves are not directly affected. In the public sector, corruption can lead to higher costs for tourists, making the destination less competitive (Xu et al., 2023).

In addition, the tourism-led growth hypothesis is affected by corruption. This is because corruption deters tourism demand. Tourism increases economic growth, but corruption inhibits it. On the other hand, tourism-generated income can be misused due to corruption. Therefore, institutional friction negatively affects tourism-led growth.

Though the framework does not explicitly account for heterogeneity based on tourism dependence in the estimates, the analysis recognises that the deterrent impact of corruption is more significant in economies with high tourism dependence. This is because the inefficiencies resulting from corruption in such economies may negatively affect employment generation and foreign exchange inflows.

Policy Implications

Based on the result, anti-corruption interventions can apply for Asian countries, First, Government should enhance transparency in public procurement and licensing processes in tourism industry and infrastructures. Second, government should improve governance in digitalized Visa processing and broader control will enhance tourist entry experience. Third, tourism related policies and strategies should be more concerned about both domestic and international tourism.

Furthermore, the need to strengthen institutions to revive tourism is clearly evident in Asia's post-conflict economies. The improvement in destination credibility was supported by stronger governance structures and well-coordinated tourism development policies that followed the restoration of political stability and security after a long period of internal conflict. This institutional development was coupled with a sudden growth in international tourist arrivals, driven by soaring demand in the tourism sector, which contributed to foreign exchange earnings and employment creation. The case of Sri Lanka indicates that it is possible to restore tourist confidence through reforming the institutional quality to ensure long-term recovery in tourism demand.

Limitations of the study

The study recognises the following limitations. First, the availability of data may vary from country to country and over time, and differences in how data are defined, measured, and

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

reported across international sources may result in disparities. Second, aggregate data across countries may not allow analysis to capture region-specific, seasonal, or destination-specific characteristics of tourism demand. Third, the simple empirical analysis omits other important variables (omitted variables) from the tourism demand equation.

Conclusion

This research aims to examine the association between corruption and tourism demand in Asia. Using panel data from 22 Asian countries and simple linear regression over the period of 2002-2020. The result shows that the corruption coefficient is negative and significant. This indicates evidence that a high level of corruption decreases tourism demand. Based on this study, the results support 'sand the wheel hypothesis' in the corruption-tourism relationship. The empirical results of this research show a statistically significant negative correlation between corruption and tourism demand. The regression findings suggest that as the level of corruption increases, tourism demand decreases, indicating that corruption is a negative factor in tourism development. Taking these results into consideration, the following policy and practical recommendations are suggested.

First, governments and policymakers ought to reinforce anti-corruption regimes by enhancing transparency, accountability and enforcement procedures within the government institutions. Second, government bodies are advised to invest in institutional quality and governance reforms, such as the digitalisation of public services, which will reduce direct human contact and limit opportunities for corruption. Good governance will aid in creating international confidence and destination competitiveness.

Finally, future research can consider including other variables, such as political stability, infrastructure quality, and economic growth, to capture the multidimensional effects of corruption on tourism. Altogether, the minimisation of corruption should be a significant step towards sustainable growth of the tourism sector and long-term economic development.

Declarations

AI Use Statement: The authors confirm that no Artificial Intelligence tools were used in the writing or production of this manuscript.

Data Availability Statement: The data that support the findings of this study are available from the corresponding author, Shanta R. Yapa, upon reasonable request.

Funding Statement: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Conflict of Interest: The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Ethical Approval: Ethical approval was not required for this study as it did not involve human or animal subjects.

Authors' Contributions: PW, CB, AI, KJ, SRY and ND conceived and designed the study; PW, CB, AI, KJ, SRY and ND performed the data collection; PW, CB, AI, and KJ analysed

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

the data; PW, CB, AI, KJ, SRY and ND wrote the paper. All authors have read and agreed to the published version.

References

Abu, N. (2024, 12/12). Long-term asymmetric impacts of insecurity and corruption on development of tourism: Evidence from Nigeria. *Revista Galega de Economía, 34*, 1-24. https://doi.org/10.15304/rge.34.1.9367

Adedoyin, F. F., Erum, N., & Bekun, F. V. (2022). How does institutional quality moderates the impact of tourism on economic growth? Startling evidence from high earners and tourism-dependent economies. *Tourism Economics, 28*(5), 1311-1332. https://doi.org/10.1177/1354816621993627

Alola, U. V., Alola, A. A., Avci, T., & Ozturen, A. (2021, 2021/08/08). Impact of Corruption and Insurgency on Tourism Performance: A Case of a Developing Country. *International Journal of Hospitality & Tourism Administration, 22*(4), 412-428. https://doi.org/10.1080/15256480.2019.1650686

Baig, S., & Zehra, S. (2020, 2020/12/01). China-Pakistan economic corridor, governance, and tourism nexus: evidence from Gilgit-Baltistan, Pakistan. *Current Issues in Tourism, 23*(23), 2884-2889. https://doi.org/10.1080/13683500.2020.1763266

Chulaphan, W., & Barahona, J. F. (2021). The determinants of tourist expenditure per capita in thailand: Potential implications for sustainable tourism [Article]. *Sustainability (Switzerland), 13*(12), Article 6550. https://doi.org/10.3390/su13126550

Cozma, A.-C., Coroș, M. M., Pop, A. M., Gavrilescu, I., & Dinucă, N. C. (2023, 2023/08/01/). Corruption, deforestation, and tourism – Europe case study. *Heliyon, 9*(8), e19075. https://doi.org/https://doi.org/10.1016/j.heliyon.2023.e19075

Data, O. W. i. (2025). *Political corruption index (central estimate, aggregate: average)*. Our world in data. https://ourworldindata.org/grapher/political-corruption-index

Demir, E., & Gozgor, G. (2017, 03/01). What about relative corruption? The impact of the relative corruption on the inbound tourism to Turkey. *International Journal of Tourism Research, 19*. https://doi.org/10.1002/jtr.2118

Fourie, J., Rosselló-Nadal, J., & Santana-Gallego, M. (2020). Fatal Attraction: How Security Threats Hurt Tourism. *Journal of Travel Research, 59*(2), 209-219. https://doi.org/10.1177/0047287519826208

López-Gómez, L., García-Solanes, J., & Beyaert, A. (2022). Spatial effects and institutional quality in the demand for international tourism. An application to COVID-19 impact. *European Journal of Tourism Research, 31*. https://doi.org/10.54055/ejtr.v31i.2179

Lv, Z., & Xu, T. (2016, 07/20). A panel data quantile regression analysis of the impact of corruption on tourism. *Current Issues in Tourism*, 1-14. https://doi.org/10.1080/13683500.2016.1209164

E-ISSN: 2735-9891 DOI: https://doi.org/10.5281/zenodo.20229084

Maria, K.-K., Ioanna, S., & Salomi, D. (2022, 2022/10/01). Nonlinear nexus between corruption and tourism arrivals: a global analysis. *Empirical Economics, 63*(4), 1997-2024. https://doi.org/10.1007/s00181-021-02193-2

Mushtaq, R., Thoker, A. A., & Bhat, A. A. (2020). Does institutional quality affect tourism demand? Evidence from India. *Journal of Hospitality and Tourism Insights, 4*(5), 622-638. https://doi.org/10.1108/jhti-05-2020-0088

Poprawe, M. (2015, 2015/05/15). A panel data analysis of the effect of corruption on tourism. *Applied Economics, 47*(23), 2399-2412. https://doi.org/10.1080/00036846.2015.1005874

Saha, S., & Yap, G. (2015). Corruption and Tourism: An Empirical Investigation in a Non-linear Framework. *International Journal of Tourism Research, 17*(3), 272-281. https://doi.org/https://doi.org/10.1002/jtr.1985

Santana-Gallego, M., & Fourie, J. (2022). Tourism falls apart: How insecurity affects African tourism. *Tourism Economics, 28*(4), 995-1008. https://doi.org/10.1177/1354816620978128

Sharma, C. (2024). Good and bad effects of corruption and political uncertainty on tourism-growth linkage: World-wide evidence. *Tourism Economics, 30*(6), 1423-1447. https://doi.org/10.1177/13548166231209365

Tang, C. F., & Tan, E. C. (2015, 2015/12/18). Tourism-Led Growth Hypothesis in Malaysia: Evidence Based Upon Regime Shift Cointegration and Time-Varying Granger Causality Techniques. *Asia Pacific Journal of Tourism Research, 20*(sup1), 1430-1450. https://doi.org/10.1080/10941665.2014.998247

Worldbank. (2025). *International tourism, numbers of arrivals.* https://data.worldbank.org/indicator/ST.INT.ARVL

Xu, C., Yang, Y., Dossou, T. A. M., Berhe, M. W., & Ndomandji Kambaye, E. (2023, 2023/06/03). Does corruption undermine tourism development in Africa? *Current Issues in Tourism, 26*(11), 1779-1796. https://doi.org/10.1080/13683500.2022.2069553