Political Economy of Tourism Growth in Developing Countries: A Comparative Study of Pakistan and Bangladesh

Sagheer Ahmad¹, Ramaisa Aqdas², Atif Aziz³, Tauqir Ahmad Ghauri⁴

¹ Assistant, Department of Economics, The Islamia University of Bahawalpur, Pakistan. Email: sagheer.ahmad@iub.edu.pk
² Assistant Professor, Department of Business Administration, Iqra University, Karachi, Pakistan. Email: ramaisa.aqdas@iqra.edu.pk
³ Professor, Department of Business Administration, Iqra University, Karachi, Pakistan. Email: atif.aziz@iqra.edu.pk
⁴ Lecturer, Department of Management Sciences, Institute of Business Management and Administrative Sciences, The Islamia University of Bahawalpur, Pakistan. Email: tauqir.ahmad@iub.edu.pk

ABSTRACT

Tourism is a big source of revenue for a country. Political Stability and good governance promote tourism growth of a country by providing a favorable environment for tourism. Present study is empirical evidence of Pakistan and Bangladesh to investigate the role of political stability and governance in tourism growth. Furthermore, along with the principal variable, the study also estimates the role of corruption in tourism growth. Panel times series data, from the year 1996 to 2021, was used for analysis of results. GMM estimation methodology has been employed which show that political stability and governance increase tourism growth in Pakistan and Bangladesh. The finding also shows that variables including in analysis are control of corruption, political economy is also a determinant of tourism. So, finding indicates that political economy along with significant economic growth is desirable for promoting tourism in Pakistan and Bangladesh. They study concludes that in order to promote tourism in Pakistan and Bangladesh. political stability, good governance, role of law, and regulatory quality are significant.

Corresponding Author's Email: sagheer.ahmad@iub.edu.pk

1. Introduction

Tourism has emerged as a significant driver of economic growth and development, particularly in developing countries. The sector has potential to generate foreign exchange earnings, create employment opportunities, promote cultural exchange and enhance infrastructure development. However, growth and success of the tourism industry are influenced by a multitude of factors including political and economic contexts of the host countries. The political economy perspective acknowledges that tourism growth is shaped by interactions between political, economic and social forces. It recognizes that political stability, government policies, institutional frameworks, regulatory environments, and socio-cultural factors all play a crucial role in shaping the trajectory of tourism development. By analyzing the political economy of tourism growth in Pakistan and Bangladesh, this study aims to shed light on the specific factors influencing their tourism industries and draw meaningful comparisons between the two countries. Pakistan and Bangladesh share several commonalities as developing countries, including rich cultural heritage, natural landscapes, historical sites, and unique tourism attractions. Both countries have recognized the potential of tourism as a catalyst for economic growth and have taken steps to promote their respective tourism sectors. By providing part-time work, the tourism industry may also provide money for a wide range of other people, such as kids, parents, retirees, and others (Jucan & Jucan, 2013).

However, their journeys in developing and harnessing the potential of tourism have unfolded under unique political and economic circumstances. They also face distinct challenges
and opportunities in developing their tourism sectors. Both countries have made significant strides in recent years to promote tourism as a key contributor to their economic development. However, understanding the political and economic dynamics underlying the growth of their tourism industries is essential for formulating effective policies and strategies to harness their full potential. By conducting a comparative analysis of Pakistan and Bangladesh, uncover the political economy factors that have influenced the growth of tourism in each country, examining the role of government policies, regulatory frameworks, investment climate, infrastructure development, cultural preservation, and public-private partnerships. The findings of this study will contribute to the existing literature on tourism development, political economy, and economic growth in developing countries. Understanding the successes, failures, and lessons learned from these countries' experiences can inform policymakers, practitioners, and researchers on how to navigate the complexities of developing and sustaining a vibrant and resilient tourism industry. In the subsequent sections of this article, we will delve into the historical context, political frameworks, policy initiatives, challenges, and successes of tourism growth in Pakistan and Bangladesh.

1.1. Tourism Growth in Pakistan

In recent years, Pakistan has witnessed a positive growth trajectory in its tourism industry. The following key points highlight the tourism growth in Pakistan until 2021:

1.1.1. Increasing Tourist Arrivals

Pakistan experienced a steady increase in international tourist arrivals. According to the Pakistan Tourism Development Corporation (PTDC), the number of foreign tourists visiting Pakistan reached around 1.75 million in 2019, showcasing a significant growth compared to previous years.

1.1.2. Domestic Tourism Boom

Domestic tourism has played a crucial role in Pakistan's tourism growth. More Pakistani citizens have been exploring their own country, especially the scenic northern regions, leading to increased domestic tourism activities and expenditure (Hayat, 2024; Hussain, Bhatti, Nawaz, & Ahmad, 2019).

1.1.3. Government Initiatives

Initiatives such as the introduction of an e-visa system, visa-on-arrival for selected countries, and improved security measures have positively influenced tourist arrivals.

1.1.4. Focus on Adventure Tourism

The country's diverse landscapes, including the Himalayan and Karakoram mountain ranges, have attracted adventure enthusiasts seeking opportunities for trekking, mountaineering, and other outdoor activities.

1.1.5. Religious Tourism

Pakistan has significant religious tourism potential, with pilgrimage sites for various faiths. Pilgrims and visitors from within the country and abroad visit religious sites, including Nankana Sahib (birthplace of Sikhism's founder), Katas Raj Temples, and Sufi shrines.

1.2. Tourism Growth in Bangladesh

Bangladesh has also experienced notable growth in its tourism sector. Bangladesh is full of natural beauty. Rivers, coasts and beaches, archaeological sites, religious places, hills, forests, waterfalls, tea gardens surround it (Roy & Roy, 2015). While the industry is still developing, the following points highlight the tourism growth in Bangladesh until 2021:

Increasing International Arrivals: Bangladesh has seen a gradual increase in international tourist arrivals. In 2019, the country welcomed approximately 2 million foreign tourists, marking a positive growth trend (Horaira & Devi, 2021; Liu, Lan, Chien, Sadiq, & Nawaz, 2022).
1.2.1. Domestic Tourism
Similar to Pakistan, domestic tourism has been a significant driver of growth in Bangladesh. More Bangladeshis are exploring their own country, particularly visiting popular destinations like Cox's Bazar, (Ahammed, 2010) Sundarbans, and historical sites within the country.

1.2.2. Ecotourism and Natural Beauty
Bangladesh's natural attractions, including the Sundarbans mangrove forest, Cox's Bazar beach, and Sylhet tea gardens, have drawn attention from both domestic and international tourists interested in ecotourism and nature-based experiences (Karim, 2018).

1.2.3. Cultural Heritage
Bangladesh possesses a rich cultural heritage, reflected in historical sites such as the ancient city of Bagerhat UNESCO World Heritage Site (Di Giovine, 2008), mosques in Old Dhaka, and archaeological ruins of Paharpur and Mahasthangarh. These attractions have contributed to tourism growth.

1.2.4. Riverine Tourism
With an extensive network of rivers, riverine tourism has emerged as a niche segment in Bangladesh. River cruises and boat trips along major rivers like the Padma and Meghna offer unique experiences to tourists. It's important to note that the COVID-19 pandemic had a significant impact on global tourism, including Pakistan and Bangladesh, in 2020 and beyond. Travel restrictions, lockdowns, and safety concerns have affected tourist arrivals and overall tourism growth. Therefore, it's crucial to consider the impact of the pandemic on the empirical analysis of tourism growth in both countries until 2021.

2. Literature Review
The political economy of tourism growth in developing countries is a multifaceted phenomenon influenced by various factors. This literature review aims to examine the political economy of tourism growth in developing countries, focusing specifically on Pakistan and Bangladesh. By analyzing existing literature on this topic, we can gain insights into the factors that influence tourism growth in these countries and identify similarities and differences in their political and economic contexts.

2.1. Political Economy Factors in Tourism Growth
2.1.1. Government Policies and Support
Government policies and support are critical factors in shaping the growth of the tourism sector in developing countries. For instance, in Pakistan, the government launched the "Tourism Vision 2025" campaign, aimed at enhancing tourism infrastructure, streamlining regulations, and attracting foreign investment (Nawaz & Hassan, 2016; Zolfani et al., 2015). Similarly, Bangladesh established the "Tourism Master Plan 2016-2025" to develop tourism-related infrastructure and improve the investment climate (Sultana, 2016). These policies demonstrate the government's commitment to supporting tourism growth.

2.1.2. Infrastructure Development
Adequate infrastructure, including transportation networks, accommodation facilities, and tourist attractions, is essential for the development of tourism. In both Pakistan and Bangladesh, investments in infrastructure development have been identified as key drivers of tourism growth. In Pakistan, the China-Pakistan Economic Corridor (CPEC) project has contributed to the development of transportation infrastructure, making previously inaccessible areas more accessible to tourists (Arif & Shikirullah, 2019). Similarly, in Bangladesh, the government has focused on improving transportation links, upgrading airports, and developing tourist-friendly facilities in popular destinations (Badri & Panahi, 2018). These infrastructure developments have positively impacted tourism growth in both countries.

2.1.3. Political Stability and Security
Political stability and security are fundamental prerequisites for attracting international tourists to a country. Both Pakistan and Bangladesh have faced political and security challenges in the past, which have affected their tourism industries. However, recent improvements in security conditions and political stability have led to increased tourist arrivals. In Pakistan,
2.1.4. Marketing and Promotion

Effective marketing and promotion strategies are crucial for attracting tourists to developing countries. Both Pakistan and Bangladesh have undertaken initiatives to enhance their tourism branding and market their destinations globally. Pakistan launched the "Pakistan Tourism Branding" campaign to highlight its rich cultural heritage, natural beauty, and adventure tourism potential (Rahman, Ahmad, & Chongbo, 2017). Bangladesh, on the other hand, has focused on promoting its historical sites, cultural festivals, and natural landscapes through various marketing campaigns (Seabra, Kastenholz, Abrantes, & Reis, 2018). These marketing efforts have contributed to increased international tourist arrivals in both countries. This literature review explored the political economy factors shaping tourism growth in Pakistan and Bangladesh, emphasizing the significance of government policies and support, infrastructure development, political stability and security, and effective marketing and promotion.

3. Underpinning Theories

3.1. Political Economy Theory

This theory focuses on the interplay between political and economic factors in shaping social outcomes. It examines how political institutions, power relations, and economic structures influence the distribution of resources and the development of various sectors, including tourism. Applying political economy theory helps understand the role of governments, policies, and governance in shaping the growth and outcomes of the tourism industry in developing countries.

3.2. Dependency Theory

Dependency theory explores the relationship between developed and developing countries, emphasizing the structural imbalances and inequalities that result from this relationship. In the context of tourism, dependency theory highlights the potential for developing countries to become dependent on foreign capital, multinational corporations, and international tourism markets. This theory helps analyze how these dependencies can impact the political economy of tourism growth, including issues of economic control, leakage, and sustainability.

3.3. Tourism Area Life Cycle (TALC) Model

The TALC model provides a framework for understanding the evolutionary stages of tourism development in a destination. It suggests that tourism destinations progress through different phases, including exploration, involvement, development, consolidation, stagnation, and decline. Applying this model to Pakistan and Bangladesh allows for an analysis of the current stage of tourism development in each country and the associated political-economic implications.

3.4. Governance Theory

Governance theory focuses on the role of institutions, decision-making processes, and actors in shaping policies and practices. It helps examine the dynamics of governance in the tourism sector, including the involvement of public and private stakeholders, policy formulation, implementation, and regulation. This theory is valuable in understanding the political economy of tourism growth by analyzing the governance structures and processes that influence decision-making, resource allocation, and the distribution of benefits.

3.5. Neoliberalism

Neoliberalism is an ideology that promotes free markets, limited government intervention, and privatization. In the context of tourism, neoliberal policies have influenced the development of tourism industries in many developing countries. Understanding the principles and impacts of neoliberalism helps analyze the political economy of tourism growth, including...
the role of market forces, privatization of resources, and the influence of neoliberal policies on local communities and socio-economic inequalities.

3.6. **Sustainable Development Theory**
Sustainable development theory emphasizes the need for economic growth that is socially inclusive, environmentally sustainable, and economically viable in the long term. Applying this theory to the political economy of tourism growth allows for an examination of how tourism can contribute to sustainable development goals, such as poverty reduction, cultural preservation, and environmental conservation. This theory helps analyze the policies and practices that promote or hinder sustainable tourism development in Pakistan and Bangladesh. By drawing on these underpinning theories, the article can provide a comprehensive analysis of the political economy of tourism growth in Pakistan and Bangladesh. These theories help identify and explore the various political, economic, and social factors that shape tourism development in developing countries, enabling a comparative study of the two countries and the implications for their sustainable development.

4. **Data Collection and Methodology**
The methodology for panel data either for pooled data or time series should not be so easy to solve due to the endogenous relationship among variables. The dynamic methodology has advantages as compared to the static methodology. The dynamic methodology can consider the problem of the endogeneity of variables of the model.

4.1. **Data collection**
To study the economic impact of tourism in two countries, The data is analyzed through two estimation techniques. The first one is descriptive analysis and the other one is econometrics analysis for Pakistan and Bangladesh. Secondary source data has been used for number of tourist arrivals, political stability, government effectiveness, control of corruption, rule of law, gross domestic product, voice of accountability, and regulatory quality. Data had been collected from different sources like World Development Indicators (2012) and Travel and Council (2021) for the period of 1996 to 2021.

4.2. **Variables**
The variables used in the study are.

1. Number of Tourist Arrival, the dependent variable
2. independent variables are
   (i) Control of Corruption (COC)
   (ii) Government Effectiveness (GE)
   (iii) Political Stability (PS)
   (iv) Role of Law (ROL)
   (v) Gross Domestic Product (GDP)
   (vi) Regulatory Quality (RQ)
   (vii) Voice of Accountability (VA)

4.3. **Model Specification**
The variables used are governance and political stability coefficient, financial development,

\[ \text{TOUR} = f(\text{POL}S, \text{CO}C, \text{GE}, \text{R}Q, \text{ROL}, \text{VA}, \text{G}DP) \]  

4.4. **Variables Definitions**

4.4.1. **Political Stability (PS)**
Political stability means the society behavior of distribution, decision and power should be equal to all members.

4.4.2. **Control on Corruption (COC)**
The variables control of corruption is taken as an independent variable and is defined as “It is a measure of governance that shows ... ... ...” (Worldwide Governance Indicators, 2023). It is a measure of governance that shows the limits to which government can exercise. This indicator includes both private and public interest.
4.4.3. Government Efficiency (GE)

Government efficiency the role of the private sector regarding infrastructure, transportation and accommodation along with public sector, so Government Efficiency includes support of quality of civil services.

4.4.4. Regulatory Quality (RQ)

Regulatory Quality, the formulation and implementation of policies and regulation for the private sector.

4.4.5. Rule of Law (ROL)

Rule of law, the political accountability of people and institution also included Law makers and implantations of a nation.

4.4.6. Voice and Accountability (VA)

Voice of accountability means perception to what extent, the people of the country contribute with government in freedom of expression and association. It is also free media of Voice of Accountability.

4.4.7. GDP growth rate (GDP)

All the goods and services provide in one year in a nation none as gross domestic product (GDP). There are several methods to estimate the results of dynamic econometric models, in this study we used the following methodology to obtain estimates.

4.5. Descriptive Analysis

4.5.1. Econometric Analysis

Descriptive analysis provides the information regarding frequencies of variables, while econometric analysis helps us to accept or reject the hypothesis.

4.5.2. GMM Estimation

The nature of data used in this study is dynamic in nature. The greater advantage of estimation through this dynamic panel data analysis is that it provides the good understanding the adjusted models. The dynamic model can be expressed in the following way:

\[ Y_{it} = \alpha Y_{i,t-1} + X_i \beta V_{it} + \eta_i + V_{it} \]

Where i stands for area and also for dimension of data and \( X_i \) denoted for independent variable, \( Y_{i,t-1} \) denotes dependent variable with a break that is also present on right hand side of equation.

The model of the study is as follows.

\[ TOUR_i, t = TOUR_{10} + \alpha 1POLSi, t - 1 + \alpha 2COCI, t - 1 + \alpha 3GEi, t - 1 + \alpha 4RQi, t - 1 + \alpha 5ROL i, t - 1 + \alpha 6WAi, t - 1 + \alpha 7GDP i, t - 1 \]

(2)

5. Results And Discussion

The results for this research are analyzed by descriptive and econometrics way. The following table presents the results of selected variables in a descriptive way. The results are as follows.

Table 1: Descriptive Statistics (Bangladesh)

<table>
<thead>
<tr>
<th></th>
<th>TA</th>
<th>COC</th>
<th>GE</th>
<th>PS</th>
<th>ROL</th>
<th>RQ</th>
<th>VA</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>221538.5</td>
<td>-1.05509</td>
<td>-0.744</td>
<td>-1.1825</td>
<td>-0.8111</td>
<td>-0.9318</td>
<td>-0.4932</td>
<td>5.801</td>
</tr>
<tr>
<td>Median</td>
<td>190500</td>
<td>-0.9746</td>
<td>-0.737</td>
<td>-1.178</td>
<td>-0.7835</td>
<td>-0.9192</td>
<td>-0.5319</td>
<td>6.013</td>
</tr>
<tr>
<td>Maximum</td>
<td>432000</td>
<td>-0.77301</td>
<td>-0.490</td>
<td>-0.3707</td>
<td>-0.5605</td>
<td>-0.8042</td>
<td>-0.0584</td>
<td>7.881</td>
</tr>
<tr>
<td>Minimum</td>
<td>104000</td>
<td>-1.59712</td>
<td>-0.937</td>
<td>-1.8638</td>
<td>-1.1519</td>
<td>-1.1759</td>
<td>-0.7696</td>
<td>3.448</td>
</tr>
<tr>
<td>Observations</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>

(Source: The data has been analyzed by the scholar using statistics from World Development Indicators)
Statistics show that tourist arrival in Pakistan has been more than Bangladesh from 1996 to 2021.

**Table 3: Comparative Analysis: Pakistan Vs Bangladesh**

<table>
<thead>
<tr>
<th>Comparison/Comments</th>
<th>Pakistan</th>
<th>Bangladesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist Arrivals</td>
<td>520115.4</td>
<td>221538.5</td>
</tr>
<tr>
<td>Control of Corruption</td>
<td>-0.93</td>
<td>-1.0550</td>
</tr>
<tr>
<td>Government Effectiveness</td>
<td>-0.624</td>
<td>-0.744</td>
</tr>
<tr>
<td>Political Stability</td>
<td>-2.12</td>
<td>-1.182</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>-0.81</td>
<td>-0.811</td>
</tr>
<tr>
<td>Regulatory Quality</td>
<td>-0.675</td>
<td>-0.931</td>
</tr>
<tr>
<td>Voice and Accountability</td>
<td>-0.852</td>
<td>-0.493</td>
</tr>
<tr>
<td>GDP</td>
<td>3.941</td>
<td>5.801</td>
</tr>
</tbody>
</table>

Data has been analyzed by the scholar from the statistics World Development Indicators.

According to the WGI report governance indicators ranged from -2.5 to +2.5, the value near -2.5 represent low governance and the value of +2.5 near +2.5 is the IMF indicator. If we look at the mean value of these indicators, we will be able to decide about the quality of governance in both countries. In the case of COC, the average value of COC in Bangladesh is -1.05 while this average value in Pakistan is -0.93, we can analyze that crime over corruption during 1996-2021 is better in Pakistan as compared to Bangladesh. The difference in the average value of COC in both nations is close to each other so COC is almost the same in both countries. In the case of effectiveness, the average value of GE in Bangladesh is -0.7 while the average value of GE in Pakistan is -0.6, so government effectiveness is also better in Pakistan. In the case of Political Stability average value of PS in Bangladesh is -1.1 while the other average value is -2.1 in Pakistan. The Static is alarming from 1996-2021. Pakistan remains more constable as compared to Bangladesh. The political Stability condition is very worst in Pakistan lowering the quality of governance in Pakistan. The rule of Law in both countries has an average value of -0.8 showing the rule of law same in both countries. Regulatory Quality has an average value of -0.9 in Bangladesh and -0.6 in Pakistan. Which shows more interest in tourism in Pakistan. we can say the regulatory quality is better in Pakistan. In the case of violence average value in Bangladesh is -0.4 and this average value is -0.8 in Pakistan. So, violence is very low in Bangladesh as compared to Pakistan. These results can also be observed in the following graph.

**Table 4: Tourist Arrivals and Growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tourist Arrivals (Millions)</th>
<th>Growth (%age)</th>
<th>Year</th>
<th>Tourist Arrivals (Millions)</th>
<th>Growth (%age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>165887</td>
<td>-2.09</td>
<td>1996</td>
<td>369000</td>
<td>1.63</td>
</tr>
<tr>
<td>1997</td>
<td>162420</td>
<td>5.90</td>
<td>1997</td>
<td>375000</td>
<td>14.40</td>
</tr>
<tr>
<td>1998</td>
<td>172000</td>
<td>0.58</td>
<td>1998</td>
<td>429000</td>
<td>0.70</td>
</tr>
<tr>
<td>2000</td>
<td>199000</td>
<td>15.03</td>
<td>2000</td>
<td>432000</td>
<td>28.94</td>
</tr>
<tr>
<td>2001</td>
<td>207000</td>
<td>4.02</td>
<td>2001</td>
<td>557000</td>
<td>-10.23</td>
</tr>
<tr>
<td>2002</td>
<td>207000</td>
<td>0.00</td>
<td>2002</td>
<td>498000</td>
<td>-0.40</td>
</tr>
<tr>
<td>2003</td>
<td>245000</td>
<td>18.36</td>
<td>2003</td>
<td>501000</td>
<td>0.60</td>
</tr>
<tr>
<td>2004</td>
<td>271270</td>
<td>10.72</td>
<td>2004</td>
<td>648000</td>
<td>29.34</td>
</tr>
<tr>
<td>2005</td>
<td>207,662</td>
<td>-23.45</td>
<td>2005</td>
<td>798000</td>
<td>23.15</td>
</tr>
<tr>
<td>2006</td>
<td>200000</td>
<td>-3.69</td>
<td>2006</td>
<td>898000</td>
<td>12.53</td>
</tr>
</tbody>
</table>
2007 289000 44.50 2007 840000 -6.46  
2008 467000 61.59 2008 823000 -2.02  
2009 267000 -42.83 2009 855000 3.89  
2010 303386 13.63 2010 907000 6.08  
2011 157000 -48.25 2011 1161000 28.00  
2012 160000 1.91 2012 966000 -16.80  
2013 104000 -35.00 2013 1161000 28.00  
2014 160000 1.91 2014 966000 -16.80  
2015 104000 -35.00 2015 1161000 28.00  
2016 160000 1.91 2016 966000 -16.80  
2017 104000 -35.00 2017 1161000 28.00  
2018 160000 1.91 2018 966000 -16.80  
2019 104000 -35.00 2019 1161000 28.00  
2020 160000 1.91 2020 966000 -16.80  
2021 104000 -35.00 2021 1161000 28.00  

Source: World Development Indicator (WDI), The World Travel & Tourism Council (WTTC)  

5.1. Econometric Analysis  
Table 5: (Coefficients of GMM and their significance)  

<table>
<thead>
<tr>
<th>Dependent Variables: No of Tourism Arrival</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>L tourism</td>
<td>0.789*</td>
<td>0.724*</td>
<td>0.725*</td>
<td>0.796*</td>
<td>0.623*</td>
<td>0.742*</td>
</tr>
<tr>
<td>(Political Stability)</td>
<td>0.807**</td>
<td>(0.040)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PS</td>
<td>-</td>
<td>4.417**</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Control of Corruption)</td>
<td></td>
<td>(0.037)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GE</td>
<td>-</td>
<td>-</td>
<td>438114.4*</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Govt Effectiveness)</td>
<td></td>
<td></td>
<td>(0.011)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RQ</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>101071.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Regulatory Quality)</td>
<td></td>
<td></td>
<td></td>
<td>(0.56)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROL</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.45865**</td>
<td>-</td>
</tr>
<tr>
<td>(Rule of Law)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.059)</td>
<td></td>
</tr>
<tr>
<td>VA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.2279**</td>
</tr>
<tr>
<td>(Voice and Accountability)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.022)</td>
</tr>
<tr>
<td>GDP</td>
<td>0.274</td>
<td>0.198**</td>
<td>0.625*</td>
<td>0.351**</td>
<td>0.905***</td>
<td>0.296**</td>
</tr>
<tr>
<td>(0.003)</td>
<td>(0.072)</td>
<td>(0.010)</td>
<td>(0.041)</td>
<td>(0.08)</td>
<td>(0.02)</td>
<td></td>
</tr>
<tr>
<td>AR (1)</td>
<td>0.003</td>
<td>0.006</td>
<td>0.001</td>
<td>0.004</td>
<td>0.007</td>
<td>0.006</td>
</tr>
<tr>
<td>AR(2)</td>
<td>0.996</td>
<td>0.612</td>
<td>0.831</td>
<td>0.779</td>
<td>0.416</td>
<td>0.563</td>
</tr>
<tr>
<td>Chi-square</td>
<td>0.261</td>
<td>0.013</td>
<td>0.002</td>
<td>0.250</td>
<td>0.002</td>
<td>0.301</td>
</tr>
<tr>
<td>Sargan test</td>
<td>0.097</td>
<td>1.00</td>
<td>0.495</td>
<td>0.621</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of observation</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
</tr>
</tbody>
</table>

*,**,***, shows level of significance at 1 %, 5% and 10% respectively.

5.2. The Political Stability and Tourism Growth  
Table No. 1 present the variables of governance and political stability are included in the study, as well as an economic variable of economic growth as assessed by the growth in percentage of GDP. Model No. 1 The factors political stability and economic growth, as well as an indication of both political stability and economic growth, are all included in the study. As the nation becomes more politically stable tourism will increase because a more political system will allocate the resources efficiently. In this model economic growth also has a positive sign showing more economic growth provides better opportunity regarding better technology, infrastructure and with less poverty, so both countries are more stable in the political system will attract more tourism in their countries.

5.3. The Control of Corruption and Tourism Growth  
Model No. 2 study shows the impact of Control of Corruption (COC) and has positive signs means as these two nations are able to control crime the confidence of tourists in that nation will increase, he himself/herself face safe in the countries and more chances of visit the
country will increase control of corruption are also important components of governance. So, control over corruption not only increase foreign tourist but also increase local tourism. History is evident that whenever control over crime is present people feel safe and more chances of tourism increase. The area whenever tourist spots are present government tries to develop forces such as the Army, Police, etc. for the purpose of controlling major and minor crime in these areas’ economic growth. in this model is also significant and shows along with control of crime tourism increases

5.4. The Role of Government Effectiveness and Tourism Growth

Another important component of governance is government effectiveness. Results include that government effectiveness (GE) will increase better public service, including its quality decision-making and policy formulation and its implementation. In the presence of better public service, more chances are there to increase tourism economic growth along with government effectiveness is also significant and has a positive sign showing better economic growth will become an incentive the presence of government effectiveness along with other indicators of the political-economic sector of these two countries.

5.5. The Role of Regulatory Quality of Tourism Growth

Model No. 4, Regulatory Quality (RQ) include is also a component of governance, which include a contribution from the private sector, unfortunately, this component is not significant in our model regulatory quality which includes increased tourism private investment in hotels, transportation, and another tourist requirement, the lesson may become insignificant that whenever private sector involved in the regulatory quality will exploit the tourist and charge the very high price for accommodation and transportation. We can say this area of governance may be governed and government makes regionalize but the implementation is very poor, tourists do not feel comfortable when they want to try these regularities from the private sector and remain unsatisfied.

5.6. The Rule of Law of Tourism Growth

In the next model are other components of governance regarding the Rule of Law (ROL) which is significant and has a positive sign means as a rule of law exists that will increase the development of civil society, similarly next model shows the presence of rule of law.

5.7. The Voice of Accountability of Tourism Growth

Voice of accountability means, perception to what extent, and the people of the country contribute with government in freedom of expression and association. It is also free media of Voice of Accountability. The most important result in all models is the significant behavior of economic growth in all model, so if political and economic factors combine the chances of tourists will be more in these countries, or in another world, we can say that a better politically stable system and governance Is also of the important determinant of economic growth of the country.

6. Conclusion And Policy Recommendations

Tourism raises the activities of people who visit and stay in locations outside of their normal environment for up to one year in a row for leisure, business, or other reasons unrelated to engaging in work that is compensated from within the destination. Political economy of tourism encompasses the particular connection among the government, society, and markets which develop due to tourism industry. Governance and economic growth could be regarded as the politico-economic indicators of tourism growth in a country. Economic growth along with good governance could attract more tourists hence can promote tourism growth in a country by providing a favorable environment for tourism. This study makes a comparison between political economy of tourism growth in Pakistan and Bangladesh. The study is quantitative in nature and investigates the cause-and-effect relationship. Keeping in view the objectives of the study, empirical estimations were made by collecting country level secondary data form Worldwide Governance Indicators (WGI) and World Bank’s World Development Indicators (WDIs), from the year 1996 up to the year 2021. Based on these empirical findings (covering a span of previous 26 years) it could be concluded that no doubt in terms of GDP growth, political stability, and voice & accountability, Bangladesh performed better than Pakistan. But perhaps a relatively better performance of Pakistan with respect to control of corruption indicator, government effectiveness indicator, and regulatory quality indicator, enabled Pakistan to attract the tourists (tourism growth) double in numbers as compared to
Bangladesh. So, it could also be concluded that the political economy of tourism growth is more heavily relying on the control of corruption, government effectiveness, and regulatory quality.

6.1. **Policy Suggestions**

1. Political stability should be improved in order to attract the tourists.
2. Along with Political stability, governance indicators should be improved.
3. A proper tourism strategy should be defined regarding political economic growth contribution of the country.
4. Local governments should provide infrastructure facilities and public utilities to attract tourists.
5. Government should enhance those programs to provide employment opportunities to the locals through tourism.
6. Domestic tourism is also important for generating government revenues, but little attention has been given to this. Economies should also focus on the promotion of domestic tourism.
7. As tourist arrivals are increasing in this region, regional cooperation is more necessary than individual efforts of the countries. These efforts can be made on different levels, like between two or more economies, between private organizations of different economies, and between private and government organizations of two or more economies.
8. Foreign investment must be encouraged in the region on the cost-benefit analysis. The government should also invest its surplus revenues in the promotion of the tourism industry.
9. Environmental degradation and political issues must be resolved to attract foreign tourists to the region.
10. Skilled human resources is the main determinant factor of the economic growth of an economy. The governments of these economies should emphasize the training of human beings and build institutes that serve international tourists.
11. Electronic and print media should play their role and attract tourists.
12. The government should give tax subsidies to hotels, airfares, and all other tourism-related industries to encourage local investors to invest more and to attract tourist arrivals.
13. Security threats must be resolved to promote tourism. All the official institutes should try to handle these issues in the best manner. This is beneficial for attracting not only foreign tourists but also for domestic tourists.

**References**


