



Determinants Affecting the Flow of international Travelers in the ASEAN Region: Does Institutional Quality Matter?

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Abstract

This paper investigated the institutional determinants affecting the flow of international travelers to the ASEAN region. The primary aim was to assess the influence of institutions by using proxy variables; such as regulatory quality, the rule of law, control of corruption, and government effectiveness. Secondary data from the World Bank, Worldwide Governance Indicators (WGI), the World Economic Forum, and the ASEAN Secretariat from 2011 to 2019 were analyzed. Employing panel data regression analysis as the methodological approach, the finding revealed that institutional factors are significant in attracting international tourists, precisely in the context of regulatory quality and the rule of law. This paper recommended reinforcing institutional frameworks, including enhancements in regulatory quality, legal practices, adherence to the rule of law, and good governance, deemed essential for most ASEAN countries. For example, upgrading the regulatory framework involves establishing specific mechanisms for transparency and accountability across tourism institutions. This covers conducting regular audits, public reporting, and comprehensive capacity-building programs for public officials and employees within these institutions. These measures can vitally mitigate the risk of misconduct and uphold the tourism image and reputation, fostering trust and confidence among foreign tourists and enhancing the attractiveness of the ASEAN destinations as a whole.

Keywords: 1) institutions 2) institutional quality 3) regulatory quality 4) rule of law 5) tourism management

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Introduction

Institutions, primarily comprising well-established legal frameworks, practices, and governing mechanisms, wield a significant influence on the economic structure, trade dynamics, country development, and the influx of Foreign Direct Investment (FDI) in most developing economies (Buracom, 2014, p. 108; Fukumi and Nishijima, 2010, p. 1857; Hayat, 2019, p. 561; Lin, et al., 2021, p.1077; Shah, Ahmad and Ahmed, 2016, pp. 13-14; Suksai, 2019, p. 25; Tadesse, Shukralla and Fayissa, 2019, pp. 4249-4250). Institutions provide a comparative advantage and reduce transactional complexities across various business domains (Nunn and Trefler, 2014, p. 263; Siddiqui and Ahmed, 2013, p. 18). This includes its substantial role in tax policies and reform among government organizations (Yang, 2007, pp. 100-101; Yeon-Seob, 1998, p. 171). Establishing robust institutions with a trustworthy market-stabilizing framework indirectly reinforces economic growth and development (Das and Quirk, 2016, p. 37). According to the seminal work of Acemoglu and Robinson (2012, pp. 409-413), institutions that protect property rights, encourage innovation, and offer equal opportunities for all are fundamental for prosperous nations. In simple terms, institutions are formal and informal structures that shape human interactions and behavior. These include norms, laws, and relevant monitoring instruments influencing individuals' and organizations' operations.

Does institutional quality matter to the tourism industry? And how do they foster the tourism market development in the context

of ASEAN? Still, many traditional studies have contended that travel decisions and traveler mobility depend largely on multiple push and pull determinants; as well as motivational and behavioral forces (Abuamoud, et al., 2014, p. 148; Chan, et al., 2018, p. 191; Io, 2023, p. 643; Jeong, 2014, p. 294; Nikjoo and Ketabi, 2015, p. 588; Prayag and Ryan, 2011, p. 121; Sastre and Phakdee-Auksorn, 2017, p. 437; Yousefi and Marzuki, 2015, p. 40). As a result, the point of consideration centered around the cost-benefit assessments like the cost of living, monetary value, and travel-related incentives for Meetings, Incentives, Conventions, and Exhibitions (MICEs). In addition, contemporary research in macroeconomics, international business, and tourism management largely emphasizes the significance of effective destination management, enhancing tourism facilities, and implementing compelling travel incentives to stimulate tourism demands. For instance, the strategic development of tourism facilities and infrastructure in Indonesia, combined with effective destination management and urban planning through the smart city initiative, along with improvements in the transportation system, not only attracts a high volume of tourist visits but also boosts the tourism sector, leading to substantial economic benefits. This, in turn, serves as a key macroeconomic catalyst, fostering increased tourism and substantial economic growth (Fafurida, Ineke and Nur Winda, 2018, p. 91; Fyall and Garrod, 2020, p. 165; Martins, Gan and Ferreira-Lopes, 2017, pp. 258-259). However, these explanations may prove inadequate in the post-COVID-19 pandemic era. The rationale behind this study emerges

to address a gap in the aforementioned contemporary studies by introducing fresh perspectives on the analysis of institutional factors influencing the movement of international travelers within the ASEAN market.

Objectives of the Study

1. To investigate the multilayer effects of institutions on the flow of international travelers to the ASEAN market.

2. To offer policy recommendations for strengthening the institutional framework to enhance collective tourism competitiveness in the ASEAN region.

Literature Review

This section offers a detailed description of how New Institutional Theory collaborates with the push and pull theoretical framework, representing a crucial advancement in comprehending modern-era tourism management. New Institutional Theory sheds light on the role of formal and informal institutions in shaping the behavior of tourism organizations, while the push and pull conception explores the motivations behind tourist choices. Combining these perspectives provides a comprehensive understanding that thoroughly reveals the intricate interplay among institutional forces, external influences, and traveler preferences.

Background: ASEAN Tourism Industry

Tourism has been one of the critical areas of ASEAN's cooperation since its early establishment in 1967 (The ASEAN Secretariat, 2023). ASEAN has initiated a variety of collaborative instruments to enhance tourism cooperation under the guidance of ASEAN

Economic Ministers. The first institutional-cooperative organ is the ASEAN Tourism Forum (ATF), founded in 1981 as an avenue for ASEAN governments to engage with the private sector to promote the ASEAN region as a single tourism destination. Fostered by the expansion of low-cost airlines and the regional open-skies agreement coming into force in 2015, travel in the ASEAN region became more accessible (ASEAN Briefing, 2015). It was reported that the tourism sector contributed over 20% of Thailand's GDP, almost 30% in Cambodia, and even higher in Singapore (World Travel and Tourism Council, 2016).

As the organization's structure evolved, the ASEAN Tourism Agreement was endorsed in 2001 to enhance tourism competitiveness and ease transnational arrangements (The ASEAN Secretariat, 2012). Later, the ASEAN Tourism Strategic Plan 2016–2025 was drafted to address the growing number of regional challenges, such as regional connectivity, digitalization, and non-traditional security threats in the tourism sector. In the post-Covid, ASEAN is vigorously committed to underlining the industry's resilience, sustainability, cultural preservation, and tourism innovation.

Statistically, between the base years of 2011 and 2019, ASEAN witnessed a remarkable surge in tourists in most countries (The ASEAN Secretariat, 2021). This growth signifies an almost twofold increase, unveiling market potential and increasing the popularity of ASEAN destinations in the international market. See Figure 1 below:

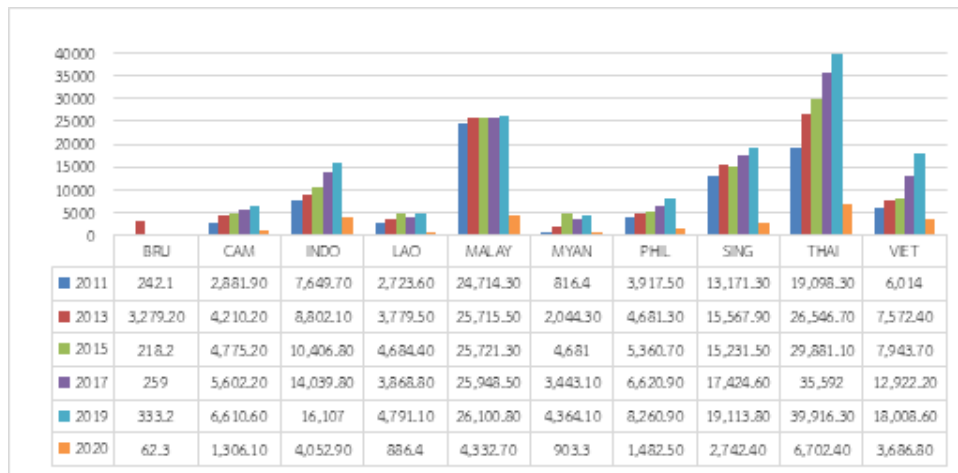


Figure 1 Visitor Arrivals to ASEAN by Country of Destination, 2011-2020 (Unit: Thousand)

Source: ASEAN Statistical Yearbook 2021 (modified by authors)

Note: Brunei data covers only visitor arrivals by air transport except for the year 2013

Under this scenario, Thailand has made headway back into business after the pandemic, followed by Vietnam, Indonesia, Malaysia, and other countries, whereby visa deregulation has been implemented, making it easier for all travelers to visit ASEAN destinations. Thailand is expected to regain 18 million foreign tourists, of which 72% or around 13 million would come from short-haul markets, which are contributed by leading visitors from India and Malaysia with secured flight load factors of 85% and 68%, respectively (Bangkok Post, 2022). Later, the World Health Organization declared the end of the COVID-19 global health emergency, leading to the positive recovery of the entire regional tourism sector.

New Institutional Theory

New institutional theory (or new institutionalism) is one of the methodological approaches in economics and sociology. According to North (1989, p. 1319), institutions serve as rules of the game in society and are humanly devised constraints that shape patterns of human interaction. Such conditions

create order, reduce exchange uncertainty, and determine transaction costs in economic activities (North, 1991, p. 98). North's institutional model advocates business development with incentives enabling businesses to maximize opportunities, resolve problems, and promote positive change in various settings (Faundez, 2016, p. 385). 'Institutionalism' was a buzzword in the 1980s, and the concept has influenced many social studies (Soltan, Haufler and Uslaner, 1998, pp. 3-5). On the other hand, it could be argued that it is an attempt to refine scientific explanations and advocate the crucial roles of institutions in economic affairs (Marinescu, 2014, p. 469). The prominent American Economist, Nobel Prize Laureate, best known as one of the leaders of New Institutional Economists and the founder of Transaction Cost Economics, Williamson (1979, p. 233) advocated a close relationship between economic institutions and transaction costs' origins, incidence, and ramifications.

Without effective institutions, transaction costs and business confidence would

be uncertain, leading to the deterioration of a large-scale market. North (1994, p. 359) stated that economic institutions predominantly form a society's incentive structure, representing an economy's fundamental evolution. It largely determines the allowed, prohibited, and disrupted activities affecting the economy's productivity growth, stagnation, and decline (North, 1991, p. 97).

Recent cross-country studies have suggested that effective institutions positively cause economic progress, trade flows, foreign direct investment, employment, and travelers' movement in the globalization era; these studies broadly analyzed institutions through the analysis of sub-determinants like regulatory quality, control of corruption, rule of law, and government effectiveness (Agostino, et al., 2020, p. 1275; Briggs, 2013, p. 1453; Buracom, 2014, p. 108; Cui, 2017, p. 1243; Grabowski and Self, 2012, p. 2066; Hayat, 2019, p. 561; Huynh and Hoang, 2019, p. 1388). This is because, both directly and indirectly, they impact business prospects, trust, confidence, and the credibility of the country from a macro perspective, including the effects of institutions on innovation development, data governance, and quality of local democracy exemplified in the case of Portugal municipalities (Filgueiras and Lui, 2023, p. 41; Hollingsworth, 2000, p. 595; Portes, 2021, p. 356).

Institutional performance in ASEAN countries

ASEAN countries are poor institutionally in terms of law enforcement and regulations. These are some of the most problematic issues holding back regional tourism competitiveness.

For instance, a group of Indian tourists in Vietnam was ripped off by a local vendor, who unlawfully charged VND 300,000 (12.87 USD) for taking a photo with a coconut. A family of Japanese tourists was overcharged up to VND 1 million (42.61 USD) for a one-kilometer ride from the international terminal of the Noi Bai International Airport to its domestic terminal; in fact, a one-kilometer taxi ride in Vietnam typically costs less than 1 USD (Le and Phong, 2023). In Singapore, Chinese tourists were cheated when buying electronic goods, causing China's Consular Services to warn its citizens traveling to Singapore to be careful of shopping scams (BBC, 2014).

In Thailand, general precautions have been issued by the U.S. Embassy to American visitors to be cautious of deceitful tactics and their surroundings, particularly at tourist sites and crowded streets (The U.S. Embassy & Consulate in Thailand, 2023). In Indonesia, unmarried couples can be imprisoned for adultery under the new laws, which apply to Indonesian nationals and foreign travelers who visit Bali and other domestic destinations (Reuters, 2022). Such incidents have increasingly been reported in mainstream global media, resulting in an unfavorable image and reduced repeat visits by travelers.

To this end, robust regulatory frameworks and systematic law enforcement must be earnestly required to protect travelers, boost confidence, and safeguard a destination's reputation. This encompasses tackling excessive and inconsistent regulations and ineffective good governance, contributing to enhancing institutional quality in most countries



(Masron and Nor, 2013, p. 186; Nguyen and Ha, 2021, p. 421).

See full details of the institutional performance at the country level through the

assessment of regulatory quality, rule of law, government effectiveness, and control of corruption in Table 1-4:

Table 1 Regulatory Quality

Country	2011	2013	2016	2018	2020	Average score	ASEAN Rank
Brunei	84.36	82.46	69.71	74.52	76.92	77.59	2
Indonesia	41.71	47.39	52.88	53.37	59.13	50.89	6
Cambodia	30.33	40.28	33.17	33.17	30.77	33.54	8
Lao PDR	18.48	22.75	24.52	21.63	20.67	21.61	9
Myanmar	1.42	5.69	19.23	24.04	30.29	16.13	10
Malaysia	68.72	68.25	72.12	71.63	73.08	70.76	3
Philippines	48.82	53.55	58.65	56.73	58.17	55.18	4
Singapore	96.68	100.00	100.00	99.52	100.00	99.24	1
Thailand	55.45	55.92	56.25	50.96	55.77	54.87	5
Vietnam	29.38	28.91	32.69	37.50	43.27	34.35	7

Source: Worldwide Governance Indicators (2011–2020), modified by authors

Note: Average score and ASEAN rank were calculated by authors

Table 2 Rule of Law

Country	2011	2013	2016	2018	2020	Average score	ASEAN Rank
Brunei	75.59	68.08	70.67	73.56	78.85	73.35	2
Indonesia	31.92	36.62	41.35	42.79	41.83	38.90	6
Cambodia	14.55	15.96	12.50	12.02	17.31	14.46	9
Lao PDR	16.43	23.94	21.15	19.71	20.67	20.38	8
Myanmar	4.23	9.39	18.75	15.87	10.58	11.76	10
Malaysia	62.91	61.97	65.38	70.19	70.19	66.12	3
Philippines	38.03	41.31	36.54	32.69	29.81	35.67	7
Singapore	92.96	94.37	96.15	97.60	98.56	95.92	1
Thailand	48.83	52.11	53.85	53.37	56.73	52.97	4
Vietnam	35.21	39.44	57.21	52.88	48.56	46.66	5

Source: Worldwide Governance Indicators (2011–2020), modified by authors

Note: Average score and ASEAN rank were calculated by authors

Table 3 Government Effectiveness

Country	2011	2013	2016	2018	2020	Average score	ASEAN Rank
Brunei	76.30	74.88	82.21	86.54	90.38	82.06	2
Indonesia	44.08	46.45	51.44	60.58	64.90	53.49	6
Cambodia	20.85	20.38	25.96	33.17	38.46	27.76	8
Lao PDR	22.27	26.54	38.94	24.52	23.08	27.07	10
Myanmar	2.37	3.79	15.87	12.98	14.42	9.88	9
Malaysia	81.04	78.67	76.44	81.73	82.69	80.11	3
Philippines	61.14	61.14	55.29	55.77	56.73	58.014	5
Singapore	99.53	99.53	100.00	100.00	100.00	99.81	1
Thailand	59.72	60.19	64.90	65.38	62.50	62.53	4
Vietnam	46.92	45.50	53.85	53.37	62.02	52.33	7

Source: Worldwide Governance Indicators (2011–2020), modified by authors

Note: Average score and ASEAN rank were calculated by authors

Table 4 Control of Corruption

Country	2011	2013	2016	2018	2020	Average score	ASEAN Rank
Brunei	76.78	72.51	68.75	79.33	86.54	76.78	2
Indonesia	23.70	29.38	38.46	45.67	37.98	35.03	6
Cambodia	5.21	12.80	8.65	8.65	10.58	9.17	10
Lao PDR	9.95	18.48	14.90	15.38	14.90	14.72	9
Myanmar	0.95	16.11	32.21	30.29	27.40	21.39	8
Malaysia	57.82	67.30	59.62	64.90	62.50	62.42	3
Philippines	26.54	44.08	36.06	34.13	33.65	34.89	7
Singapore	97.16	96.68	97.12	98.56	99.04	97.71	1
Thailand	44.55	44.55	39.90	40.38	36.54	41.18	4
Vietnam	32.70	38.39	37.50	37.02	42.79	37.68	5

Source: Worldwide Governance Indicators (2011–2020), modified by authors

Note: Average score and ASEAN rank were calculated by authors



Push and Pull Theoretical Framework

The push and pull theoretical framework is a classical foundation to explain behavioral motivations and travelers' decisions (Fodness, 1994, p. 555; Roy and Sharma, 2021, p. 288). The unit of analysis lies in the contemplation of determinants underlining an individual's psychological needs of travel decisions, such as a desire to escape anxiety tension, find relaxation, leisure, personal interests, or the desire for an adventurous experience to satisfy fulfillment, which cannot be found in their homeland (Abuamoud, et al., 2014, p. 148; Jeong, 2014, p. 294; Sastre and Phakdee-Auksorn, 2017, p. 437; Yousefi and Marzuki, 2015, p. 40). Determinants fostering travelers' decisions, such as the desire to gain new experiences by breaking daily routines, relaxation, enjoyment, and cost-benefit factors, have been taken into consideration in several tourism studies, including Fenich (2015, p. 145), Santa (2018, p. 615), and Wen and Huang (2019, p. 805).

Push motives relate to psychological needs. These intrinsic motives include escape from stress, social pressures and socialization, increased self-esteem, novelty, and being away from crowds and the workplace (Botha, Crompton and Kim, 1999, p. 341). Pull factors are associated with destination attractions, such as beaches, mountains, natural landscapes, resources, service quality, prices, and other personal preferences of destination and activities (Io, 2021, p. 463; Mohammad and Som, 2010, p. 41; Xu and Chan, 2016, p. 107).

Many studies have suggested that push and pull determinants motivate trav-

elers across demographic groups to visit a particular destination, e.g., the country parks in Hong Kong (Chan, et al., 2018, p. 191). Including travel campaigns like food destination, socialization, and cultural experience could profoundly impact travel decisions as pull factors (Su, Johnson and O'Mahony, 2020, p. 572). A recent study by Sastrea and Phakdee-Auksorn (2017, p. 437) pointed out a significant correlation between travel intention and the push and pull motivations among British tourists to Phuket; the British tourists' main push motivations were as follows: 'to have fun,' 'to rest and relax,' and 'to escape from daily routine and environment.' Meanwhile, the pull motivations included 'natural sceneries and landscapes,' 'beaches,' and 'hospitality and friendliness of the people.' This empirical finding is consistent with Jeong (2014, p. 294) arguing the significance of push motivations in static activity, while pull motivations dealt with the active ones.

The conceptual model is constructed based on the underlying theories, incorporating two control variables to mitigate the analytical biases in the research outcomes. Independent variables include institutional factors (regulatory quality, rule of law, control of corruption, government effectiveness,) push and pull elements (travel and tourism competitiveness,) and two control variables (GDP size and GDP per capita.) Dependent variable is the international travels to the ASEAN region. See Figure 2 below:

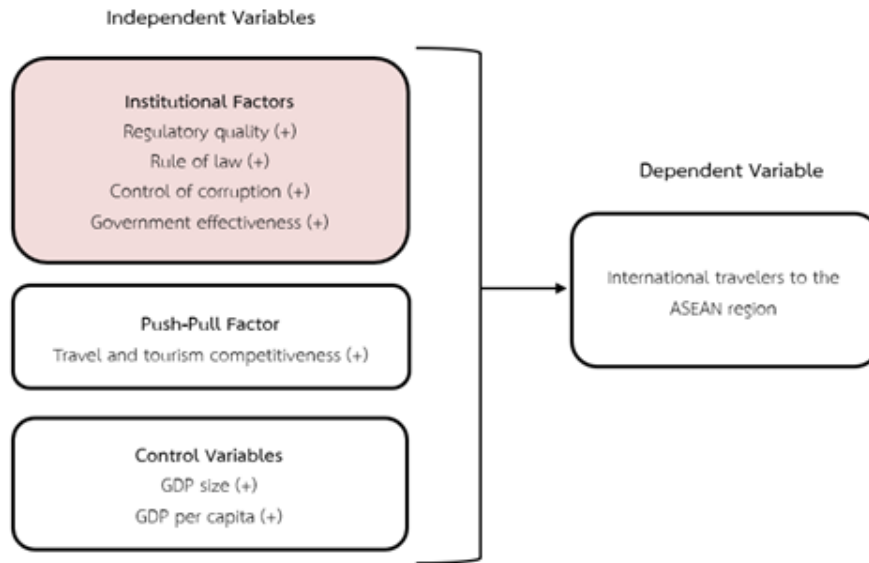


Figure 2 Conceptual Model

Methodology

Research Design

This study is a quantitative analysis using panel data regression method to analyze the correlation between independent variables (regulatory quality, rule of law, control of corruption, government effectiveness, travel and tourism competitiveness, GDP size, and GDP per capita) affecting the dependent variable (international travelers to the ASEAN region) over the past ten years from 2011 to 2019, to comprehend the comprehensive patterns and dynamics of foreign travelers visiting the ASEAN region. The rationale behind selecting this specific period is grounded in various policy changes and significant tourism events during that time. Examples include the introduction of the ASEAN Tourism Strategic Plan 2011-2015, the establishment of the ASEAN Single Aviation Market in 2016, and the emergence of Smart Tourism and Community-Based Tourism Initiatives as prominent concepts within the region.

Additionally, the ASEAN Declaration on the Culture of Prevention for a Peaceful, Inclusive, Resilient, Healthy, and Harmonious Society in 2019 incorporated cultural aspects, which underscored the importance of cultural assets and impacted the large-scale ASEAN tourism sector. As a result, the emphasis on this timing is considered worthwhile.

Concerning the methodological approach, the incorporation of key macroeconomic variables, precisely GDP size and GDP per capita, as control variables is crucial. This was undertaken to address potential confounding effects. Although these variables were not the main focus of the study, their inclusion aimed to diminish the potential influence they might have on the relationship between the primary independent variables and the dependent variable. As a result, this execution enhanced the overall analytical robustness.

Data Collection



Secondary data was obtained from open data sources, including the World Bank, Worldwide Governance Indicator (WGI), the World Economic Forum, and the ASEAN Secretariat, from 2011 to 2019. However, dealing with missing data is a prevalent challenge in cross-country studies, including this well-designed research framework. This challenge arises mainly because certain primary data sources

are not collected annually. To address this issue, researchers mitigated the impact by incorporating means and averages in the analysis where deemed appropriate. Sign and symbol for multiple regression equation and categorization of variables with supportive theories are shown in Table 5:

Table 5 Sign, Symbol, and Categorization of variables with supportive theories

Sign	Variables	Symbol	Theories
Y	International travelers to the ASEAN region	TRAV	
X1	Regulatory Quality	REGQ	Institutional Theory
X2	Rule of Law	RULE	Institutional Theory
X3	Control of Corruption	CONT	Institutional Theory
X4	Government Effectiveness	GOVE	Institutional Theory
X5	Travel and Tourism Competitiveness	TTCO	Push & Pull Framework
X6	GDP Size	GDPS	Control Variable
X7	GDP per Capita	GDPC	Control Variable

Multiple regression equation for data analysis then becomes:

$$\text{TRAV} = a_1 + \beta_1 \text{REGQ} + \beta_2 \text{RULE} + \beta_3 \text{CONT} + \beta_4 \text{GOVE} + \beta_5 \text{TRAV} + \beta_6 \text{GDPS} + \beta_7 \text{GDPC}$$

the ten years from 2011 to 2019. This illustration provides descriptive evidence of both independent and dependent variables, facilitating a holistic understanding of the patterns and variations under scrutiny. See Table 6 below:

Results

Descriptive statistics shown below summarize data from each ASEAN country for

Table 6 Descriptive Statistics

	Sign	N	Minimum	Maximum	Mean	S.D.
X1	REGQ	90	1.42	100.00	51.31	25.92
X2	RULE	90	4.22	97.59	45.46	25.85
X3	CONT	90	.94	99.03	42.99	26.44
X4	GOVE	90	2.36	100.00	54.87	26.96
X5	TTCO	82	8.0	151.0	77.85	33.92
X6	GDPS	90	8750107401.5	1119099868265.2	270221891147.3	276187892351.3

	Sign	N	Minimum	Maximum	Mean	S.D.
X7	GDPC	90	882.27	66859.33	12656.014	18804.54
Y	TRAV	90	209100	39916300	11113952.86	9971346.95

The empirical model, with the adjusted R-square of .688, demonstrates that a set of independent variables can explain approximately 68% of the variance observed in the dependent variable in this analytical context. The findings revealed that institutional factors, particularly regulatory quality and the rule of law, are statistically significant in attracting international tourists and influencing the mobility of travelers in the ASEAN region. Positive coefficient values, essentially the rule of law with the highest coefficient values of 1.131 and regulatory quality at 0.478, respectively, suggested that improving regulatory quality and the rule of law are associated with a proportional growth in the number of international travelers. A robust rule of law enhances confidence in travelers by providing reassurance regarding legal practices, protection, and enforcement. Consequently, travelers are more likely to feel assured and secure when the legal framework is perceived as equitable, transparent, and predictable.

The results imply the importance of institutional factors in shaping the influx of

international travelers to the ASEAN region. It can be concluded that institutional factors matter to the flow of international travelers in the context of ASEAN. However, it is worth noting that push and pull determinants show a positive correlation with the influx of foreign travelers to the ASEAN region; this underscores the importance of maintaining and preserving natural resources across tourist attractions to attract international travelers to the ASEAN market. At this point, this paper recommends reinforcing institutional development, encompassing improvements in regulatory frameworks, legal practices, and adherence to the rule of law across the tourism industries, which are vital for fostering the regional tourism industry. This includes strengthening institutional mechanisms, such as enhancements to tourist safety and the cultivation of trust and confidence among international travelers to boost regional tourism competitiveness in the long run. See Table 7 for the empirical regression results.

Table 7 Empirical Results of Regression on International Travelers to the ASEAN Region

Dependent variable: International travelers to the ASEAN region			
Independent variable	Coefficients (b)	T	Sig.
REGQ	.478	2.093	.039*
RULE	1.131	3.038	.003*
CONT	-.463	-1.897	.061
GOVE	-.553	-1.702	.093
TTCO	.719	6.650	.000**



Dependent variable: International travelers to the ASEAN region			
Independent variable	Coefficients (b)	T	Sig.
GDPS	-.045	-.583	.562
GDPC	-.843	-5.212	.000**
(Constant)	-10573758.4	-5.348	

R-square = .713; Adjusted R-square = .688; F = 29.077; p = .000
 *statistically significant at 0.05 level
 **statistically significant at 0.01 level

Discussion

Institutional Impacts

Regulatory quality reaffirms the existence of proper legal frameworks that protect international travelers, especially the reinforcement of contracts between travelers and service providers at a country's destination. This implies that service providers are firmly and legally regulated by state authorities to fulfill their commitments, ensuring that travelers are not exposed to concealed or additional charges, including any unfair practices.

Upholding the rule of law is essential to promoting travel decisions indirectly, and it has the most significant impact on the number of travelers to the ASEAN region, with the highest coefficient value of 1.131. The robust rule of law could enhance travelers' confidence by providing them with credible legal practices, protection, and enforcement. It also involves establishing and maintaining legal certainty and fairness within a legal system. Travelers are more likely to feel confident and secure when the legal framework is perceived as fair and transparent. This perception reassures them that their rights will be respected throughout their travels. Without justifiable legal standards, people would have no trust

and confidence (Sachar, 2023). All reaffirms an emotional sense of security, making travelers more likely to choose a destination and spend money there. Indeed, the effectiveness of the rule of law can foster trust and confidence among foreign travelers.

No significant relationship was found between the control of corruption and government effectiveness in this analytical context. It should be noted that most travelers visiting the ASEAN countries or Southeast Asia could spend their holidays briefly. It was reported that Southeast Asians take an average of 2–3 holidays overseas, with one trip typically lasting 10–21 days (European Travel Commission, 2019). In this connection, foreign travelers may pay less attention to the political and social impacts as long as they experience the country not living; this is because young travelers and consumers nowadays use information gathered from various sources like word of mouth, different forms of media, guidebooks, and talking to friends and relatives to form a perception of a particular destination. At this point, the study of Garg (2015, p. 1) discovered that most holidaymakers perceive earthquakes, tsunamis, SARS, terrorist activities, and swine flu as potential risks when selecting

their travel destination, placing more emphasis on these factors than on political unrest and government instability in the destinations. In this perspective, the findings may differ from the previous studies in macroeconomics in that control of corruption and government effectiveness tended to promote trust and confidence in a society (Buracom, 2014, p. 108; Tadesse, Shukralla and Fayissa, 2019, pp. 4249-4250). However, it is essential to conduct additional empirical research on this issue, as the behaviors of travelers are intricate and characterized by diverse motivations and drives.

Theoretical Contributions

The conceptualization of new institutional theory makes remarkable theoretical contributions to tourism management perspectives. It broadens the understanding of how institutions influence travelers' decisions when selecting a destination. Institutional arrangements, such as the implementation of health and safety protocols, legal protection for travelers, and the establishment of reliability and credibility in a country's destination, are crucial instruments that significantly impact the trust and confidence of international travelers on a large scale. In this connection, institutional factors play an active role in shaping the overall perception of a destination, influencing travelers' choices, and contributing to the successful management of the tourism industry.

New institutional theory helps explain how tourism organizations align with market pressures and the dynamic behaviors of travelers, ultimately influencing a country's and region's long-term competitiveness. For

example, in the case of India, research indicated that institutional quality promotes the tourism sector and demand in the economy, which could lead to the synergistic concepts of tourism market development, reputation management, and institutional upgrading, ensuring a sustained increase in tourist inflows to the country (Mushtaq, Thoker and Bhat, 2021, p. 622). Additionally, this theory underscores the significance of establishing an effective monitoring framework with reliable regulations and practices at the destination. Such a framework is designed to build trust, attract travelers, and foster positive word-of-mouth on an individual level and global mainstream social media platforms. To this end, new institutional theory offers a valuable perspective for researchers and tourism practitioners, enabling a more in-depth analysis of the complex relationships within and across these tourism domains.

Policy Recommendations

From a rational perspective, this paper argues for a crucial necessity to enhance the institutional policy framework to promote the competitiveness of ASEAN's tourism sector. Firstly, strengthening the regulatory framework involves establishing specific mechanisms characterized by transparency and accountability within the governing tourism institutions, an initial step that should be pursued with vigor. This includes conducting regular audits, public reporting, and comprehensive capacity-building programs for public officials and employees within institutions to mitigate the risk of misconduct and uphold the tourism image and reputation. For example, conduct-



ing regular examinations of financial records and transactions is encouraged to reaffirm the transparency and accountability of tourism officials and stakeholders. This involves verifying adherence to regulations and ethical standards to prevent the possibility of misconduct by third parties. Additionally, the establishment of online platforms where public officials disclose pertinent information about their activities and decision-making processes to the general public is instrumental in elevating trust among foreign tourists. Secondly, the authors advocated for promoting an equitable rule of law across governments and private agencies. This initiative aims to facilitate effective law enforcement and increase the likelihood of a fair judiciary, consequently improving legal support for international tourists. For instance, it is advisable to establish an independent judiciary that is free from political influence. Members of this judiciary could be selected from diverse backgrounds of stakeholders, serving specific terms and following a rotational basis to ensure fairness and prevent potential biases. This provides fair and impartial interpretation and application of laws. Thirdly, the authors emphasized the significance of good governance and civil participation, advocating for a mechanism that ensures a check-and-balance system and equal involvement of all stakeholders. Prioritizing increased collaboration and engagement with civil communities, the private sector, and citizens in decision-making processes is essential. For instance, establishing community-based tourism planning through active meetings and workshops with residents to gather input on tourism development

plans exemplifies this inclusive approach. This approach facilitates formulating policies aligned with the community's values and needs, fostering a sense of ownership. This underscores the commitment to inclusive policies and practices that cater to the diverse needs of all stakeholders in the domain of tourism planning and management.

Conclusion

Despite the immense opportunity for the ASEAN region to become a leading global destination in the post-COVID-19 era, the current undervaluation of institutional performance is impeding the holistic growth of its tourism industry. Recognizing and elevating institutional quality is imperative for unlocking the region's full potential. Employing panel data regression as the methodological approach and drawing on the secondary data from the World Bank, Worldwide Governance Indicators (WGI), the World Economic Forum, and the ASEAN Secretariat spanning from 2011 to 2019, the findings revealed that institutional factors significantly impact the flow of international travelers visiting the ASEAN region. Specifically, within the context of regulatory quality and the rule of law, they play a crucial role in attracting tourists and influencing their decisions when choosing a travel destination. Policy recommendations should prioritize upgrading the regulatory framework and promoting an equitable rule of law across governments and private agencies, and practical implementations must be executed with good governance. For example, advancing the regulatory framework by establishing specific



mechanisms for transparency and accountability across the tourism institutions. This involves conducting regular audits, public reporting, and comprehensive capacity-building programs for public officials and employees within institutions. These measures can significantly mitigate the risk of misconduct and uphold the tourism image and reputation, fostering trust and confidence among foreign tourists. This, in turn, makes it easier for international travelers to choose an ASEAN destination as one of the most competitive travel destinations. The conceptualization of new institutional theory

in this paper makes meaningful theoretical contributions to tourism management perspectives and further explains how tourism organizations align with market pressures and the dynamic behaviors of travelers. It broadens the understanding of how institutions influence travelers' decisions when selecting a destination. More importantly, the new institutional theory provides researchers and tourism practitioners with a valuable perspective, facilitating a more comprehensive analysis of the intricate relationships within and across various tourism domains.

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Appendix

Measurement of Variables and Data Source

Variables	Measurement	Data source
Regulatory Quality	This variable captures perception relating to the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development and trustworthiness. It is measured based on the ranking unit of scores from 0-100.	Worldwide Governance Indicators (2011-2019)
Rule of Law	This variable captures perception to the extent to which agents have confidence in and abide by the rules of society. This includes the quality of contract enforcement, property rights protection, the court, and the likelihood of crime and violence in society. This is measured in a ranking unit of scores from 0-100	Worldwide Governance Indicators (2011-2019)
Control of Corruption	This variable captures the perception of public power, which is exercised for private gain, including petty and grand forms of corruption. It is measured in a ranking unit of scores from 0-100.	Worldwide Governance Indicators (2011-2019)



Government Effectiveness	This variable captures the perception of the quality of public and civil services and the degree of their independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. It can be measured with reference to a ranking unit of scores from 0-100.	Worldwide Governance Indicators (2011-2019)
Travel & Tourism Index	This measures the set of factors and policies that enable the sustainable development of the travel and tourism sector, which contributes to the development and competitiveness of a country. Data is gathered from various international organizations, including the data from the World Economic Forum's annual Executive Opinion Survey. The unit of measurement appears in the ranking of the country index: the lower rank, the greater performance.	World Economic Forum (2011-2019)
GDP Size	This variable is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. Measurements of this data set are in current U.S. dollars. GDP dollar figures are converted from domestic currencies using single-year official exchange rates.	The World Bank (2011-2019)
GDP per Capita	GDP per capita is a gross domestic product divided by midyear population. Data are measured and appear in the current U.S. dollars.	The World Bank (2011-2019)
International Travelers	This variable measures the total number of visitor arrivals to all ASEAN countries. It should be noted that Brunei Darussalam data between 2013 and 20014 covered only visitor arrivals by air transport. The unit of measurement is the total number of international visitors visiting all ASEAN countries per year.	ASEAN Secretariat (2011-2019)