

## The role of Financial Development and Institutional Quality in Promoting Sustainable Development through Tourism Management

**Authors :** Hashim Zameer

**Abstract :** Effective tourism management plays a vital role in promoting sustainability and supporting ecosystems. A common principle that has been in practice over the years is “first pollute and then clean,” indicating countries need financial resources to promote sustainability. Financial development and the tourism management both seems very important to promoting sustainable development. However, without institutional support, it is very difficult to succeed. In this context, it seems prominently significant to explore how institutional quality, tourism development, and financial development could promote sustainable development. In the past, no research explored the role of tourism development in sustainable development. Moreover, the role of financial development, natural resources, and institutional quality in sustainable development is also ignored. In this regard, this paper aims to investigate the role of tourism development, natural resources, financial development, and institutional quality in sustainable development in China. The study used time-series data from 2000-2021 and employed the Bayesian linear regression model because it is suitable for small data sets. The robustness of the findings was checked using a quantile regression approach. The results reveal that an increase in tourism expenditures stimulates the economy, creates jobs, encourages cultural exchange, and supports sustainability initiatives. Moreover, financial development and institution quality have a positive effect on sustainable development. However, reliance on natural resources can result in negative economic, social, and environmental outcomes, highlighting the need for resource diversification and management to reinforce sustainable development. These results highlight the significance of financial development, strong institutions, sustainable tourism, and careful utilization of natural resources for long-term sustainability. The study holds vital insights for policy formulation to promote sustainable tourism.

**Keywords :** sustainability, tourism development, financial development, institutional quality

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