

# The Effect of Macroeconomic and Population of Muslim Tourist's Country of Origin on Tourist Arrival to Indonesia

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**Abstract** The purpose of this study is to evaluate and create Muslim-friendly services, facilities and infrastructure to support the performance of government and entrepreneurs in the tourism sector, as well as to attract Muslim tourists in order to contribute to economic development in Indonesia. The method used can be quantified by examining the macroeconomic impact and the population of Muslim tourists from the country of origin on tourist arrivals in Indonesia. with Regression analysis of the panel data which is a combination of time series data Further transversal data from 2014 to 2019 From five countries of the Organization for Islamic Cooperation (OIC). From the results of the analysis, it can be concluded that the country-of-origin population of Muslim tourists has an impact on tourist arrivals to Indonesia with an impact level of 96%. Therefore, the population of the tourists' country of origin will increase Tourist I arrive For Indonesia Which? Want Also one is influence Feather financial growth In Indonesia.

**Keywords:** Halal tourism, Mussulman friendly, Tourist.

## 1 Introduction

The tourism industry in many countries is a lot important financial Driver. This IS based Feather macroeconomic growth and number from Works (Saint Mary, 2012). sightseeing, how faster Ascending regions of the world and become the main engine of economic development and socio-economic progress. Hence this tourism sector is characterized by very rapid growth in the growth of foreign tourists. UNWTO forecasts Total arrivals of foreign tourists will increase by 3.3% per year for access 1.8 A billion In 2030 (UNWTO, 2016). It will invest in the tourism sector to generate infrastructure, manpower, technology occupation And Do Income.

Therefore, Growth Competition to increase the efficiency of the venue Deal, And to ease And to exploit economies of scale (Jawad, Shahbaz, Shahzad, And Ravinesh , 2017). to evolve sightseeing region, success from both The government and the private sector will suffer Feather financial development of the country (Al-Ghohri , 2016).

In recent years, Islam and sightseeing It has attracted many countries to develop such tourism. This Based on the growing Muslim tourist population. This The condition has targeted the halal tourism industry

Parting to compete in a Muslim preparation structure (Batur and Ismail, 2016).

Population growth In Muslim majority Villages Halal tourism is a goal to improve a country's economy. One of the sectors contributing to economic growth in terms of tax revenue and employment in low-income countries from exports will be tourism (Boznic and Low, 2016).

Muslim-majority and non-Muslim countries compete for Muslim tourist arrivals. Non-OIC countries, Japan (Yusof & Shut to, 2014), South Korea (Han, Al-Anis, Olaya and Kim, 2019; Noordiyah, 2018) and New Zealand (Razzak, Hall and Prayag, 2016) promote the popularity of halal tourism by providing Eh. Muslim tourism products, facilities and infrastructure. (Samori, Za and Mohiuddin, 2016). So, this would have an effect on the growing demand and interest in the Muslim friendly concept, especially for Muslim tourists who travel. However, there are very few studies that discuss the demand for Muslim tourists from the perspective of Muslim tourist arrivals.

About 20% of the total domestic tourist arrivals in Indonesia, so it can be said that the growth of Muslim tourists is still low (Mastercard - Crescent rating, 2018). Indonesia should be able to compete with neighboring countries promoting halal tourism as a pillar of tourism in the country. Malaysia started the Islamic Tourism

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Center (ITC) in 2009 as part of promoting halal tourism (Ghani, 2016). Subsequently, Singapore was ranked first as a non-OIC country promoting halal tourism (MasterCard and Crescentrating, 2018).

This paper will examine arrivals of Muslim tourists from OIC countries visiting Indonesia in terms of the impact of the tourist's country of origin, GDP per capita and GDP. The aim of this study is to investigate the impact of the macroeconomics and population of the tourists' country of origin on the increase in tourist travel from OIC countries to Indonesia. Once again, this research will help government and tourism industry actors evaluate and design Muslim-friendly services, facilities and infrastructure to attract Muslim tourists, which contribute to economic growth in Indonesia.

## 2 Literature Review

One of the largest Muslim-majority countries in Southeast Asia and an international halal tourism destination, Indonesia (Yusuf and Ziucheng, 2018) has made numerous innovations in halal tourism development to balance neighboring countries. One of the novelties is the Halal certification (Nurdiyanyah, 2018) which is found on food and drink labels (Prabowo, Rahman, Rahma and Samah, 2015), then the Hotel and Restaurant Association was established for the hotel and catering sector and Halal was created. Tour packages to interesting places such as religious tourist attractions scattered throughout Indonesia (Jailani, 2017). The Indonesia Muslim Travel Index (IMTI), launched by the Ministry of Tourism, has become a reference point for tourism players in Indonesia who wish to focus on the development of halal tourism. Furthermore, it has been perfected by the GMTI standard with respect to the aspects contained in IMTI (Angriana, 2018).

Halal in Arabic means permission, Halal applies not only to food but to all aspects of life. Over time, the idea has emerged of integrating the concept of halal into the tourism sector so that it becomes an attraction for tourists to enjoy the feel of Muslim tourism, offering growth opportunities for investors (Mohsin, Ramli and Abdulaziz). 2016).

(Agiomirgianakis, Bertsatos and Tsounis, 2018), it was found that an increase in GDP in the country of origin will lead to an increase in tourist visits in Turkey (Agiomirgianakis et al., 2018). The study also found that an increase in the home country's GDP would result in a reduction in the percentage of total tourism spending in Turkey. Something that can be done by high-income individuals or families and is included in luxury goods spending is the definition of international tourism (Kim, Park, Lee & Jung, 2012). This position is used in the calculation of GDP per capita in this study (Ghani, 2016). The macroeconomic variables used are GDP and GDP per capita.

Furthermore, a significant increase in the number of Muslim residents with a population of 1.8 billion (Dubai International Financial Center, 2018) is expected to increase the number of tourists to Indonesia in a positive

direction. The contribution of tourism expenditure to GDP was 75.2% in 2017 and increased to 5.2% in 2018 (WTTC, 2018). So, improving this situation will have a good effect on Indonesia's economic growth

There are many studies examining the relationship between tourism and economic development and settlement. Four hypotheses. The two hypotheses show a one-way causality between two variables from tourism to economic development, namely the hypothesis of economic growth based on tourism and the hypothesis of economic development driven by tourism. Then the other two hypotheses are those that support a two-way relationship between tourism and economy or have no relationship at all (Antonakis, Dragouni, & Phyllis, 2015; Jawad et al., 2017; J. Liu, Nijkamp, & Lin, 2017; Parleribes, Bell and Moreno-Izquierdo, 2017). It is based on the spending of foreign tourists and the exchange rate of the country of origin of the tourists which will influence the economic development of the country.

All sectors of the economy, including individuals, individuals, small and medium-sized enterprises, private companies and the government sector, are affected by the demand for tourism (Narayana, Sharma and Bannigidadamath, 2013). This research is closely related to tourism demand (Song & Lee, 2008), but there is no research that specifically examines tourists from OIC countries.

## 3 Modus Operandi and Information

Research information Use Panel information from 5 OIC Country from 2014 to 2019. Hence, 5 countries studied Saudi Arabia, Malaysia, Egypt, Kuwait e United Arabic Emirates. Membership in O I C countries can be used as a proxy because it is another Greater organization After United of the nation (UN) (Ghani, 2016).

A report was taken by the Ministry of Tourism of the Republic of Indonesia on the arrival of foreign tourists. Hence, World Development Indicators (WDI) are collected from GDP and GDP per capita and population. Sampling in this study uses non-probability targeted sampling, as it is based on the existence of from information Implicit In ministry from sightseeing.

Furthermore, foreign tourist arrivals are the number of foreign tourists visiting Indonesia. The factors that measure a country's macroeconomy are GDP per capita and GDP, while population is the total population of the country of origin for tourists.

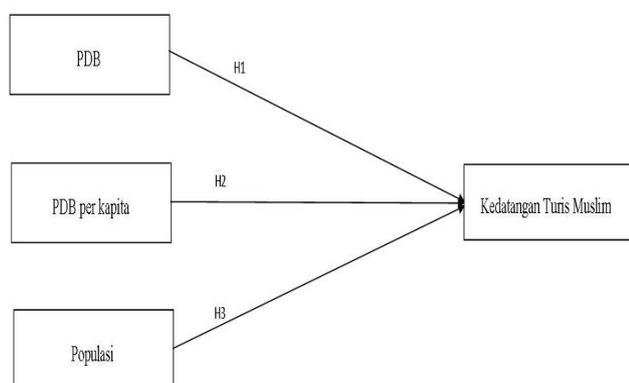
**Table 1.** Definition from operating variable

Variable		Definition	Source
endogenous	Tourist I arrive	number from tourists Arriving for Indonesia	ministry _sightseeing
	Gross domestic product	Gross added value of all producersIn One Village in Economy more the product taxesand minus the subsidies not included the product value	WDI
exogenous	Pro-capite GDP	Gross domestic product Separate Of annual population	WDI
	Population	lousy population from Village from Original from tourists	WDI

## 4 Research Methods

This study used quantitative methods, with regression of panel data to test endogenous and exogenous variables. The relationship between the exogenous variables and the endogenous variables tested in this study is that the exogenous variables are GDP, GDP per capita and the population of the country of origin of the tourists, while the arrival of Muslim tourists is an endogenous variable.

This study uses a grouped least squares (PLS) model with the Eviews application. This method is the simplest method to estimate panel data by combining only time series and cross section data. This means that the intercepts and coefficients of the model will not change in individuals and over time (W. Liu, Zhang & Feng, 2019).



**Fig 1.** Research Ideological Structure Figure

h1, Gross domestic product is One Positive influence Feather Mussulman TouristI arrive

h 2, Gross domestic product for person is One Positive influence Feather MussulmanTourist I arrive

h3, Population is One Positive influence Feather Mussulman TouristI arrive template Esteem Feather Panel information method is Used for Received Improve template in analyses influence from Gross domestic product,

GDP per capita and population upon arrival of Muslimstourists For Indonesia, how It is like this:

$$TA_{it} = \alpha + \beta_1 GDP_{it} + \beta_2 GDPPC_{it} + \beta_3 POP_{it} + \varepsilon$$

Territorial Army, arrive from foreign tourists  
 Gross domestic product, lousy domestic the product from Village from Originalfrom foreign tourists  
 PILPC, lousy domestic the product for person from Vilage from Original from foreign tourists  
 pop: Population from Village from Original from foreignTourist.

## 5 Result and Discussion

This she studies objective for to decide influence from Gross domestic product,GDP per capita and population of the countries of origin OIC foreign tourists on tourist arrivals in Indonesia. In regression of the panel data, this was tested for the first time with chow test And Hausman test in to count for find out Correct template Because of this Research.

**Table 2.** Four Test And Hausman Test

Test gender	Feasibility	Hypotesis Result
four tests	0.0000	to reject h0, then fame
Hausman test	0.0167	to reject h 0, Therefore fame

The probability value in the chow test in Table 3 is 0.0000, which is less than the actual level used in this study, which is 5%, so there is enough evidence to reject H0. Based on the test results, a fixed effects model is accepted over a normal effects model. Furthermore, a probability value of 0.016 from the Haussmann test results, a probability value below the 5th percentile level, is therefore sufficient proof to reject the H0 hypothesis. The best approach is shown by the decision of the FEM Chow test model and the Hausmann test.

**Table 3.** Result from Less Square Panel Information Return

Variable	Fame
C.	-223005.8 (0.7553)
Gross domestic product	-0.00000012 (0.9162)
PILPC	0.094224 (0.9895)
popular (pop)	0.01816 (0.272)
r squared	0.960816
Well-adjusted r squared	0.948349
F figure	77.06535
Probe (F-statistic)	0.000
Durbin-Watson state	0.938403

Table 3 shows the results of the smaller square panel. With fixed effect but GDP (GDP), GDP per capita (GDPPC) and have no relevance to the population. In Tourist arrival variable (TA).

In General, Panel information Return template Often performance heterosexuality Problem, here because This information

Use cross section data. So, guessing the search template using the White heterosexuality cross section Standard error and covariance are shown in the result table 5 Under

From the output in Table 5, you can see that it is there it is a change that has some exogenous variable statistical significance. The result of the consistency of the variance of the error of the changes that occur indicates that the initial model does indeed contain heteroskedasticity. With a high R2 value of 0.960816, which means the variation of the endogenous model The pattern of arrival of foreign tourists can be explained in exogenous variables of GDP, per capita GDP e population from 96%, The exogenous variables indicate that it is well tested in the interpretation of the endogenous variables

Although, table 3 Shows Possibility value In GDP of 0.84, to a per capita GDP of 0.96, because more rather than 0.05 the data are No Important Meanwhile, 0.004 is the population probability value, a value less than 0.05 so that the data is meaningful. So, it represents the positive value of the coefficient

0.01816 which means that when the population variable increases, the variable of the influx of foreign tourists is increasing. from the results of from the above analysis it can only be seen that can influence the arrival of foreign tourists partly because the probability value is 0.004 which is <0.05. Like this the higher the population level of the country-of-origin foreign tourists, the greater the arrival of foreign tourists to Indonesia. From the results of the above analysis, it It can be seen that together, the

exogenous population variable He to influence variable from foreign Tourist I arrive Here because Possibility value IS 0.00, Which? is <0.05. Hence, the correlation is 0.96 to indicate this the effect of the population variable is 96% e Residue 4% IS affected by other variables.

**Table 4.** Result from Less Square White Panel Information Return Cross Section from and Covariance

Variable	Fame
C.	-223005.8 (0.514)
Gross domestic product	-0.00000012 (0.8402)
PILPC	0.094224 (0.9641)
Population (pop)	0.01816 (0.004)
r squared	0.960816
Well-adjusted r squared	0.948349
F figure	77.06535
Probe (F-statistic)	(0.000000)
Durbin-Watson state	0.938403

**Table 5.** Panel Information Return Result Based Feather Relation and Importance

Variable	Found Relation	Importance
C.	Negative,	No Importance
Gross domestic product	Negative,	No Importance
Gross domestic product For Individual (PILPC)	Positive,	No Importance
Population (pop)	Positive,	Importance

Table 5 shows that GDP has a negative impact on I arrive from Mussulman tourists For Indonesia. Although, Result from p-value state Which? IS Moreover rather than 0.05

Indicates that the size of GDP not remarkable the impact on the arrival of Muslim tourists could be due to Of Huge number from Mussulman foreign tourists Who?

When they come from the nearest country, namely Malaysia comparison For Other Village. During this, of malaysia GDP is not as much as other 3 countries, namely Saudi Arabia Arab, Kuwait and United Arab Emirates (UAE). come on, distance between Malaysia and Indonesia is not far behind other countries which are the subject of this research, like Saudi Arabia, Kuwait, Egypt and United Arab Emirates (UAE). These Test result Doing No Help she studies (Agiomirjianakis et al., 2018), as this study shows He Gross domestic

product IS One Positive influence Feather Tourist I arrive for turkey.

Therefore, Feather Gross domestic product for person variable (GDPPC)The arrival of the Muslims has a positive effect Touristy but not important. GDPPC is not important Since the studied countries have limited data, it 5. Does not affect the arrival of Muslim tourists from Village. This Research it's opposite Research (Ghani, 2016) which compares the potential GDP per capita OIC And Not OIC country of use Quantity regression

Meanwhile, the positive of the population variable is influence Feather I arrive from Mussulman Tourist. Therefore, this population variable IS important Result Like this He ThereThere is a report that affects tourist arrivals. So, ifpopulation In Village from Original from tourists Want Increase in the arrival of Muslim tourists. these results support research (Ghani, 2016), which suggests this the population of the tourists' country of origin is striking Tourist I arrive.

## 6 Conclusion

This study shows that foreign tourist arrivals in Indonesia have no effect on the macroeconomy of the foreign tourist's country of origin, while the number of residents in the foreign tourist's country of origin has an effect on the increase in foreign tourists. Indonesia. According to the Sharia Economic Development Report (Dubai International Financial Center, 2018), the growing Muslim population offers opportunities for the development of halal tourism in Indonesia. The government can create facilities and infrastructure to accommodate the arrival of Muslim tourists. This condition was designed to increase Indonesia's GDP, especially in the halal tourism area. It can be concluded that the country of origin of Muslim tourists, which is steadily increasing, will influence tourist arrivals to Indonesia through demographic factors. The results of this study will enable the potential contribution of foreign tourists to Indonesia, expanding the reach of halal tourism in OIC countries.

Further research is expected to broaden the scope OIC countries and add data and variables to be obtained Moreover satisfying Result. Total from macroeconomic variable In Village from Original from Expenses and incomes of tourists, such as Muslims Tourists will add more scientific treasures Research.

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