

Tourism Influence On Economy: Analysis Of Associated Assessment Of Associated Visitors

K. Dwi Wahyu Ksamawan, Ghozali Maskie, David Kaluge

Abstract: Using GDP as a proxy for economic growth, the number of tourist visits, the Consumer Price Index, the Consumer Price Index, and the monthly period of exchange for 2007 -2016. This study uses secondary data with the Error Correction Model (ECM) regression method with short and long-term calculations. The variable number of tourist visits had an effect on GDP in the continents of Asia, Europe, Middle East and Oceania while in the long run in all continents except America. The exchange rate variable in the short term has a negative effect on GDP in the American Continent and the Middle East, while in the long run, the exchange rate variable has a positive effect on GDP in the ASEAN continent and Europe. The CPI variable only has a positive effect on GDP in the long run for all continents except America. So that it can be concluded that not all have a positive impact on GDP, which is the American continent, so it should be stressed that the cost of developing the tourism sector in America should developing a tourism sector in America more than proportionally or diverted to continents of Asia, ASEAN, Oceania, Europe and the Middle East. be allocated more proportionally or diverted to continents of Asia, ASEAN, Oceania, Europe and the Middle East.

Keyword: Error Correction Model, GDP, Tourism

1 INTRODUCTION

Tourism now has become a new trend in an effort to increase Gross Domestic Product (GDP). In Nawacita of President Joko Widodo's time of government 2014-2019, the tourism sector, which is a service industry activity, has contributed and has a strategic role in national economic development, regional development and improving community welfare. This is important because according to the data [1] tourism sector in Indonesia is not affected by the global economic crisis that occurred in 2008. Many countries argue that international tourism is one of the important factors in the national economy and is considered as an invisible export that can strengthen the balance of payments[2]. Also written on the <https://www.sindonews.com/page/3> that tourism is a pillar of the strength of exports of goods and services because tourism is able to drive the economy of service exports. Research on the tourism hypothesis that encourages economic growth has been done in various countries, such as in Taiwan in research conducted by[4] found results that Tourism Led Growth applies in Taiwan. Research conducted by[5] found results that the TLG (Tourism Led Growth) showed positive results in 49 countries, a two-way relationship between tourism spending and economic growth was also found in the results of this study. Other research by[6] in the 10 (ten) highest countries (China, France, Germany, Italy, Mexico, Russia, Spain, Turkey, the United Kingdom, and the United States) tourism destinations mostly show positive results between tourism and economic growth.

In contrast to research that supports TLG (Tourism Led Growth), Turkey's economic growth according to[7] there was no connection with tourism in the long term, in other words this study rejected TLG in Turkey because there is no cointegration found. India[8] in his research he found that the TLG hypothesis was rejected in the long term, as well as in the short term there was no connection between the tourist arrival and economic growth. The TLG hypothesis was also rejected in Cyprus, Germany and Greece[9]. This research focuses on how the impact of tourist visits based on their area of origin toward Indonesia's economic growth. Continents that are able to contribute more to economic growth than other continents need to be known so that they can help policymakers produce policies that can accelerate the increase of international tourists's visits volume, which in the end are able to increase the country's economic growth more efficiently.

2 LITERATUR REVIEW

Concept of Economic Growth

Economic growth can be explained briefly as a process of increasing output per capita in the long term, generally the increase in the total output of Gross Domestic Product (GDP) in the long term can be interpreted as economic growth without seeing whether the increase is greater or smaller than the rate of population growth or by the growth of the economic structure or not[10], as also stated by Todaro (2005) in[11] (Ma'ruf and Wihastuti, 2008) where indicators in the process of economic growth are important to know the success of a country's development. The increase in per capita income of the population in a certain period of time without being followed by an increase in poverty can also be interpreted as economic growth Meier (1995) in[12] (Suparta, 2009). GDP increase according to[13] (Case and Fair, 2007) can originate from increasing labor, increasing physical capital or human resources, and increasing productivity (the number of products produced by each unit of capital or labor) . Gross Domestic Product (GDP) according to[14] (Mankiw, 2010) is the total sum of consumption (C), investment (I), government expenditure (G), and Net Export (NX) where consumption (C) is derived from household expenditure on goods and services, Investment (I) is goods used for future needs, government expenditure (G) is goods and services consumed by the government and Net Export (NX) is the net of exports of goods

- K. Dwi Wahyu Ksamawan is currently pursuing masters degree program in economics in University of Brawijaya, Indonesia. E-mail: ksamawan@gmail.com
- Ghozali Maskie is who currently one of the professors in Faculty of Economics and Business at University of Brawijaya, Indonesia. E-mail: splum77@gmail.com
- David Kaluge is currently serves a lecturer at the Faculty of Economics and Business University of Brawijaya, Indonesia. E-mail: davidk@ub.ac.id

and services minus imports of goods and services. Gross Domestic Product[14] (Mankiw, 2010) can be divided into 2 (two), namely real GDP and nominal GDP. Nominal GDP is GDP measured at current prices in the current year while real GDP is GDP measured at current prices using the base year reference. Real GDP is a more appropriate indicator used to measure a country's economic growth. Neo classical growth theory expressed by Robert M Solow in[14] (Mankiw, 2010) explains that the factors capable of spurring economic growth are increasing physical or non-physical investment, technological advances (exogenous) that increase labor efficiency and ultimately increase income per labor, as well as increase capital accumulation which accelerates economic growth caused by an increase in the portion of savings.

Inflation and Economic Growth.

The trend of increasing economic prices in general and continuously is referred to as inflation[15] (Boediono, 1980). Whereas according to[16] (Statistics, 2018) "Inflation is a tendency to increase the price of goods and services in general which continues continuously. If inflation increases, the price of goods and services in the country increases. The rising price of goods and services causes a decrease in the value of the currency. Thus, inflation can also be interpreted as a decrease in the value of a currency against the value of goods and services in general." The inflation calculation in Indonesia is calculated using the CPI (Consumer Price Index) by looking at the changes from time to time either up or down. According to [16] (Statistics, 2018) CPI is the average index of changes in prices of goods and services within a certain time period consumed by households. Inflation and economic growth according to Keynes in [17] (Lubis, 2014) explains that in the short term when prices rise, output will also rise as indicated by the positive slope of the aggregate supply curve while in the long run it is the opposite, when inflation rises will cause a decrease in economic growth. In line with [18] (Mohseni and Jouzaryan, 2016) which explains that inflation and unemployment have a negative impact on economic growth in the long term. Some other literature, one of them put forward by Gylfason and Herbertsson in[18] (Mohseni and Jouzaryan, 2016) show that inflation has a negative impact of 10-20% per year on economic growth. Inflation inhibited economic growth also delivered by De Gregorio in[19] (Baharumshah et al., 2016) where as a result of higher capital costs inflation, the growth of capital accumulation decreases and decreases productivity. The model produced from the research[19] (Baharumshah et al., 2016) also agree that a high inflation rate has a negative impact on economic growth, but a low inflation rate will increase economic growth. Unlike Friedman in[17] (Lubis, 2014) states that inflation will occur if the money supply is higher than the level of economic growth, and in the long term is not affected by economic growth.

Exchange Rate and Economic Growth

Exchange rates according to[20](Sukirno, 2015) are a number of domestic currencies needed to obtain a unit of foreign currency. Exchange rates in economic growth have an influence on the magnitude of economic growth, this was conveyed by[21] (Suselo and Sihaloho, 2008). An increase in exchange rates will be able to increase the purchasing power of capital goods so that capital goods can increase productivity and ultimately increase economic growth in this case is the Balassa-Samuelson effect. Exchange rates in relation to

tourism[22] (Agiomirgianakis et al., 2018) that increasing exchange rates will reduce the number of tourist arrivals in Turkey.

Indonesia's Economic Growth in the Tourism Sector

Indonesia in the era of President Joko Widodo's leadership in 2016 economic growth began to grow by 5.02% from the last five years where this figure was greater than the previous year of 4.88%. This growth when viewed from the business field is dominated by the processing industry where Indonesia has changed which was originally dominated by agriculture and turned into a processing industry with a percentage above 20% in 2013-2016[23] (Ayuni et al., 2017). The tourism sector to GDP is able to contribute 3.55% in household consumption, 0.90% in government consumption, 3.69% in investment, in exports of 7.44% and 4.42% in imports[24] (Tantowi et al., 2017). Economic transactions caused by the tourism sector in 2016 also increased by 3.91% compared to 2015 which was contributed by an increase in foreign tourist spending by 4.43%..

3 RESEARCH METHODOLOGY

3.1 Data

The data used in this study are GDP data as a proxy for economic growth, data on the number of visits from each continent of America, Asia, ASEAN, Europe, Middle East, Oceania, Consumer Price Index (CPI) data and Exchange rates of all data in monthly interval periods from January 2007 - December 2016, all data is transformed into natural logarithms to reduce data variation. The data was taken from BPS and the Indonesian Ministry of Tourism and Bank Indonesia.

Time Series

The data used is time series data so it is important to know the characteristics of the data. Before data processing, first the data is checked the stationary level of the data using the unit method Augmented Dickey Fuller (ADF) root test, after the data is known to be stationary at different 1; I (1) then the next step is to test the cointegration. Cointegration test[25] says that the variable has cointegration if the regression residual is stationary at level I (0).

3.2 Methodology

The high R2 value in the regression model and the low durbin-watson value indicate that the regression is spurious[26] Another condition that needs to be considered is the existence of cointegration which explains that there is a long-term relationship so that the model chosen in this study is ecm regression. Ecm models are used for variables that have cointegration and are usually found in the vairabel exchange rate targeting, economic growth, inflation targeting, etc. [27]. The advantage of the ECM method is being able to correct deviations towards long-term balance[28] and is very useful for solving time series data, as for the ecm regression process[29] as follows:

$$Y_t = KX_t^{\beta_1} \quad (1)$$

Where K and β_1 is a constant. β_1 Y's long-term elasticity Y against X, using natural logarithms using lowercase notation is written as follows:

$$y_t = \beta_0^* + \beta_1 x_t \tag{2}$$

Where $\beta_0^* = \ln(K)$. the condition stops if there is an equilibrium, but there is rarely a balance so that the following equation is formed:

$$\beta_0^* = \ln(K) \tag{3}$$

due to this imbalance makes econometrics solved in the short term by involving X and Y in the past because Y is currently influenced by Y past. as for the equation as follows:

$$y_t = b_0 + b_1 x_t + b_2 x_{t-1} + \mu y_{t-1} + \varepsilon_t, \quad 0 < \mu < 1 \tag{4}$$

equation (4) above shows that Y requires time to adjust to X variation, this shows that Y is not always in balance relative to X, so if $b_2 = 0$ then equation (4) can be made into a simple partial adjustment model, by subtracting y_{t-1} in equation (4) then:

$$y_t - y_{t-1} = b_0 + b_1 x_t + b_2 x_{t-1} - (1 - \mu)y_{t-1} + \varepsilon_t \tag{5}$$

add and subtract $b_1 x_{t-1}$ in equation (5) then:

$$y_t - y_{t-1} = b_0 + b_1 x_t - b_1 x_{t-1} + b_1 x_{t-1} + b_2 x_{t-1} - (1 - \mu)y_{t-1} + \varepsilon_t \tag{6}$$

or

$$\Delta y_t = b_0 + b_1 \Delta x_t + (b_1 + b_2)x_{t-1} - \mu y_{t-1} + \varepsilon_t \tag{7}$$

Where $\lambda = 1 - \mu$ so the equation can be formed :

$$\Delta y_t = b_0 + b_1 \Delta x_t - \lambda(y_{t-1} - \beta_1 x_{t-1}) + \varepsilon_t \tag{8}$$

by defining parameters $\beta_1 = \frac{(b_1+b_2)}{\lambda}$ so you can create equations:

$$\Delta y_t = b_1 \Delta x_t - \lambda(y_{t-1} - \beta_0 - \beta_1 x_{t-1}) + \varepsilon_t \tag{9}$$

from equation (9) shows that $(y_{t-1} - \beta_0 - \beta_1 x_{t-1})$ is ECT (Error Correction Term) where the variables used in the study are VA, IHK, kurs so the equations used in this study are as follows:

$$\Delta \ln Y_t = \alpha_0 + \alpha_1 \Delta \ln VA_{ASIA} + \alpha_2 \Delta \ln IHK + \alpha_3 \Delta \ln kurs + \alpha_4 ECT_{t-1} + \varepsilon_t$$

$$\Delta \ln Y_t = \alpha_0 + \alpha_1 \Delta \ln VA_{ASEAN} + \alpha_2 \Delta \ln IHK + \alpha_3 \Delta \ln kurs + \alpha_4 ECT_{t-1} + \varepsilon_t$$

$$\Delta \ln Y_t = \alpha_0 + \alpha_1 \Delta \ln VA_{EUROPE} + \alpha_2 \Delta \ln IHK + \alpha_3 \Delta \ln kurs + \alpha_4 ECT_{t-1} + \varepsilon_t$$

$$\Delta \ln Y_t = \alpha_0 + \alpha_1 \Delta \ln VA_{AMERICA} + \alpha_2 \Delta \ln IHK + \alpha_3 \Delta \ln kurs + \alpha_4 ECT_{t-1} + \varepsilon_t$$

$$\Delta \ln Y_t = \alpha_0 + \alpha_1 \Delta \ln VA_{OCEANIA} + \alpha_2 \Delta \ln IHK + \alpha_3 \Delta \ln kurs + \alpha_4 ECT_{t-1} + \varepsilon_t$$

where in equation (10) - (14) ECT_{t-1} is an error term of the equation $Y_{t-1} = VA_{t-1} + IHK_{t-1} + Kurs_{t-1} + \varepsilon$

Explanation:

- Δ : First Different
- \ln : Natural Logarithms

- Y : Real GDP
- VA : Visitor Arrival
- IHK : Consumer Price Index
- Kurs : Exchange rate
- ECT : Speed of adjustment
- t : Time period

The classic assumption test is needed to find out whether the regression has been BLUE (Best Linear Unbiased Estimator) by conducting a multicollinearity test, heteroscedasticity, autocorrelation. The next step is to conduct long-term testing using the variable coefficients ect in the ecm regression results.

4 RESULT

Unit Root and Cointegration Test

The unit root test is carried out to determine the stationary level of data. From the results of the test using Individual Phillips Perron Fisher the results in table 1 are that all data is not stationary at the level but at different 1 (one) all data has been stationary.

Table 1. Phillips-Perron Fisher Individual Unit Root Test

Variable	Level		1st different	
	Prob.	Obs	Prob.	Obs
LN_PDB	0.7274	39	0.0000 ***	38
LN_IHK	0.1263	39	0.0001 ***	38
LN_KURS	0.8505	39	0.0027 ***	38
LN_AMERICA	0.9289	39	0.0000 ***	38
LN_ASEAN	0.0136	39	0.0001 ***	38
LN_ASIA	0.9566	39	0.0001 ***	38
LN_EUROPE	0.0196	39	0.0000 ***	38
LN_MIDDLE_EAST	0.0874	39	0.0000 ***	38
LN_OCEANIA	0.0483	39	0.0000 ***	38

Data source: Data processed
* p < 0.1 ** p < 0.05 *** p < 0.01

Cointegration test is used to determine whether there is a long-term relationship between variables, Engle Granger cointegration test is done to find the existence of cointegration by looking at whether the residual regression is stationary at the level. The cointegration test results can be seen in the Table 2 showing that all variables both VA, Exchange and CPI in each continent (America, ASEAN, Asia, Europe, Middle east, and Oceania) have a long-term relationship.

Table 2. Engle Granger Cointegration Test with Individual Phillips-Perron Fisher⁽¹⁰⁾

Series	Prob.	Bandwidth	Obs
RES_AMERICA	0.0001	(11) 2.0	39
RES_ASEAN	0.0000	(12) 2.0	39
RES_ASIA	0.0002	(13) 1.0	39
RES_EUROPE	0.0199	5.0	39
RES_MIDDLE_EAST	0.0000	(14) 2.0	39
RES_OCEANIA	0.0000	6.0	39

Source: Data Processed

The results of the ecm model shown in Table 3 explain that in the short term on the American continent it turns out the variable that influences GDP is the exchange rate with a confidence level of 90% where the exchange rate variable is

inversely proportional to GDP, when the exchange rate increases by 1% it decreases GDP by 0.18 %, and this condition will be adjusted by ect coefficients by 23% within 3 months. In the ASEAN continent, the model in the short term shows that the model is significant, this is indicated by the ect coefficient of 0.281815 significant at the 99% confidence level, but there is no significant stable variable on this model, so it can be assumed that these variables will be significant and stable in the long term. Ect coefficient value 0.281815 means that the balance value of 28% will be adjusted within 3 months. In the Asia continent, the calculation results show that the model is significant, this is indicated by the ect coefficient of 0.239137 significant at the 95% confidence level, and the Asian variable (Asian tourist arrivals) with a value of 0.127538 showing significant results at the 99% confidence level. The coefficient value of ect 0.239137 means that a balance value of 24% will be adjusted within 3 months. The ECM model on Europe continent is a variable that is significant to GDP in the short term, namely D (LN_EUROPE) or in other words that is the variable number of visits by European continental tourists with a value of 0.079970 at a 99% confidence level. This short-term model is valid with the existence of a ect coefficient that is significant at the confidence level of 99% with a coefficient of 0.126173. The variable number of foreign tourist visits will affect GDP by 0.079% when the variable rises by 1%. Middle East continents show that the model is significant which is indicated by the coefficient of ECT_MIDDLE_EAST at a confidence level of 95% with a coefficient of 0.231131 in which a difference of 23% will be achieved towards its balance in 3 (three) months. A significant variable in this short-term model is the Exchange Rate variable with a coefficient value of -0.127056 at a 90% confidence level where when the exchange rate rises 1% it will decrease GDP of 0.13%. The next significant variable is D (LN_MIDDLE_EAST) or variable number of visits to Middle East continental tourists with a coefficient of 0.059309 at a 99% confidence level, where when variable number of visits increases 1%, it increases GDP by 0.06%. The Oceania Continent on the ECT variable is significant at the 99% confidence level with a coefficient of 0.631582 which indicates that a difference of 63% will be adjusted within 3 (three) months of ceteris paribus. Whereas another significant variable on the model is LN_OCEANIA with a coefficient of 0.131054 at the 99% confidence level. This shows that the LN_OCEANIA variable or the number of visits to Oceania continental tourists has a positive effect on GDP, when the number of visits increases by 1%, it will increase GDP by 0.13%.

Table 3. Results of ECM Regression

Continent	Variable				
	C	IHK	Kurs	VA	ECT
America	-0.058389 0.8879	-0.048417 0.4953	-0.184571 0.0670 *	-0.005224 0.9429	0.238441 0.0698 *
Asean	1.037134 0.0572 *	-0.070301 0.2568	0.027382 0.7882	-0.032542 0.2199	0.281815 0.0024 ***
Asia	-0.037514 0.9224	-0.034825 0.5915	-0.124341 0.1686	0.127538 0.0033 ***	0.239137 0.0130 **
Europe	0.332220 0.1302	-0.011437 0.7381	-0.008388 0.8654	0.079970 0.0000 ***	0.126173 0.0002 ***
Middle East	0.037016 0.9103	0.057497 0.3052	-0.127056 0.0872 *	0.059309 0.0000 ***	0.231131 0.0113 **
Oceania	0.173736 0.5061	0.015681 0.8022	0.015681 0.8022	0.131054 0.0000 ***	0.631582 0.0000 ***

Source : Data Processed

* p < 0.1 ** p < 0.05 *** p < 0.01

Classic Assumption Test

The entire ecm model is then carried out in the classical assumption test in order to produce a BLUE regression. As for the results of the classic assumption test as follows: In multicollinearity test in table Table 4, it can be seen that all models have free mulcholinerity, where all variables of Variance Inflation Factor (VIF) value <10 . Heterocedasticity test using white test shown in Table 5 all ecm models are free from autocorrelation, this can be seen from the value of Prob > α ; α = 0.05 (5%). The autocorrelation test using Breusch - Godfrey Serial Correlation LM Test, in Table 6 shows that all ecm models are also free from autocorrelation where Prob> α; α = 0.1 (10%).

Table 4. Variance Inflation Factors Test Results

Continental	Centered VIF						ECT
	D (LN_KURS)	D (LN_IHK)	D (LN_VA)	LN_KURS (-1)	LN_CPI (-1)	LN_VA (-1)	
America	1.3597	1.2800	1.7302	1.5072	3.1797	3.0456	1.9362
Asean	1,9207	1.4199	1.8555	2.9050	1.5901	5.8991	3.9263
Asia	1.2260	1.3257	1.4209	4.7028	1.5819	4.3025	1.7237
Europe	1.2563	1.2221	1.5227	1.4389	2,3006	2.8777	1.2588
Middle East	1.0779	1.2922	1.8192	1.8073	1.5928	2.6015	1.9577
Oceania	1.2960	1.3353	1.3758	1.6625	1.5230	1.9475	1.2099

Data Source : Data Processed

Table 5. White Test Results

Continental	Obs * Rsquared	Prob. Chi- Square (7)
America	32.81056	0.4765
ASEAN	33.74779	0.4312
Asia	33.20793	0.5063
Europe	38.46048	0.3157
Middle East	30.15133	0.7012
Oceania	37.34355	0.318

Data source: Data processed

Table 6. Breusch-Godfrey Serial Correlation LM Test

Continental	Prob. Chi-Square
America	0.9
ASEAN	0.8589
Asia	0.7209
Europe	0.065
Middle East	0.4099
Oceania	0.294

Data source: Data processed

Long Term Test

The ECM model has shown how the level of variable stability in the short term, with the ecm model is obtained the coefficient value of ECT which can be used to find long-term coefficients and their significance levels. The calculation results are summarized in Table 7.

Table 7. Long Term Coefficient Calculation Results

Continent	Coefficient			Prob		
	Kurs	IHK	VA	Kurs	IHK	VA
Asean	1.0972	0.7505	0.8845	0.0014 ***	0.0096 ***	0.0000 ***
America	0.7969	0.2259	0.9781	0.1652	0.8262	0.2228
Asia	0.4800	0.8544	1.5333	0.5172	0.0634 *	0.0012 ***
Europe	0.9335	0.9094	1.6338	0.0578 *	0.0075 **	0.0000 ***
Middle East	0.4503	1.2488	1.2566	0.4910	0.0064 ***	0.0021 ***
Oceania	1.0248	1.1152	1.2075	0.0000 ***	0.0000 ***	0.0000 ***

Data Source: Data Processed

The results of data processing shown in Table 7 show that in the ASEAN continent in the long term a significant variable is the Exchange rate with a coefficient value of 1.0972 at a confidence level of 99%, CPI with a coefficient of 0.7505 at a confidence level of 99% and VA ASEAN (number of visits to ASEAN continental tourists) with a coefficient of 0.8845 at the confidence level of 99% ceteris paribus. The coefficient can be interpreted, namely when the exchange rate rises by 1%, GDP will increase by 1.09%, then when the CPI rises 1%, GDP will increase by 0.75% and when VA ASEAN rises by 1% it will increase GDP by 0.88%. America continent from the calculation result turns out that none of the variables has an effect in the long term, this can be seen from the value of Prob > α ; $\alpha = 5\%$. In the Asian continent the variables that significantly influence GDP in the long term are the CPI and VA variables (the number of visits by Asian continental tourists) where the CPI Prob value is $0.0634 < \alpha$; $\alpha = 10\%$ and the value of VA Asia $0.0012 < \alpha$; $\alpha = 10\%$ and it can be interpreted that when the CPI rises by 1% it will affect the increase in GDP by 0.85% and when VA Asia rises by 1% it will affect the increase in GDP by 1.53%. Europe continent turns out that in the long term all the variables have an effect on GDP at a confidence level of 90%, this can be seen from the value of the prob exchange rate of $0.0578 < \alpha$; $\alpha = 10\%$, CPI $0.0075 < \alpha$; $\alpha = 10\%$, and VA Europe $< \alpha$; $\alpha = 10\%$ with the coefficient interpretation that is when the exchange rate rises by 1%, PBD will move up by 0.93%, for the CPI variable it will affect GDP increase by 0.90% when the CPI rises by 1%, and when VA Europe moves up by 1% it will affect the increase in GDP by 1.96%. Middle East continent is different from Europe where the variable that is not significant in the long term is only the Exchange Rate variable, while the CPI and VA Middle East variables have a significant effect on GDP at a 99% confidence level, looking at the probable value of CPI $0.064 < \alpha$; $\alpha = 1\%$ and VA Middle East $0.0021 < \alpha$; $\alpha = 1\%$. Explanation of the influence of the Middle East continental coefficient on GDP is when the CPI variable rises by 1%, it will increase GDP by 1.25% and when the VA Middle East variable rises by 1%, it will cause a GDP increase of 1.26%. The continent of Oceania is the same as the continent of Europe where all variables have a significant effect on GDP with a confidence level of 99% where the probabilities of exchange rates variable $0,000 < \alpha$; $\alpha = 1\%$, prob the CPI variable $0.000 < \alpha$; $\alpha = 1\%$ and prob variable VA Oceania $0.000 < \alpha$; $\alpha = 1\%$ where the Exchange Rate variable will affect GDP increase by 1.02% when the Exchange Rate variable increases by 1%, GDP variable will increase by 1.11% when the CPI variable

increases by 1% and VA Oceania variable affects the increase in GDP by 1.20% when the VA variable Oceania rises by 1%.

5 DISCUSSION

America

America's continental tourists who visit every year do show a fairly good increase even though in rank the number of continental visits in America is still inferior to the number of visits from continents. Short-term testing results show that the American continent does not have a significant impact on GDP, which means that it has no effect on economic growth, from each variable only exchange rate variables that have a negative impact on GDP, while the long-term variables are VA America, Exchange Rate and CPI are not impact on GDP. The negative or contradictory influence between GDP and exchange rates is also expressed by [30] and in his research on the effect of macro variables on exchange rates and in line with [31]. This is also supported by [32] where the exchange rate is inversely proportional to GDP. In the short and long term variables CPI and VA America did not have a significant impact on economic growth, which one [33] and [17] in his findings also stated this. American tourist characters who like traditional cultural specs, are interested in beautiful scenery and forms of development, love luxury hotels and good service, are concerned with cleanliness, choose short trips and move around [34] causing tourism to be expensive, but does not have an impact on increasing GDP.

Asean

The short-term test results on the ASEAN continent show that there are no significant variables, but in the long-term conditions all variables are either VA ASEAN, CPI, and Exchange Rate each has an influence on GDP. VA ASEAN variable in the long run shows a significant positive effect on GDP, which is also expressed by other researchers, one of them is by [35]. The positive influence of CPI and Exchange Rate on GDP as a control variable in the long term shows that Indonesian tourism is in line with economic growth where in the research by [36] shows that CPI has a positive effect on GDP. This reinforces that Indonesian tourism enjoyed by ASEAN tourists with the most number of visits from other continents has a positive impact on Indonesia's economic growth so that the strengthening of the tourism sector to increase the attractiveness of ASEAN continental tourists becomes very important.

Asia

Asian tourist visit where the culture and culture of the nation is similar to the ASEAN continent shows that in the short term VA ASEAN variables has a positive influence on GDP and in the long run VA ASEAN consistently provides a positive influence on GDP along with the CPI variable. The increase in the CPI in Indonesia as a control variable in tourism turns out that in the long term it can give a positive influence on economic growth, this is in line with research [37] carried out in Pakistan.

Europe

The focus on increasing tourists from Europe is important, because from the results of the previous analysis it was found that in the short term the number of European tourist visits was able to positively influence GDP and continue to be significantly significant to the long term. On the results of long-

term testing Variables Exchange Rate and CPI also significantly influence GDP. This shows that with the increase in the exchange rate the tourism rate will be lower than other countries so that it can increase the number of Europe tourist visits which ultimately also increase the CPI, and in the end will have an impact on increasing GDP.

Middle East

The number of tourist visits from the Middle East continent is indeed lower than the America continent, but in the short term test it turns out that the VA Middle East variable and the exchange rate have a positive significant effect on GDP. In the long term VA Middle East variable is also consistently significant positive effect on GDP, this explains that the number of visits from Middle East continents is very necessary to be improved both in short and long term strategies, while the CPI variable that shows a positive influence on GDP in the long run shows that price increases tourism does not reduce the number of tourists and even able to increase GDP.

Oceania

The results of short-term testing on the Oceania continent show that the variable number of tourist visits VA Oceania has a positive effect on GDP, this character is similar to the continent of Europe where in the long term all variables such as exchange rates, CPI and VA Oceania has a positive effect on GDP, the number of Oceania tourists to support the increase in GDP both in the short and long term is urgently needed to be increased in an effort to increase GDP and not worry about rising tourism prices because the results show that Oceania continent, CPI and Exchange rates are also influential positive to GDP.

Research Implications

Tourism as a sector that is favored in supporting economic growth needs to be done more specifically, prioritizing the direction of the right and efficient promotion targets, and maintaining economic stability. variable number of visits, CPI and exchange rates in each continent explain that the treatment of each variable in an effort to increase economic growth is not the same, even for America continent it is found that the exchange rate is inversely proportional to GDP and in the long term none of the variables significantly supports GDP. So that in an effort to be right on target, the direction of American continent promotion should be slightly reduced and diverted to other continents. Other continents show similarities, namely the most stable variable, both short and long term in supporting economic growth, is the number of visitor arrival (VA) so that the implementation of VISA-free policies on continents that have positive VA variables to GDP needs to be implemented. The government as a monetary policy player in an effort to increase economic growth needs to maintain the stability of the CPI and the Exchange Rate, because these two variables apparently support economic growth both in the short term and in the long term, although different from the continental one from another.

6 CONCLUSION

The tourism sector in Indonesia has shown its strength even in crisis conditions, and the economic sector has significantly contributed to Indonesia's economic growth. Although several other studies also explain that tourism does not support economic growth, this research can be summarized as

follows:

1. Tourism clearly has a positive influence on GDP both in the short term and in the long term, where it has answered how the influence of foreign tourist visits to Indonesia's economic growth. In the short term VA variables have a positive effect on GDP in the continents of Asia, Europe, Middle East, Oceania and in the long term on the ASEAN, Asia, Europe, Middle East, Oceania continents. It cannot be denied that the more the number of visits will affect economic growth, but it needs to be aware that not all tourist visits from all continents have a positive impact, one of which is the American continent where the number of visits does not show any effect on GDP.
2. CPI only affects GDP in the long term on the ASEAN, Asia and Oceania continents. This shows that in the long term the increase in the price of the tourism sector actually gives a positive impact on GDP, the increase in the CPI must also be accompanied by an increase in international standards of tourism services.
3. The exchange rate variable in the short term has a negative effect on GDP on the continent of America, while in the long term the exchange rate variable has a positive effect on GDP in the ASEAN, Europe, and Oceania continents. This shows that in the short term exchange rate fluctuations actually lead to a reducing of GDP but in the long term increasing exchange rate actually makes the tourism sector passionate and able to increase Indonesia's GDP.

Suggestion

Based on this research, to continue to improve Indonesia's economic growth through the tourism sector, it should be noted as follows:

1. Continue to be vigorous in an effort to increase the number of foreign tourist visits through promotional activities and some of them but with budget allocations that are more targeted.
2. Maintaining the level of exchange rate stability as an effort to attract foreign tourists visiting Indonesia.
3. Improve the quality of international standard tourism without hesitation, because the CPI has shown a positive influence on economic growth.
4. Continue to make further research in the tourism sector by looking at inbound and outbound flows and other influential variables so that a positive flow is obtained which in turn can also increase economic growth.

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