The Influence Of Tourism Sector Towards GDP Of OIC Countries

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ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh sektor pariwisata terhadap PDB di negara anggota Organisasi Kerja Islam (OKI) di beberapa negara terbaik OKI khususnya pada bidang pariwisata yang diseleksi dari 3 indikator yaitu populasi penduduk negara, paritas daya beli dan juga jumlah kedatangan turis di setiap negara dari tahun 2010 sampai 2017 menggunakan data tahunan. Metodologi yang digunakan adalah pendekatan kuantitatif dengan teknik data panel dengan time series dan cross section dengan pemilihan fixed effect model (FEM). Hasil penelitian menunjukkan bahwa populasi tidak memiliki hubungan yang signifikan namun berpengaruh positif terhadap PDB sedangkan paritas daya beli tidak signifikan namun berpengaruh positif terhadap PDB dan jumlah kedatangan turis di negara OKI tidak signifkan dan tidak berpengaruh positif terhadap PDB. Variabel-variabel tersebut harus dipertimbangkan untuk penelitian selanjutnya dan perkembangan pariwisata halal di negara OKI.

Kata kunci : Populasi, Paritas Daya Beli, Kedatangan Turis, PDB, Negara OKI

ABSTRACT

This paper aims to determine the influence of tourism sector towards GDP of Organization of Islamic Countries (OIC) in several best member of OIC countries especially in term of tourism which are selected from 3 indicators of tourism sector namely population, purchasing power parity and the arrival of foreign tourist in every country during 2010 until 2017 by using annual data. The methodology is quantitative approach and used the panel data techniques contains time series data and cross section and the fixed effect model (FEM). The findings indicate that the population has a significant effect on GDP but has a negative effect while the purchasing power parity variables has not a significant effect but has a positive effect on GDP and the number of foreign tourist arrival has no significant and no positive effect toward GDP in OIC countries. These variables should be taken for the next research and development of halal tourism in OIC country

Keywords: Population, Purchasing Power Parity, Tourist Arrival, GDP, OIC Countries

INTRODUCTION

The increasing demand of tourism sector became more popular all over the country of the world which representing global market and very profitable (Rahman et al., 2017). Halal tourism is one of most interesting topic to be discussed historically and in term of religioisity (Jafari & Scott, 2014), it is also becomes a challenge for countries in the Organization of Islamic Countries (OIC) which compete against other countries. As supporter of economic growth, tourism sector can be measured through GDP means the way to determine the ability of country to provide goods and services in leading to increase the per capita income of its population and for the economic growth of nation.

The effort to promote the potential resources and the outcome of human resource management either in national area or international though the tourism sector need to be further analyzed. Indonesia is one of countries that has quantity of tourism destinations and the quantity of Muslim poopulatin that deserve to be seed as well as being a member of OIC. To streghten the position and competition of world tourism, the promotion is needed to be used. Wonderful Indonesia as an icon branding of Indonesia to support the development and movement in the field of tourism (Permenkes, 2019). This tourism sector synergizes building economic growth through sustainable tourism in preservation of nature and culture to characterize the acceleration of national development (Astuti & Noor, 2016).

Malaysia, Brunei Darussalam and also Indonesia become a part of ASEAN who joining the OIC of halal tourism. Desain ini menjadi pesan khusus untuk berkomunikasi dalam masalah pemasaran untuk menarik minat para wisatawan Muslim, sejauh populasi dari negara tersebut mempraktikan keyakinan dan keagamannya menjadi daya tarik pelanggan Muslim yang menjadi salah satu segmen pasar yang berkembang paling pesat (Battour, 2018).

Each country has its own distinct qualities when it comes to displaying and describing its tourism sites. This competitiveness, however, is recorded in tourism global data by looking at and assessing the amount of foreign tourist visits since the higher the level of tourist visits, the more desirable the country is in the international scope (Permenkes, 2019).

The ten most popular destination from IOC countries in 2018 are as follows:

Table 1. Top 10 Most Visited Countries

Ranking	GMTI 2018 Rank	Destination	Score
1	1	Malaysia	80.6
2	2	Indonesia	72.8

2	2	United Emirates Arab	72.8
4	4	Turki	69.1
5	5	Saudi Arabia	68.7
6	6	Qatar	66.2
7	8	Bahrain	65.9
8	9	Oman	65.1
9	10	Maroko	61.7
10	11	Kuwait	60.5

(Source: Global Muslim Travel Index 2018, processed data)

According to the graph above, Malaysia is in first place since it has won the halal wolrd tourism index with a value of 80.6 for the past eight years in a row. Furthermore, Indonesia surpassed the United Arab Emirates to take second place at 72.8 followed by seven other countries (Subarkah, 2018). According to the World Economic Forum's Travel and Tourism Competitiveness Index (TTCI), Malaysia was one of the eleven nations with the highest number of International tourist in 2014, with 25 million, and tourism competitiveness ranked 34. One of the enhancements has been the infrastructure pillar. Reinforced and become a priority for Indonesia's economic growth, particularly in the tourist industry.

The environment and culture of OIC member nations convey the impression that the potential for competition in the halal economy and industry is too complex to explain. This same impression, however, cannot be isolated from the impact of the tourism sector on GDP in each country. Based on the passage of the Qur'an Surah Al Mulk (67): 15, Al Quraish (106): 2, Muhammad (47):10, and other surah, tourism is explained indirectly as traveling around various areas of the world and its corners, with one verse being incorrect:

هُوَ ٱلَّذِي جَعَلَ لَكُمُ ٱلْأَرْضَ ذَلُولًا فَٱمْشُوا۟ فِي مَنَاكِبِهَا وَكُلُوا۟ مِن رِّزْقِهِۦ وَإِلَيْهِ ٱلنُّشُورُ

"He it is Who made the earth smooth for you, therefore go about in the spacious sides thereof, and eat of His sustenance, and to Him is the return after death."

Tourism contributes to economic growth since it is one of the means by which tertiary demands are met. According to Islam, it has been stated numerous times in the Qur'an that Muslims are recommended to travel to several countries or adjacent locations, and Allah makes the way easy for His followers.

According to Ruth & Tobing (2015), the integration of the ASEAN tourism sector remains a difficulty because this industry because this industry is characterized by low quality and quantity. Malaysia, along with Thailand, is one of the countries rated in the top 30 in terms of internationathe 1 competitiveness, therefore developments in each country are required.

The Competitiveness index, bad infrastructure, security, and low human resource quality are all issues that any country faces. The arrival of foreign tourists is a determining indicator in the tourism sector calculation, purchasing power parity (PPP), which was originally used as the basis for determining the exchange rate between one country's currency and another, is also related to the needs of foreign tourist while on tourism, then the country's population as a supporting indicator in the tourism sector (Hidir et al., 2021).

According to Nurul, Amijaya, Sholikhin, & Fiant (2020) the quantity of foreign tourist arrivals and their impact on halal tourism are still uncommon, particularly in-depth debates concerning foreign tourist visits from OIC nations (Hidayah, 2016).

Based on the prior explanation, the ten most popular halal tourism sites are used as a reference in this study. This is what motivates the author to delve more into the debate of numerous nations that are members of the Islamic Work Organization (OIC) in order to evaluate the impact of the tourist sector on GDP a country, particularly this OIC country. Given the potential for tourism, which is not only capable of satisfying its clients, but is also concerned with sharia and halal issues. Then, from the greatest occupation population, namely Muslims, so that this research can be a reference for the government in formulating policies in the tourism sector, as well as for future researchers in the presence of talks in the field of tourism and the economy.

TERATURE REVIEW
Effect on Population, Purchasing Power Parity and the Number of Foreign Tourist Arrivals on GDP

The gross domestic product (GDP) of a country is the total of its output over a given year. GDP is commonly used as the chosen statistic to show a country's economic performance (George, 2010).

The tourism sector, which is an integral element of human life, is one of the areas of business that contribute to a country's GDP. Whereas tourism is a sector that can withstand the economic downturn rather well. Despite the fact that it has become a frequently publicized

topic, talks on tourism in OIC countries are still relatively rare, particularly in the behavior of Muslim visitors, and the influence of Islamic values in practice on tourism is still very rare (Hermawan, 2021).

According to Nizar, the good impact of tourism leads to job creation and income growth, but with an indirect influence on economic growth. While Sariguna & Kennedy (2018) stated that a country's most notable strength is exhibited by GDP, which is employed as economic resources (Nizar, 2021).

Furthermore, a country's population becomes an important benchmark that is closely tied to economic growth. This is due to the fact that significant economic growth necessitates a large and high quality population and one of the industries seeing expansion is tourism (Sugiarto, 2014).

Purchasing power parity (PPP), also known as purchasing power parity, is a price at which a person's purchasing power is transformed to an exchange rate and then expressed in a ratio or percentage, which commonly occurs between two currencies, this indicator describes the balance of spending ability, which is used to determine exchange rates between currencies of two countries where this indicator is used to explain tourism pricing. To explain the standard of living, the PPP exchange rate is employed in international comparisons where the relationship with GDP is in the comparison of two currencies that require currency conversion so that the use of purchasing power makes each country's GDP comparable (Wijaya, 2013).

A country's economic growth is expected to offer support for increasing GDP. According to Made & Nyoman Djinar, arise in tourist arrivals brings money to the region or country they visit, along with foreign tourist visits that bring in foreign exchange and can affect the country's GDP (Rediteani & Setiawina, 2018).

Then, one of the important benchmarks in explaining the tourism sector is the visit of foreign or foreign tourists, which, according to the recommendations given by the United Nations World Tourism Organization (UNWTO), states that the contribution of the tourism industry also increases its contribution to gross domestic product (GDP). Because it will generate more foreign exchange earnings since international tourists will spend around USD 1,100 to USD 1,200 per visit, which is closely tied to the GDP of the country visited and is expected to effect the GDP growth rate (Badan Pusat Statistik, 2015).

According to Oey Irwan Budimansyah Wijaya, ASEAN countries with a high population of more than 50 million and countries with a population of less than 50 million do

not have a different influence, since both have a positive and significant impact on GDP (Wijaya, 2013).

Meanwhile, Ruth & Tobing say that purchasing power parity (PPP) has no substantial effect on the determinants of the number of tourist visits into a country (Tobing, 2018). This is not because the cost of tourism reduces the attractiveness of foreign tourists to visit, but because the attraction provided by the tourism sector has a greater influence on the function of infrastructure in tourism development in ASEAN.

Similarly, Made & Nyoman Djinar (2015) found that the amount of tourist visits has no significant effect on economic growth and does not directly affect economic growth via hotel and restaurant taxes, which are displayed as intervening factors in Denpasar, Bali (Rediteani & Setiawina, 2018).

There are various changes in the research outcomes from earlier investigations. As a result, the writers establish numerous hypotheses in this debate that are utilized to assume the link between variables, as follows:

H1: Population growth in OIC nations has an impact on GDP growth.

H2: The impact of purchasing power parity on GDP growth in OIC countries.

H3: Foreign tourist visits have an impact on GDP growth in OIC countries.

RESEARCH METHODS

This study employs a quantitative technique, which falls under the category of correlation. The goal of this correlational study is determine how closely several variations in a factor are related to variations in one or more variables based on coefficients. The data source used is secondary data received from the World Bank on World Development Indicators (WDI). This study gathered cross section data from eight OIC member countries, namely Indonesia, Malaysia, Saudi Arabia, the United Arab Emirates, Bahrain, Qatar, Turkey, Morocco, Kuwait, and Oman. However, due to the insufficient data from the United Arab Emirates only seven country were used. However, because to the inadequate data from the United Arab Emirates, Oman, and Kuwait, only seven nations having time series samples from 2010-2017 were included.

The variables used in this study include endogenous and exogenous variables, namely GDP as the endogenous variable (dependent variable) and the population (X1), purchasing power parity (X2), and the number of foreign tourist arrivals (X3) as the exogenous variables

(independent variables) using the technique Pooled Least Square (PLS) data analysis using panel data methods, namely time series and cross slicing. The author employed multiple regression analysis with the Eviews 9 software tool (Rosadi, 2012).

The study approach shown below presupposes a link between endogenous (dependent) and exogenous (independent) variables.
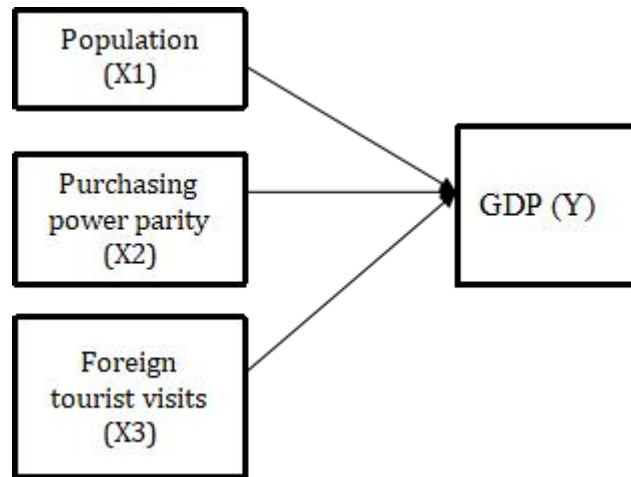

Figure 1. Research Framework

The model of this research is as follows;

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \varepsilon$$

$$PDB_{it} = \alpha + \beta_1 Pop_{it} + \beta_2 PPP_{2it} + \beta_3 TA_{3it} + \varepsilon$$

Y: dependent variable/ total GDP

α: constant

β: regression coefficient

X1: Population

X2: Purchasing power parity (PPP)

X3: number of foreign tourist visits (*Tour Arrival*)

Ɛ: standar error

In the table below, the author simply explains the operational definition of each variable based on the model given above.

Sheema Haseena Armina, Muhammad Agus Setiawan, *The Influence Of Tourism Sector*

RESULTS AND DISCUSSION

The results of this study are to determine the effect of population, purchasing power parity and the number of foreign tourist visits on GDP growth in OIC countries, with the hypotheses in this test are:

H0: The result is more than 0.005 then the random effect model is accepted

H1: The result is less than 0.005 then the fixed effect model is accepted

Variabel	Coefficient	Std. Error	t-Statistic	Prob
C	602.2000	71.04740	8.476031	0.0000
Population	-37.78184	5.324912	-7.095298	0.0000**
PPP	0.00044	0.003354	0.131528	0.8959
Arrivals	2.447537	2.640392	0.926960	0.3588
R-Squared			0.676328	
Adjusted R-Squared			0.613001	
F-statistic			10.67992	
Prob (F-statistic)			0.000000	
Durbin-Watson stat			1.784942	

If the results show that one of the two models is correct, the test approach used is the best. It is possible to explain the two Chow test and Hausman test results as follows:

Table 3. Chow test and Hausman

Test Type	Probability	Hypothesis Result
Chow Test	0.0000	Significant, received FEM
Hausman Test	0.0000	H1 is accepted i.e. FEM

The table above shows that the Chi-square value written in the column (probability) in the chow test is 0.00000 when the result is 0.05 or less (p-value less than 5%), indicating that this result is significant. H1 is acknowledged as a fixed effect model in this study model

(FEM). The results of the Hausman test also show 0.00000, indicating that the probability value is less than 5%, implying that the Chow and Hausman tests both exclude Ho or the random effect, and therefore the decision from the Chow and Hausman tests is to employ the FEM model approach.

According to the explanation of the panel data regression results, this study is more acceptable to apply the fixed effect model, with the panel data regression results as follows (look at table 4):

Table 4 shows that the probability value of the population is 0.00000, i.e. the value is smaller than 0.5 so that this population has a significant effect on GDP but the result do not have a positive effect so H1 is approved. While purchasing power parity or PPP does not have a significant effect by showing the number 0.8959 whose value is more than >0.05 but has a positive effect on GDP growth where purchasing power parity shows an influence that can help GDP growth so that H2 is accepted and the regression results from the number of visits or arrivals. This foreign tourist is not statistically significant because the value is 0.3588 greater than > 0.05 and has no positive influence on GDP, implying that the huge number of foreign tourist arrivals has no effect on the GDP of the country visited, and therefore H3 is rejected.

The correlation between independent variables simultaneously affects the dependent variable by 61 percent, as evidenced by adjusted R-Squared, with the remaining 39 percent influenced by variables other than the independent variables in this study.

The above explanation provides a quick summary of the panel data regression results, which are summarized in the table below:

Table 5. Panel Data Regression Result

Variable	Corellation	Significant
C	(-) negative	Significant
Population	(-) negative	Significant
Purchasing power parity	(+) positive	Not significant
Tourist Arrivals	(-) negative	Not significant

Table 5 shows that the population greatly impacts the OIC country's GDP however this is negative in a country not proportionate of the country's GDP that is inversely

proportional to the results of the research (Oey Irwan Budimansyah Wijaya (2013) indicating a significant and positive population impact. Table 5 shows that the population is significant.

According to the findings of this study, the country's huge population is not accompanied by a growth in GDP since, while employment has increased, the unemployment rate has not decreased.

Then the regression results from purchasing power parity are not significant, but has a positive effect on the OIC's GDP, since this purchasing power parity is used as comparison between two types of currencies requiring currency conversion to increase GDP through the use of purchasing power levels, the results are consistent with research (Wijaya, 2013) and research (Tobing, 2018) because the bulk of tourist and foreign tourist in a country will spend some US $1,100 per visit in a region which is positively and closely related to GDP, will increase the number of incoming tourists to one unit and the result of this test will explain that the OIC countries have good potential.

Although there is no meaningful outcome from the number of foreign tourist arrivals and a negative effect on GDP. This is contrary to the results previously made by Made & Nyoman Djinar which are predicted to be at least $1,100 each visit, so that tourists coming can spend money for survival and will not spend much on the country (Rediteani & Setiawina, 2018). Cash or business trips requiring a quick visit time.

However, the independent variables, namely total population, purchasing power parity, and the number of foreign tourist visits, all have a substantial effect on GDP growth, as demonstrated by Prob (F-Statistic) of 0.00000.05. The fact that seven out of ten OIC countries were the most visited in 2018 demonstrates that the tourism sector is still active in carrying out and supporting its activities.

CONCLUSION

Tourism has a multiplier impact that can help economic growth. Because of this, tourism is in high demand because it has its own unique appeal. GDP is one of the metrics used to determine macroeconomic growth. While the tourism sector indicators are viewed from different perspectives, including the number of foreign tourist visits, purchasing power parity, and population, it is concluded that these three indicators have a considerable influence on GDP growth in the OIC country. The overall findings of this study indicate the need of OIC countries working together to improve the quality of the tourism sector in terms of promotion and service, as well as attracting foreign tourists, particularly in halal tourism.

The limitations of this study include the need for additional indicators and variables when examining the tourist sector and variances in other OIC nations, as well as reviewing numerous other factors or scenarios that were not covered in this study. While, the condition of tourism of each country did not work well after covid-19. It can be explain and analysis for further research accordance with economic revival around the world.

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