The Influence of economic growth, exchange rate, and inflation on foreign tourist visits to Indonesia

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ABSTRACT
Tourism is one of the economic sectors that can quickly bring in foreign exchange for the country if managed properly and sustainably. Many economic variable factors influence the demand and supply of the tourism industry, especially the level of foreign tourist visits, such as economic growth, exchange rate, and inflation. This study aimed to determine the influence of economic variable factors, especially economic growth, exchange rate, and inflation, on the number of foreign tourist visits in Indonesia. A quantitative descriptive method is used in this study. To analyze the factors influencing the number of foreign tourist visits in Indonesia, independent variables such as economic growth, exchange rate, and inflation are used in the Multiple Linear Regression equation model. The data used in this study is secondary data on annual time series for the period 2001 – 2020. The research result shows that the number of foreign tourist visits in Indonesia is significantly influenced by economic growth and the exchange rate, while inflation has no significant effect. There are still other factors (non-economic) that influence the decision of tourists to visit. Several factors that need to be considered to increase the interest of foreign tourists visits in Indonesia are tourist attractions, accessibility, amenities, ancillary, attractive promotions, and social, political, and security stability.

INTRODUCTION
The role of tourism in the economic sector is considered important, both as a foreign exchange earner and for other economic opportunities (Wicaksono, 2022). Tourism is one of the economic factors that can quickly bring in foreign exchange for the country if managed properly and sustainably. In 2022, the tourism sector contributed 3.6% of GDP, which has increased compared to 2021 which amounted to 2.4% (BPS, 2023a). Optimally developing and utilizing tourism can increase economic growth. Therefore, proper management is needed to develop Indonesia's tourism sector (Rohman, 2019). As a country ranked number 4 with the largest population in the world, Indonesia's economy has significant potential with excellent prospects going forward. One of these sectors is the tourism industry, which plays a vital role in creative economic development (Faidzin, 2017). International tourism is a global economic activity utilized by numerous countries worldwide to enhance their contributions to domestic economic growth (Patera, 2015). In the competition to increase the promotion and attractiveness of its tourist destinations, every
country around the world has adjusted the standard needs of international tourism. For this reason, Indonesia should focus on developing tourist destinations that align with the requirements of the foreign tourism standard. With the development of Indonesia’s tourism industry according to international standards, it will become an attraction for foreign tourist visits.

As shown in Table 1, the number of foreign tourist visits to Indonesia over the past ten years has tended to increase before the COVID-19 pandemic hit the world. Foreign tourist visits to Indonesia peaked at 16.1 million in 2019 but saw a sharp decline of 74.8% in 2020 to 4.05 million, and further decreased to 1.55 million in 2021 due to the abnormal conditions caused by the COVID-19 pandemic. The tourism sector was severely affected as countries implemented restrictions on community activities. However, in 2022, after the relaxation of these restrictions, foreign tourist visits surged by 251.2% (5.47 million) from the previous year’s (1.55 million).

Table 1. Number of Foreign Tourist Visits to Indonesia, 2013-2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign Tourist</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>8,802,129</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>9,435,411</td>
<td>7.2</td>
</tr>
<tr>
<td>2015</td>
<td>10,406,759</td>
<td>10.3</td>
</tr>
<tr>
<td>2016</td>
<td>11,519,275</td>
<td>10.7</td>
</tr>
<tr>
<td>2017</td>
<td>14,039,799</td>
<td>21.9</td>
</tr>
<tr>
<td>2018</td>
<td>15,810,305</td>
<td>12.6</td>
</tr>
<tr>
<td>2019</td>
<td>16,106,954</td>
<td>1.9</td>
</tr>
<tr>
<td>2020</td>
<td>4,052,923</td>
<td>-74.8</td>
</tr>
<tr>
<td>2021</td>
<td>1,557,530</td>
<td>-61.6</td>
</tr>
<tr>
<td>2022</td>
<td>5,470,000</td>
<td>251.2</td>
</tr>
</tbody>
</table>

Source: BPS (2023a)

As can be seen from the table, the level of foreign tourist visits to Indonesia has an increasing trend under normal conditions from 2013 to 2019. Many factors influence the level of foreign tourist visits to Indonesia, such as economic, social, cultural, educational, religious, and other factors. Several factors that influence tourist’s decisions to visit are cultural, social, personal, and psychological characteristics of tourists. Furthermore, the trend that improved the number of foreign tourist visits to Indonesia before 2020 was due to the Indonesian government’s incessant efforts to build various supporting infrastructures for the tourism industry and carry out tourism promotion through various conventional and digital promotional media. Tourism, financial development, and economic growth are co-integrated in the long term. Therefore, countries should promote tourism policies that are beneficial to boost economic growth, and in turn, economic growth will positively contribute to international tourism (Rasool et al., 2021).

Table 2. Economic Growth, Exchange Rate and Inflation of Indonesia, 2013-2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Economic Growth %</th>
<th>Exchange Rate IDR/USD</th>
<th>Inflation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>5.56</td>
<td>12,189</td>
<td>6.97</td>
</tr>
<tr>
<td>2014</td>
<td>5.01</td>
<td>12,440</td>
<td>6.42</td>
</tr>
<tr>
<td>2015</td>
<td>4.88</td>
<td>13,795</td>
<td>6.38</td>
</tr>
<tr>
<td>2016</td>
<td>5.03</td>
<td>13,436</td>
<td>3.53</td>
</tr>
<tr>
<td>2017</td>
<td>5.07</td>
<td>13,548</td>
<td>3.81</td>
</tr>
<tr>
<td>2018</td>
<td>5.17</td>
<td>14,481</td>
<td>3.20</td>
</tr>
<tr>
<td>2019</td>
<td>5.02</td>
<td>13,901</td>
<td>3.03</td>
</tr>
<tr>
<td>2020</td>
<td>-2.07</td>
<td>14,105</td>
<td>2.04</td>
</tr>
<tr>
<td>2021</td>
<td>3.70</td>
<td>14,269</td>
<td>1.87</td>
</tr>
<tr>
<td>2022</td>
<td>5.31</td>
<td>15,731</td>
<td>5.51</td>
</tr>
</tbody>
</table>

Source: BPS (2023b)

Economic variable factors that influence the demand and supply of the tourism industry include income, economic growth, exchange rates, inflation, prices, tax rates, and subsidies. Table 2 shows the development of economic growth, inflation, and exchange rates over the last ten years, where the average economic growth in Indonesia was around 5% before the COVID-19 pandemic. With positive economic growth, it is shown that the country’s economic activities are running well, and the infrastructure supporting economic activities is well-provided.

Internationally, inflation categorizes a country's economic condition (Margareni, 2016). In addition, high inflation will hinder economic development because costs continue to rise. The inflation rate in Indonesia for the last ten years has also been well-maintained at an average of 4.2%, so the price level of goods and services in society is well maintained. Economic development is hindered when cost increases continuously at a high inflation level (Padmayoni, 2020). When inflation occurs, the price of goods and services will increase, reducing consumer’s purchasing power, including consumers in the tourism sector. Due to the reduction in purchasing power, tourism economic activities are hindered. Inflation factors have been proven to harm the number of foreign tourist visits; therefore, the government must...
effectively control national inflation (Sulasmiyati, 2019).

Regarding international trade activities such as international tourism, currency exchange will occur between countries to carry out financial transactions. The inflow of tourists into a country will lead to the growth of foreign exchange reserves, increasing the availability (supply) of foreign currency.

During the last ten years, the Indonesia Rupiah (IDR) exchange rate against the United States Dollar (USD) has shown a tendency to depreciate. In 2013, the exchange rate was IDR12,189 per USD. It continued to weaken until 2022 to IDR15,731 per USD. The weakening of the Rupiah exchange rate was due to various factors such as the US economic recovery, the Fed's interest rate increase, political dynamics, inflation, and the impact of climate change. For the export sector and Indonesia's international tourism, weakening the Rupiah against the USD is very beneficial because the price of Indonesian domestic goods and services becomes cheaper to compete with products and services from other countries. In contrast, the strengthening of the Rupiah against the USD will be beneficial for importers. To minimize the impact of the strengthening and weakening of the currency exchange rate on various economic sectors, various mitigation measures from the Government and Bank Indonesia are crucial.

Tables 1 and 2 show that when the number of foreign tourist visits reached the highest number of 16,106,954 people in 2019, the economic growth rate was only 5.02%. Meanwhile, when foreign tourists visited 8,802,129 people in 2013, economic growth reached 5.56%. The comparison shows that there is a two-way relationship between the two variables. According to (Faidzin, 2017), the causality test shows a two-way causality between economic growth and tourism foreign exchange earnings. Thus, it is assumed that the economic growth can function as the dependent and independent variable on foreign tourist visits and vice versa.

Any changes in the values of these variables will affect the demand and supply of the tourism industry, one of which is the level of foreign tourist visits to Indonesia. Padmayoni (2020) conducted research on the effect of the number of foreign tourists, the money supply, and inflation on the exchange rate. Wicaksono (2022) conducted research on the effect of inflation, interest rates, and exchange rates on the development of Indonesian tourism. This study aimed to determine the influence of economic variable factors, especially economic growth, exchange rates, and inflation, on the number of foreign tourists visiting Indonesia.

**RESEARCH METHOD**

The data used in this study is secondary data on annual time series for the period 2001 – 2020. Secondary data was obtained from the Ministry of Tourism and Creative Industries, the Statistics Bureau of Indonesia (BPS), the Ministry of Finance, Bank Indonesia, and various other related agencies or associations.

In this study, a quantitative descriptive method is used. A Multiple Regression equation model with independent variables such as economic growth, exchange rate, and inflation is used to analyze the factors influencing the number of foreign tourist visits to Indonesia. The results of this multiple regression equation are used to predict the number of foreign tourist visits to Indonesia for the coming years. The Multiple Regression equation models developed in this study refer to the research results of (Astawa, 2015), (Jananto, 2018), and (Sufi & Sabri, 2020) with some necessary adjustments, formulated as follows:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \]

This regression model is designed to help us understand and predict the number of foreign tourist visits (Y) by considering various influencing factors. The key components of this model include the following: The constant (\(\beta_0\)) serves as the initial point or starting value in this equation. The regression coefficients (\(\beta_1, \beta_2, \beta_3\)) are numerical values that measure how much each independent variable (X1, X2, X3) affects the number of foreign tourist visits. Furthermore, there is an error term (\(\epsilon\)) that accommodates the variation in our predictions. In this context, Y represents the total number of foreign tourist visits, X1 represents economic growth, X2 signifies the exchange rate (IDR/USD), and X3 encapsulates the inflation rate. By grasping the interactions between these variables, we can make forecasts and better understand the impact of economic growth, exchange rates, and inflation on the influx of foreign tourist visits to Indonesia.

Theoretically, a significant influence is expected between economic growth, exchange rates, and inflation on the number of foreign tourist visits to Indonesia. The statistical hypotheses for this test are...
t, F, multicollinearity, autocorrelation, and heteroscedasticity.

RESULT AND DISCUSSION

Overview of the Research Object

Every country in the world expects an increase in the number of foreign tourists entering their country. Increasing the number of foreign tourists is one of the fastest ways to increase the amount of the country’s foreign exchange reserves from the tourism sector. The increasing of foreign tourists visiting a country shows that a country’s economic condition is good. Likewise, well-developed economic conditions indicate a correlation with a country’s climate that provides foreign tourists safety to carry out various activities to fill their vacation time. Positive economic growth shows that the economy is moving and creating jobs, thereby reducing the crime rate and impacting the social life of a safe and orderly society.

Economic variable factors influenced the number of foreign tourist visits to Indonesia: economic growth, exchange rate, and inflation. In this study, the factors that influence the number of foreign tourist visits were identified by processing data with a length of 20 years from 2001 to 2020 using a multiple linear regression equation. Table 3 shows the regression results for the dependent variable Number of Foreign Tourist Visits.

The t-test results show that the calculated t-value of the independent variable economic growth is 2.813, which has a value greater than t table (1.746). The p-value=0.013 is smaller than α=0.05, indicating a significant correlation between economic growth and the number of foreign tourist visits if the exchange rate and inflation are constant. The calculated t value of the independent variable exchange rate is 2.314 greater than t table [-1.746] and the p-value=0.034, which is less than α=0.05, indicating that there is a significant relationship between the exchange rate and the number of foreign tourist visits if economic growth and inflation are kept constant. The calculated t value of the independent variable inflation is 1.887 greater than t table [-1.746] and the p-value=0.077 greater than α=0.05, indicating that there is no significant relationship between inflation and the number of foreign tourist visits if economic growth and the exchange rate are kept constant (Wicaksono, 2022; Singagarda, 2013; Medyawati & Yunanto, 2022). On the one hand, foreign tourists may have a particular interest in tourist destinations in a country that is not affected by inflation in that country. On the other hand, tourists visit the tourist destinations in a country to gain experience and enjoy its unique culture. In addition, the cleanliness of tourist destinations and the friendliness of tourism workers also affect the number of tourist visits (Wiraguna, 2019).

The calculated F value of 7.140, greater than the F table (3.240) and p-value=0.003, indicates a significant influence between economic growth, exchange rates, and inflation on the number of foreign tourists.

Based on the regression analysis results, an R2 of 57.2% and an Adjusted R2 of 49.2% indicate that 57.2% of the variation in the dependent variable (number of foreign tourists) can be explained by variations in the independent variables (economic growth, exchange rate, and inflation). At the same time, the other 42.8% can be explained by other variables outside the model. Other factors (non-economic) that influence tourists’ decisions to visit are influenced by cultural, social, personal, and psychological factors of tourists.

The Durbin Watson (DW) value was 1.133 based on the regression analysis results. Meanwhile, from the DW table with a significance of 0.05 and the number of data n=20 and k=3, the dL value is 1.676, and the dU is 0.997. Because the DW value is greater than dL and lies between dU and (dL-dU), it can be concluded that there is no autocorrelation.

The Variance Inflation Factor (VIF) values of the three variables, namely economic growth (1.174), exchange rates (1.686), and inflation (1.543), which are smaller than 5, indicating there is no multicollinearity between the independent variables. The heteroscedasticity test is used to examine the regression model. Inequality of variance from the residuals was observed by looking at the Scatterplot pattern. Based on the output of the Scatterplots, it can be seen that the data points are spread above and below or around the number of 0. The dots do not gather only above or below, and the spread of the data points does not form a wavy pattern. It widened, then narrowed, and widened again, and the spread of dots is non-patterned. The result shows no symptoms of heteroscedasticity in the regression equation.
Furthermore, the results of the research table show that economic growth has a positive and significant effect on the number of foreign tourist visits to Indonesia. The regression results show that Indonesia's economic growth in 2001-2020 has a positive sign $\beta$ (1.055) and has a significant effect (0.013<0.05) on the number of foreign tourist visits to Indonesia in 2001-2020. The regression equation for the number of foreign tourist visits formed shows that every change in economic growth by 1% will increase the number of foreign tourists by 1.055 million (cateris paribus). The increase in economic growth shows to the world community that Indonesia’s economic condition is good and infrastructure development is going well to facilitate the movement of economic activity. For the tourism industry, this means expediting the development of the tourism industry with the growth of new places as tourist destinations that will attract a lot of interest from both foreign and domestic tourists to visit. Investing in the three components of tourism infrastructure, namely transportation and communication infrastructure, accommodation, and culinary, and recreational facilities, strongly and positively impacts the appeal to international visitors (Nguyen, 2021).

The results of the research table show that the exchange rate (IDR/USD) has a negative and significant effect on the number of foreign tourist visits to Indonesia. The regression results show that the Indonesian exchange rate (IDR/USD) in 2001 – 2020 has a negative sign $\beta$ (-0.0000449) and has a significant effect (0.034<0.05) on the number of foreign tourist visits to Indonesia in 2001 – 2020, in line with the results of research by (Wicaksono, 2022). The regression equation for the number of foreign tourist visits shows that every depreciation of the exchange rate of 1 IDR/USD will increase the number of foreign tourists by 44 people (cateris paribus). For Indonesia’s international tourism sector, weakening the IDR against the USD is beneficial because the price of Indonesian domestic goods and services becomes cheaper to compete with products and services from other countries. For foreign tourists, the low prices of products and services in a country are the main attraction where, with a certain amount of money, they can get more goods and services compared to their country. Foreign tourists with USD currency where the IDR is weakening will gain advantages over the previous exchange rate. Foreign tourists can use this advantage to extend the period of their trip or increase the purchase of goods. The depreciation of the Indonesian currency significantly contributes to improving economic growth (Azizurrohman et al., 2021).

The results of the research table show that inflation has a negative and insignificant effect on the number of foreign tourist visits to Indonesia. The regression results show that Indonesian inflation in 2001-2020 has a negative sign $\beta$ (-0.456) and has no significant effect (0.077>0.05) on the number of foreign tourist visits to Indonesia in 2001 – 2020. The results of this study are in line with the results of the research (Wicaksono, 2022). The regression equation for the number of foreign tourist visits shows that an increase in inflation of 1% will reduce the number of foreign tourist visits by 456,000. Inflation will cause an increase in the prices of goods and services, so for foreign tourists, this will increase the cost of travel. As a result, they postpone plans to travel to countries facing high inflation. With the increasing travel costs and tourism services and the decreasing purchasing power of consumers, tourists worldwide are certainly considering the risks caused by high inflation and adjusting their plans (Statista Research Department, 2023).

For the Government, the multiple regression equation model shows that the number of tourist visits remains positive and continues to increase. Hence, the Government must increase economic growth and continue to build and develop various infrastructures that can support the development of the tourism industry. Well-maintained economic growth in a
sustainable manner can create prosperity and reduce inequality (Fairuuz et al., 2022). The Government also needs to maintain stability of inflation and the exchange rate of the Rupiah against the USD so that it does not affect other economic sectors.

In addition to the economic factors mentioned above, which only affect 57.2% of the number of foreign tourist visits, there are 42.8% other non-economy factors that must also be considered to attract foreign tourists to Indonesia. Factors that need to be considered to increase interest in visiting foreign tourists are tourist attractions, accessibility, amenities, ancillary, attractive promotions, and social, political, and security stability (Sujai, 2016).

Attraction is a significant factor in attracting tourists to visit. There are three attractions capital to attract visiting tourists, namely, (i) natural resources, (ii) cultural tourism attractions, and (iii) artificial tourism attractions. The existence of attractions is the reason and motivation for tourists to visit (DTW) (Way, 2016). With the advantages of natural scenery that Indonesia has, from the highlands in the form of hills and mountains, to the lowlands and coasts, tourist attractions that can be developed are a combination of eco-tourism, educational tourism (education tourism), and sports tourism.

Accessibility refers to facilities and infrastructures that make it easier to visit tourist destinations. These facilities and infrastructure make it easy for tourists to move from one area to another. Accessibility in the form of integrated public transportation infrastructure (airports, ports, bus terminals, train stations) must be prepared to a compelling and affordable cost for tourists to go to several destinations. Increasing the quantity and quality of land roads equipped with traffic signs and directions also needs to be done.

Amenities are all supporting facilities in tourist destinations to meet tourist’s needs while on vacation. The facilities and infrastructure needed include hotels or inns, restaurants, theaters, health clinics, parking lots, ATMs, public toilets, rest areas, souvenir shops, and places to do various activities such as entertainment, sports, telecommunications, worship, and other supporting facilities. These amenity factors must be well prepared and kept clean to provide comfort and improve the tourist experience while on vacation.

Ancillary are supporting services that the Regional Government must provide in a tourist destination, both for tourists and tourism actors (Permadi, 2021). Ancillaries are also things that support tourism, such as management institutions or organizations, tourist information, travel agents, and stakeholders who play a role in the tourism sector (Ardiansyah & Maulida, 2020; Khotimah, 2017; Way, 2016).

Promotion is informing the product or service to be offered to potential consumers/tourists who are included as the target market (Wolah, 2016). The 7P Marketing Mix Strategy (Product, Place, Price, Promotion, People, Process, and Physical Evidence) can be carried out by stakeholders to promote tourist destinations. The marketing mix, which consists of 7 dimensions: product, price, promotion, location, people, process, and physical evidence, partially influences the decision to visit (Santoso, 2020). For tourist destinations to be known and visited by tourists, effective promotional activities to attract tourists are necessary to be carried out. Various promotional media can be used, both conventionally and digitally, which have their respective advantages and disadvantages. Because to attract foreign tourists, the promotional media used must be able to reach the international community.

Social, political, and security conditions are some of the considerations for foreign tourists to travel to a country. If the socio-political conditions of a tourist destination country have a stable tendency, it will bring in more foreign tourists; for example, if crime rates in a country tend to be low, foreign tourists will feel safe in the destination country. In contrast, foreign tourists will avoid visiting a country with a high crime rate (Idealis, 2021). If law enforcement in a country is high, tourists will increase their trust in tourist destinations. However, if law enforcement in a tourist destination is low, the level of trust of foreign tourists in tourist destinations will be low. Abraham & Poria (2020) revealed that a country’s political conditions influence tourist’s behavior in considering their visit. Athari et al. (2021) prove that political security factors have a significant impact on the tourism sector.

Research Implication

The present research results showed that economic factors, especially economic growth and exchange rates, significantly affect the number of foreign tourists visiting Indonesia. Conversely, inflation does not significantly affect them. Together, these three economic variables significantly influence foreign tourist visits to Indonesia. These findings will
certainly provide some implications for the Indonesian tourism industry.

The significant effect of economic growth and exchange rates on the number of foreign tourist arrivals to Indonesia shows that if economic growth increases positively and exchange rate stability is well maintained, it will positively impact the tourism industry. Therefore, it can be used as a reference for the government and interested parties to make positive policies to keep economic activities running well so that economic growth is maintained positively, and the stability of the Rupiah exchange rate is maintained against the USD so as not to interfere with other economic sectors. Maintaining positive economic growth can be done by continuing to build and develop various tourism infrastructure such as attraction, amenity, and accessibility infrastructure that can support the development of the tourism industry. The tourism industry is an industry that provides experiences for tourists who like to find new experiences to enjoy. Various infrastructures will undoubtedly increase tourism economic transaction activities through tourist visits to various tourist destinations in Indonesia.

The insignificant effect of inflation on the number of tourism visits indicates an influence of non-economic factors that affect the level of foreign tourist visits to Indonesia such as tourist attractions, accessibility, amenities, ancillary (additional services), attractive promotions, and social stability, politics, and security. In line with the results of Wahim et al., 2023), attractiveness, promotion, and accessibility positively influence tourist visiting intentions. The diversity of attractions, availability of amenity facilities, ease and integration of accessibility, and additional service facilities for tourists will certainly provide a good image or impression of Indonesian tourism. A tourist destination's positive image significantly influences tourist visiting intentions (Khairun et al., 2022). Attractive promotion through suitable promotional media is necessary to increase foreign tourism visits to Indonesia. Social, political, and security stability is certainly needed to maintain the sense of security for foreign tourists while traveling in Indonesia. If there is social and political turmoil, it will certainly impact the country's security conditions, affecting tourist's visit decisions. In addition, the emergence of Digital Platforms for tourism also affects international tourist visits to a country (Lopez-Cordova, 2020). Digital Platforms have a negative influence; in other words, they will reduce the level of visits to destination countries where these international tourists only need to look through the internet in their homes to see tourist attractions in other countries. The above matter will certainly be a challenge for the government and tourism businesses to think creatively to create tourist attractions that provide experiences to tourists that can only be enjoyed in tourist destinations.

Previous research shows a significant influence between inflation rates, exchange rates, economic growth, and average wages on poverty (Supriyadi, 2017). In this study, the economic variables used are economic growth, exchange rates, and inflation to see their effect on foreign tourist arrivals to Indonesia. The results of this study indicate that together these three economic variables (economic growth, exchange rates, and inflation) have a significant effect on foreign tourist arrivals to Indonesia. These results imply that to maintain the growth of foreign tourist arrivals to Indonesia, the Government needs to maintain the stability of economic growth and the Rupiah exchange rate and inflation rate by maintaining the conduciveness of business activities in the tourism sector so that the impression of Indonesia's tourism world remains positive. Maintaining conduciveness or stability in doing business in the tourism sector can be done by facilitating business licensing, maintaining security and public order, providing supporting infrastructure (attractions, amenities, and accessibility), providing additional services for tourists such as integrated information systems for tourists, and maintaining social, economic and political stability. Given the COVID-19 Pandemic period where restrictions on community activities have resulted in a decrease in the achievement of poverty alleviation (Pham & Nugroho, 2022) which of course can increase security disturbances, the Government needs to make mitigation policies for the world of tourism to keep it running well.

The tourism industry is vulnerable to instability in a country's social, political, security, and economic conditions. The tourism industry experienced by the tourism industry during the 1998 riots and the 2002 Bali bombing incident when various countries issued Travel Warnings to visit Indonesia which had an impact on the dramatic decline in the number of foreign tourist visits to Indonesia. For this reason, the Government needs to synergize political, social, legal, security affairs, economic, and tourism
institutions/agencies to coordinate with each other in making mitigation policies against security, social, political, and economic disturbances that impact tourism industry activities. It takes the alertness of the State Intelligence Agency to detect and prevent early activities that disrupt the political, social, security, and economic stability of the country.

CONCLUSION AND SUGGESTION

Both economic and non-economic factors influence the level of foreign tourist visits to Indonesia. Based on the results of this study, the economic factors that significantly affect the level of foreign tourist arrivals to Indonesia are economic growth and the exchange rate. In contrast, the inflation rate has no significant effect. Foreign tourists may have a particular interest in tourist destinations in a country that is not affected by inflation in that country. Tourists visit tourist destinations in a country to gain experience and enjoy its unique culture. With the multiple linear regression equation coefficients, each variable is 1.055 for economic growth, -0.0000449 for the exchange rate, and -0.456 for the inflation rate. There are still other factors (non-economic) that influence the decision of tourists to visit. Several factors that need to be considered to increase the interest of foreign tourists visiting Indonesia are tourist attractions, accessibility, amenities, ancillary, attractive promotions, and social, political, and security stability.

As a result, the recommendation for developing the tourism industry in Indonesia is essential to make monetary and fiscal policies that support the development of the tourism industry, such as creating stable and positive economic growth and continuing the development of infrastructure that supports the tourism industry. The Government also needs to maintain the stability of inflation and the exchange rate so that it does not affect other economic sectors. Furthermore, the Government needs to enhance the promotion of Indonesian tourist attractions both directly and indirectly through various activities, improve the quality of service provided by tourism workers, enhance accessibility to these attractions, maintain cleanliness in tourist destinations, provide essential amenities, offer attractive promotions, and ensure social, political, and security stability to foster a thriving tourism industry.

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