VOLUME 14 NO 2 OKTOBER 2019 ISSN : 1858-1307

MEDIA TREND

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Analisis Implementasi *Corporate Social Responsibility* Pada Perusahaan Berlabel Syariah di Bursa Efek Indonesia

Upaya Peningkatan Pendapatan Nelayan Melalui Lembaga Nelayan

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LEMBAGA KAJIAN TRANSFORMASI DAN REGULASI EKONOMI DAERAH PROGRAM STUDI EKONOMI PEMBANGUNAN FAKULTAS EKONOMI UNIVERSITAS TRUNOJOYO MADURA

Frogram Studi Ekonomi Pembangunan menyediakan wadah bagi para peneliti yang ngin mempublikasikan hasil penelitiannya melalui "MEDIATREND", yaitu Jurnal berkala kajian ekonomi dan studi pembangunan. Jurnal "MEDIATREND" terbit 2 (dua) dalam satu tahun pada bulan Maret dan Oktober dan dapat di akses secara online. "MEDIATREND" merupakan anggota Aliansi Jurnal Ekonomi Dan Bisnis Indonesia (ALJEBI)

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VOLUME 14 NOMOR 2 OKTOBER 2019

ISSN: 1858-1307

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The Impacts Of Inbound Tourism Activities And Macroeconomic Variables On Environmental Degradation In Asean-4

### Ekan Widiarso<sup>1</sup>, Regina Niken Wilantari<sup>2\*</sup>, Agus Luthfi<sup>3</sup>

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#### Informasi Artikel

Siarah artikel: Derima Januari 2019 Disetujui Oktober 2019 Diseblikasikan Oktober

Consumption; Consumption; Consumption; Constant Tourism Activi-

Internetial Degrada-

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### ABSTRACT

This study aims to analyze the impacts and causal relationship between inbound tourism activities and macroeconomic variables on environmental degradation and to an<mark>alyze the environmenta</mark>l degradation respo<mark>nse due to s</mark>hocks that occur in inbound tourism activities and macroeconomic variables in four countries with the highest international tourist visits in the ASEAN region of Indonesia, Malaysia, Singapore and Thailand known as ASEAN-4 for Periode 1995-2015. The method used in the research is panel vector error correction model (PVECM). The results sh<mark>owed that inbound tourism activ</mark>ities positively influence in the long-term and short-term environmental degradation in ASEAN-4. Among macroeconomic variables only gross domestic product (GDP) positively affects environmental degradation in the long term and short term whereas energy consumption only affects environmental degradation in the short term. There is a direct causal relationship of inbound tourism activity with environmental degradation and environmental degradation with GDP. Energy consumption and environmental degradation manifest bidirectional causality with a feedback effect. Impulse response function indicates environmental degradation responds negatively to the shocks that occur in Inbound tourism and GDP activities. The positive response is indicated by environmental degradation in case of shock to energy consumption.

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**1029 Br. doi**.org/10.21107/mediatrend.v14i2.4646 **1020 O 2019** MediaTrend. All rights reserved.

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### INTRODUCTION

Over the last two decades, the threat of climate change due to increased global warming has been a major environmental challenge. Increased levels of carbon dioxide (CO2) emissions are considered as one of the main causes of global warming and climate instability. Climate change is an important environmental threat to note in the modern era and described as the world's largest market failures. Greenhouse gases such as carbon dioxide, methane (CH4) and nitrous oxide (N2O) emitted through human activities are the largest source of climate change. CO2 is the main focus of research because it is the main source of greenhouse gases and the longest life cycle gases CO2 contribution to greenhouse gases am<mark>ounted to more than 60 percent</mark> of the total greenhouse gas effect. Many studies have sought to uncover the factors that determine carbon dioxide emission levels to produce policy options that mitigate climate change (Ohlan, 2017).

One of the most neglected factors in the e<mark>mission mod</mark>el is the development of tourism. This is due to the perception that tourism greatly contributes to economic development through employment and poverty reduction, especially in developing cou<mark>ntries. Tourism</mark> has become the world's fourth largest export industry after fuel, chemicals and food (Tugcu, 2014). In particular, tourism contributed for 6 percent of total merchandise and services exports and representing 30 percent of international services trade in 2014. In addition, 9.8 percent of the world's gross domestic product (GDP) comes from the tourism sector during the same period (Ohlan, 2017).

The development of tourism sector in a country could encourage various production activities and improve the economy of the community. In addition, tourism which is a labor-intensive industry is able to encourage the reduction of the unemployment rate through employment (Zhang, 2016). The existence of unem-

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ployment has been a barrier to the productivity of a country and can even disrupt the political stability of a country can be overcome through the tourism sector in order to improve the economy.

The impact of inbound tourism on the national economy is becoming increasingly important because of the growing size of the tourist market (Ohlan, 2017). The tourism-led growth hypothesis (TLGH), indicates that the expansion of international tourism activities has resulted in economic growth. The TLGH is directly derived from export-led growth hypothesis (ELGH) which shows that economic growth can be supported not only by expanding human and technological resources within the economy, but also by expanding or increasing foreign exchange earnings (Ohlan, 2017).

Although the tourism sector plays an increasingly important role in economic development. It remains unclear whether the TLGH applies also in the countries of Indonesia, Malaysia, Singapore, and Thailand. The four countries are the countries with the highest number of tourist arrivals and tourism receipts in the last 5 years and tend to be stable and increase annually compared to other ASEAN countries such as Brunei Darussalam, Cambodia, Lao PDR, Myanmar, Phillipines and Vietnam.

The high number of foreign tourists has both positive and negative impact. The negative impacts of tourism boom can not be ignored. It is clear that the tourism boom caused a host of environmental pressures, including increased noise, an impact on biodiversity reduction, and increased greenhouse gas (GHG) emissions. In addition, the increased energy consumption accompanying the tourism boom deserves more attention because of increased tourism activity requires more energy consumption on various aspects such as transportation, catering and accommodation. Furthermore, existing research als contribute in the tour Re

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ign tourists ve impact. boom can the tourism vironmental noise, an on, and in-HG) emissed energy he tourism because of uires more us aspects ng and acexisting research also document that transportation contributes enormously to CO2 emissions in the tourism sector.

Research shows that energy use in the tourism sector is very high. Such high energy usage is seen in activities related to tourism activities such as air transportation, accommodation and lighting. The air transportation industry alone consumes 243 million tons of fuel (or 6.3 percent of world production) per year. According to WTO, tourism accounts for 5 percent of global CO2 emissions and air transport accounts for about 40 percent of total emissions from the tourism industry.

The Environmental Kuznets Curve EKC) Hypothesis, and STIRPAT or stochastic (STR) models, environmental impacts (I), population or urbanization (P), affluence (A) and technology (T) built have been widely used in the literature to explain pollution levels (Solarin, 2014). EKC shows a positive correlation between the level of a country's development and CO2 emission levels, so that emissions of income pollutants are increasing in countries with low incomes but declining in high income countries (Shahbaz, M., Kuma, R.R., wanov, S., Loganathan, 2015). STIRPAT relies on the assumption that human actwities such as urbanization are the driving forces of emissions, and policies to reduce mem will improve the quality of the environment.

The relationship of output and energy consumption shows that economic powth and energy consumption can be co determined, because higher economic deelopment requires more energy consumption (Nathan, T. M., Liew, V. K. & Wong, 2016). As it is known that energy consumption is a major source of economic growth and carbon dioxide emissions in the world Bashir, F., Nasim, I., & Ismail, 2016). Simiary, more efficient use of energy requires ther levels of economic development.

Examines the long-term equilibrium

sumption and environmental degradation proxied by carbon dioxide (CO2) emissions in Turkey, where it has brought in more than 30 million tourists per year, making it the sixth country the most visited in the world (Katircioglu, 2014). The study results show that tourism and energy consumption are in long-run equilibrium relationships with CO2 emissions; about 91.01 percent per year, the contribution of carbodioxide emissions to the tourism induction model is from tourism, energy consumption, and aggregate income. Furthermore, the results of impulse response and variance decomposition show that the reaction of energy consumption, and CO2 emissions, to changes in tourism development is positive and stronger for longer periods. This implies that the development of tourism in Turkey not only resulted in a substantial increase in energy use resulting in considerable increases in climate change, as <mark>shown</mark> by the eco<mark>nometric analys</mark>is of this study. Based on previous researches, this study intend to combine several studies on the international tourism sector, macroeconomic indicators in relation to environmental degradation in Indonesia, Malaysia, Singapore and Thailand (ASEAN-4) countries.

#### METHOD

The data are obtained from world banks, BP, and Global Carbon atlas and some from internet related. The data used are panel data from 1995-2015 of four ASEAN countries namely Indonesia, Malaysia, Singapore, and Thailand (ASEAN-4).

The determination of the time span of the study is based on the important events occurring in that timeframe, namely the financial crisis that occurred in 1997-1998 and 2008 that impacted almost all Asian countries, then in 2003 and 2005 the Bali bombing event that had an impact on the decline number of foreign tourists to countries in Southeast Asia region. In

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addition, in 2004 there was an earthquake sourced in the Indian Ocean and the resulting tsunami radiated across the Indian Ocean, from Indonesia to Sri Lanka and beyond that killed about 228.000 people from 14 countries including Indonesia, Malaysia, Singapore and Thailand. The variables in this study are inbound tourism activities a proxy for International tourism receipts (Current US \$), economic growth projected with GDP (percent annual), the consumption of primary energy (Million Ton) and environmental degradation is a proxy CO2 emissions (Million tons).

This research uses Panel Vector Error Correction Model (PVECM) method. The basic model adopted from Zhang and Gao (2016) is as follows:

$$In C_{it} = \beta_1 + \beta_2 In T_{it} + \beta_3 In E_{it} + \beta_4 In Y_{it} + \beta_5 In Y^2_{it} + \varepsilon_{it}$$

the above equation is transformed into econometric model of research into

$$CO2_{it} = \alpha_1 + \alpha_2 RCPT_{it} + \alpha_3 GDP_{it} + \alpha_4 E_{it} + \varepsilon_{it}$$

Where CO2 is Co2 Emission, RCPT is Tourism Receipts, GDP is Economic Growth, E is Energy Consumption, *i* is Countries, *t* is Time Period,  $\varepsilon$  is Error Terms

### FINDINGS AND ARGUMENT Causality Test Result

Causality test is an analysis used to examine the causal relationship between endogenous variables in VECM. Endogenous variables include carbon dioxide (CO2), tourism receipts (RCPT), gross domestic product (GDP), and energy consumption (E). causality testing is performed using Causality Granger Test by looking at the probability value of test result for each relationship between variables one with other variables. The level of the Granger causal testing is used at a confidence level of 5 percent (0.05) and the length of lag used in the test is lag 2. Where lag 2 is determined or based on the optimum lag test results already tested in the previous test. The result of causality test shown in Tabel 1.

| Causal Gran              | ger Result  |  |  |  |
|--------------------------|-------------|--|--|--|
| Dependent va             | riable: CO2 |  |  |  |
| Excluded                 | Prob.       |  |  |  |
| RCPT                     | 0.0192*     |  |  |  |
| GDP                      | 0.4432      |  |  |  |
| E                        | 0.0006*     |  |  |  |
| All                      | 0.0001      |  |  |  |
| Dependent variable: RCPT |             |  |  |  |
| Excluded                 | Prob.       |  |  |  |
| CO2                      | 0.7818      |  |  |  |
| GDP                      | 0.0007*     |  |  |  |
| Е                        | 0.1968      |  |  |  |
| All                      | 0.0025      |  |  |  |
| Dependent var            | able: GDP   |  |  |  |
| Excluded                 | Prob.       |  |  |  |
| CO2                      | 0.0058*     |  |  |  |
| RCPT                     | 0.0023*     |  |  |  |
| E                        | 0.2342      |  |  |  |
| All                      | 0.0023      |  |  |  |
| Dependent va             | riable: E   |  |  |  |
| Excluded                 | Prob.       |  |  |  |
| CO2                      | 0.0036*     |  |  |  |
| RCPT                     | 0.1285      |  |  |  |
| GDP                      | 0.2915      |  |  |  |
| All                      | 0.0231      |  |  |  |

Table 1.

Note: , ....\* =qualify of causality

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RCPT is conomic tion, *i* is ror Terms

is used to between M. Endon dioxide T), gross nergy conperformed looking at It for each one with e Granger dence level ngth of lag lag 2 is deum lag test evious test n in Tabel 1. Based on the results of causality test, the relation between tourism receipts variable (RCPT) and carbon dioxide (CO2) variable qualify of directional causality. The tourism receipts (RCPT significantly affect carbon dioxide (CO2). In contrast, carbon dioxide (CO2) does not significantly affect tourism receipts (RCPT). directional causality is also shown from CO2 to GDP, evidenced by a probability value that is smaller than the alpha of 5 percent is 0.0023. There are bidirectional causality between energy consumption (E) and Carbon dioxide (CO2) and between GDP and RCPT.

Results of causality granger test show bidiretional causality relationship which means that energy consumption and environmental degradation affect each other. Increases in energy use will affect me increase of environmental degradation, and vice versa if there is a decrease in energy usage, there will be decrease of enironmental degradation. High concentrations of carbon dioxide in the atmosphere are the government's concern to reduce it stat air quality for life is maintained. The genernment's efforts to mitigate carbon dimide emissions will affect energy use, for mample by shifting the energy use mix fossil energy to more environmentally mency renewable energy. In 2004-2009, EAN has achieved a target of 10 perincreasing renewable and effective consumption in carbon dioxide mitiefforts.

# Serie Vector Error Correction Model

The result of the VECM estimation are a significant influence on the lag been determined both in the long run be short term between independent sependent variables. The determinacartiality was based on comparison partial t-statistic and t-table at siglevel of 5 percent or 0,05. The result of VECM estimation in long term shows, the variable of tourism receipts and Gross domestic Product (GDP) which have positive and significant effect on. For variable energy consumption (E) no significant effect because t-statistic value is smaller than t-table 1.66412.

In the equation of the vector error correction model, CO2 presented in Table 2 shows the CO2 variables significantly affect itself in lag one and lag two. Then the variable tourism receipts lag one significantly affects the CO2 variable. This is evidenced by the value of t-statistics greater than the value of t-table at a significant level of 5 percent. and the latter is the consumption variable that influences CO2 in the short term in one or two lag with a significance level of 5 percent.

The effect is significantly indicated on the result of the estimation of vector error correction model, where inbound tour-<mark>ism activities</mark> hav<mark>e long-term an</mark>d shortterm effect on environmental degradation. In the long term relationship of inbound tourism significantly influence and have a <mark>positive</mark> relationship to environmental degradation. Then a positive relationship to environmental degradation also applies to short-term relationships that are on lag one and in lag two. However, significant dislocation is only indicated in one lag which means onl<mark>y Inbound touris</mark>m activity in the previous year has a positive effect on environmental degradation in the current period. This is because the period of two years earlier had an effect on the environmental degradation in the previous period or year. Sustainable tourism focusing on improving the tourism sector balanced by taking into account the environment in ASEAN for sustainability has had an impact on reducing tourism sumbahsih in environmental degradation. So the use of facilities and accommodation does not have a prolonged impact on carbon dioxide levels in the air.

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# Table 2. Vector Error Correction Model Estimation Results in Long Term and Sort Term

|          | Long-Term                |                          |
|----------|--------------------------|--------------------------|
| Variable | Coefficien               | t-Statistic              |
| RCPT(-1) | 870,8146                 | 3,35827*                 |
| GDP(-1)  | 58,39503                 | 8,66712*                 |
| E(-1)    | -5,650612                | -1,15807                 |
|          | Sort-Term                |                          |
| Variable | Coefficien               | t-Statistic              |
| CointEq1 | -0,056694                | -1,84671*                |
| CO2(-1)  | -0,541516                | -5,77924*                |
| CO2(-2)  | -0,74 <mark>521</mark> 4 | -7, <mark>513</mark> 53* |
| RCPT(-1) | 97,19364                 | 1, <mark>67</mark> 134*  |
| RCPT(-2) | -40,40463                | -0,74186                 |
| GDP(-1)  | 1,166 <mark>921</mark>   | 0,95490                  |
| GDP(-2)  | 0,774393                 | 1,26292                  |
| E(-1)    | 2,788712                 | 3,22092*                 |
| E(-2)    | 3,283552                 | <mark>3,09776*</mark>    |
| C        | 0,257317                 | 0,07440                  |

Note: ....\*=Significant on t-test (t-table 5% (1,66412))

The results of the research are in line with the research by (Katircioglu, 2014) which shows that tourism has a positive and significant impact on environmental degradation in the long term and in the short term.

Gross domestic product has a positive and significant influence on environmental degradation in the long run. This explains that the changes that occur in the variable gross domestic product will be followed by direct movement at the level of environmental degradation. This is in line with the empirical results of shows that there is a long-term relationship between Gross domestic product and carbon dioxide. The increase in gross domestic product in ASEAN-4 countries will affect the increasing of environmental degradation in ASEAN-4 countries. Economic growth is defined as a process of increasing the capacity of a country's production in the long run in order to meet the needs of people in a country. Technological advances and institutional adjustments greatly affect a

nation's ability to fulfill its needs. It can be interpreted that the economic growth of a country can be seen from the increasing supply of goods, where advanced technology plays an important role in the process of providing these goods. The more advanced teknology used, will further increase the degree of economic growth.

The energy consumption variable positively and significantly influence the environmental degradation in ASEAN-4. This means that changes in energy consumption will be followed by changes in the level of environmental degradation in the same direction and in the event of turbulence in energy consumption will be responded strongly by environmental degradation.

### Impulse Response Function (IRF) Result

Impulse Response Function is basically used to describe the response of re-

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### Sort Term

### Response to Cholesky One S.D. Innovations

Response to Cholesky One S.D. Innovations



Response of CO2 to RCPT in ASEAN 4

Response to Cholesky One S.D. Innovations



search variables resulting from shock from research variables, where the behavior of TE VECM model used can be seen from response.

Figure 1 shows the response of cardioxide (CO2) variables due to shock accurs in tourism receipts (RCPT). cesponds negatively until the end of me period except in periods one and five respond positively with the highest reaccesse also occurs in the five period at 3 percent. The movement of the response ates until the end of the period and lence to be more stable with a negative resperiod 10 and towards the equipoint.

Figure 2 shows the carbon dioxide response due to shock experienced gross domestic product (GDP) vari-Figure 2 the negative response by The carbon dioxide (CO2) variable over the

period is determined. Moves fluctuating up to the twentieth period. The highest negative response is shown in the second period of 1 percent.

Figure 3 is the response shown carbon dioxide (CO2) resulting from the shock that occurs in the variable energy consumption (E). Over a period of one to seven periods tend to respond positively and negatively. In the eighth period tends to stabilize by responding positively to twenty to the variable carbon dioxide (CO2). The fluctuating movement occurred until the end period with the highest response in the six and eight periods with a response of eight percent.

#### CONCLUSION

Based on test result which have been done by using panel vector error correction model to know the influence of in-

s. It can be growth of a e increasing anced techin the pro-. The more I further ingrowth. ion variable fluence the ASEAN-4. energy conchanges in degradation the event of ption will be mental deg-

#### n (IRF) Re-

nction is baponse of re-

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bound tourism activity and macroeconomic variable to environmental degradation in ASEAN-4, hence got final conclusion as follows: First, The tourism receipts variable as a proxy of inbound tourism activities positively influence both in the long term and in the short term against environmental degradation in ASEAN-4. Then on the variable gross domestic product (GDP) as a macroeconomic variable positively and significantly affect the environmental degradation in the long term and not significant in the short term in ASEAN-4. Furthermore, the energy consumption variable which is one of the macroeconomic variables positively affects environmental degradation in the short term, and is not significant in long term in ASEAN-4. Second, tourism receipts variable as a description of inbound tourism activities and environmental degradation have a direct causality relationship that is only inbound tourism activity that statistically significant affect environmental degradation. In macroeconomic variables namely gross domestic product and environmental degradation also only have direct causality relationship that is only environmental degradation which significantly affect gross domestic product and not vice versa. Then on the variable energy consumption and environmental degradation shows that in both variables there is a two-way causality relationship that is energy consumption significantly affect environmental degradation and also vice versa environmental degradation significantly affect energy consumption in ASEAN-4. Third, impulse response function indicates that environmental degradation cumulatively responded negative from the shock or shock that occurred in the activity of Inbound tourism and gross domestic product. While the cumulative positive response is indicated by environmental degradation in case of shocks to energy consumption, it can be interpreted that strong energy consumption affects environmental degradation in ASEAN-4.

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