# The Impact of Tourism Sector on Economic Growth in OIC Countries

#### Nurlaila Madinatul Qoir<sup>1</sup>

<sup>1</sup>Tazkia Islamic University College, Indonesia

This study aims to analyze the effect of economic growth in 8 OIC countries, namely Malaysia, Turkey, Indonesia, Bangadesh, Egypt, Iran, Nigeria, Pakistan and also see the development of halal tourism in OIC countries. This study uses a mix method, namely the analysis of panel data regression methods with 8 country objects which are members of the OIC countries within a period of 10 years starting in 2010 to 2019. To find out the development of halal tourism, this research uses descriptive qualitative methods by collecting and summarizing research journals on the development of halal tourism that have existed before. The results of the study show that the number of tourists has a positive influence on economic growth in 8 OIC countries. For the development of halal tourism, several OIC countries have made innovations and updates for the growth of the halal tourism sector, such as providing Muslim-friendly facilities at each airport, sharia-based hotels, providing halal food, drinks in restaurants, and places of worship for Muslim tourists. In addition, some countries have also begun to carry out attractive promotions for the halal tourism sector so as to attract Muslim tourists to visit the country.

#### Keywords: Tourism; Halal Tourism; OIC; Economic Growth

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\*Correspondence: Nurlaila Madinatul Qoir nurlaila@gmail.com

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# INTRODUCTION

One important factor to be able to analyze a country's economic development is to look at the country's economic growth (Sukirno, 2011). Economic growth is a process of continuous change in a country's economy for the better within a certain period of time. Economic growth can also be interpreted as a process of increasing the amount of production of an economy which is reflected in an increase in national income. (Todaro and Smith, 2008) say that one of the benchmarks for implementing development is economic growth, while economic growth is also reflected in the Gross Domestic Product (GDP). Where the higher the economic growth in a region, the better the economic activity.

The Organization of Islamic Cooperation (OIC) is one of the second largest organizations after the United Nations (UN). The OIC is one of the organizations involved in the SDGs program where one of the goals is sustainable and inclusive economic growth and the creation of decent work, which is the focus of the research (SESRIC 2018). The contribution of OIC countries in the economic field aims to strengthen economic and trade cooperation in order to integration achieve economic leading to the establishment of the Islamic Common Market. Therefore, the Economic and Commercial Cooperation of the OIC (COMCEC) was established to take steps to implement resolutions in the economic and trade fields, strengthen cooperation between member countries, and prepare programs that can make economic capacity in the regions increase. (www.sesric.org)

Tourism itself is an activity that aims to organize tourism services, provide or cultivate tourism objects and attractions, tourism facilities businesses and other businesses related to this field. In addition, now tourism is also one of the engines driving the world economy, where tourism development is able to drive the economy and generate social benefits. Now along with the development of the increasing Muslim population in each country, many countries, especially countries that have a Muslim majority population, are trying to develop halal tourism destinations that suit the interests of Muslim tourists.

Halal tourism is a form of tourism where the main foundation is in the form of Islamic religious values and norms. This halal tourism arena is a new concept in the tourism industry, so it requires more indepth development and understanding related to Islamic values that are included in this tourism activity. In recent years the halal industry has progressed and increased both in Indonesia and in the international glass, tourism has also become one of the industries that can show consistent growth every year. Starting from halal food and beverages, now the halal industry is also moving in the lifestyle sector including in the medical field, tourism, fashion, cosmetics, even halal media is now in great demand by the public. This is none other than due to the increasing growth of the Muslim population in the world, especially in Indonesia itself, where most of the people are Muslim.

In line with the booming Global Halal Market, the halal tourism industry in recent years has experienced a rapid increase. In addition, the tourism industry has a considerable influence on the economy because the tourism industry is currently one of the contributors to GDP. Seeing the enormous potential and opportunities in the field of tourism, many people are starting to try to combine this tourism concept with Islamic values, apart from the halal industry which is being viewed intensely at this time by Muslim communities in various countries, tourism also has enormous opportunities in various countries, especially in countries with a majority Muslim population.

The tourism industry is one of the factors that can affect economic growth today, because the tourism industry is now one of the sectors that can potentially earn foreign exchange and contribute to economic growth. According to IUOTO (International Union of Offical Travel Organization; Spillane, 1993) tourism should be developed by every country with the consideration that: (1) Tourism can act as a trigger factor for national and international economic development, (2) Trigger prosperity through the development of communication, transportation, accommodation, other services, (3) Special attention to cultural preservation, social values to make it more economically valuable, (4) Equalization of welfare caused by tourist consumption in a destination, (5) Earning foreign exchange, (6) Trigger international trade.

The halal tourism industry is now one of the attractive industries for every Muslim country, especially to drive economic growth. Where now the tourism industry comes in various types of services in accordance with the development of society and the needs of existing tourists. MFT (Muslim Friendly Tourism) has halal principles and concepts in every tourism dish that does not violate the provisions and sharia of the Islamic religion. With the increasing halal tourism industry and the interest of Muslim tourists who choose to vacation in countries that have halal tourist attractions, it can be

a reference to increase the country's economic growth, especially for countries with a majority Muslim population. Based on the Global Muslim Travel Index (GMTI) report published in April 2018, it shows 10 Muslim-friendly tourist destinations in OIC countries.

From the data, it can be seen that OIC countries are halal tourism-friendly countries, Malaysia in 2018 ranks highest among other OIC countries in Muslimfriendly tourist destinations with a score of 80.5. OIC countries are a collection of countries with a majority Muslim population, so these OIC countries have a greater opportunity to develop the halal tourism sector, and it is hoped that the halal tourism sector in the future will continue to have greater potential and can help increase the country's economic growth.

Currently, many OIC countries have provided Muslim-friendly tourist attractions, and every year each country continues to try to improve their facilities and services to make it better and easier for tourists who will visit. Some countries are now starting to provide tourism

products, facilities and infrastructure to meet the needs of Muslim tourists, such as adequate worship services, friendly housing for Muslim tourists and halal food and beverages. In addition to several tourist attractions that become halal tourism, there are also other tourism accesses such as starting from halal travel agents, to sharia-based hotels that have been found in various regions in various OIC countries.

Many things trigger the development of halal tourist destinations in the current era of globalization and in the era to come. First, because of the tendency of people or tourists who have begun to be saturated with secular tourist destinations so that they hope for a new breakthrough in the world of tourism. Second, the increasing number of Muslim population at the global level, especially in western countries. Third, because there is an awareness of the community to practice the religion that has become their belief, which in this case is Islamic law.

Economic growth that occurs in each country is different as well as the factors that affect economic growth in each country are also different. From the increase in GDP every year, it can be seen how economic growth occurs in a country. The tourism sector can arguably provide an important role for the country's economic growth, as well as the world economy because currently tourism is considered as one of the contributors to growth for employment and economic growth in many countries. So the tourism industry can be seen as an important source of GDP. Referring to the background previously described, the authors want to examine more deeply with the research objectives, namely: (1) Knowing how tourism affects economic growth in 8 OIC countries: (2) Knowing how halal tourism develops in OIC countries.

# LITERATURE REVIEW

# **Tourism Sector**

Tourism is an activity that occurs when internationally, where everyone can cross borders with the aim of vacationing or doing business within at least 24 hours, but not more than one year (Mill and Morrison, 1998). Tourism is also often referred to as a trip or an economic phenomenon whose industrial activities, if carried out, can improve economic welfare for related parties and their surroundings.

According to Damanik (2006) tourism is the movement of people in a short time to destinations outside the place where they usually live and work and also their activities during their stay in a place. Meanwhile, according to Youti's opinion, (1991: 103) tourism comes from two words, namely Pari and Wisata, where Pari means a lot, many times, circling or complete, while Wisata means travel or travel. From this meaning, tourism can be interpreted as a trip that can be done many times or circling from one place to another.

Basically, halal tourism is a form of religious tourism that can represent compliance and obedience to the teachings of Islam (World Travel Market, 2007) which offers destinations and provides facilities, services and products that suit Muslim travelers. The Organization of Islamic Cooperation (OIC) provides a definition of halal tourism based on the Qur'an 29:20 which encourages every human being to travel on earth to be able to take lessons from what Allah has created and take His Grace. Islamic Tourism defines halal tourism as travel to provide tourist services and facilities for Muslim travelers in accordance with the rules and teachings of Islam. Global Muslim Travel Index (GMTI) as an institution that focuses on the development of halal tourism defines halal tourism as tourism that is run in accordance with the concepts and principles of Islam and the aim of providing facilities and services that are friendly to Muslim tourists.

Tourism in Islam focuses more on issues such as place (Islamic destinations), involvement (Muslims), products (living areas, food and beverages), dimensions (economic, cultural and religious) and service management processes (marketing and management systems). Halal tourism should be very helpful for Muslim tourists who want to travel in accordance with Islamic concepts and principles. In the Qur'an there are also many verses that explain and support travel or tourism such as: Say, "Walk the earth, then see how (Allah) begins the creation (of creatures), then Allah makes the final event. Indeed, Allah is in control of all things. (Al-Ankabut: 20)

The verse of the Qur'an above contains safar or travel, where from these verses wisdom can be taken about the Esaan what Allah has created there humans can see how beautiful the beauty and gifts of His creation are, and can be used as a lesson that how small humans can glorify the greatness of Allah. A travel activity carried out by someone to relieve fatigue, and improve human health both physically and psychologically, so that it can make it possible to focus more on worship. So that in Islam travel has a big enough influence so that it can encourage the tourism sector. Halal tourism is expected to meet the needs of Muslim tourists who want to vacation with facilities that are in accordance with Islamic teachings. However, until now there has not been much discussion about the principles or main requirements of halal tourism that are agreed upon and there is still not much literature and practice that discusses this matter (Tafsir Ibn Kathir, 2015).

However, there are some summaries of the principles or main requirements of halal tourism, namely where halal food, the absence of liquor (containing alcohol), the food served does not contain pork, there are no discotheques, where male staff or waiters for male guests, and vice versa female staff for female guests, appropriate entertainment, there are worship facilities (Mosque and Musholla) that are separated between men and women, and also the availability of worship equipment such as the Qur'an and prayer tools, separate toilets and not facing the Qibla, lodging (hotel or guest house) should not be for guests who are not muhrim (unmarried couples), the company or hotel that manages must follow the principles of zakat. (Henderson, 2010); (Sahia, 2011). From these principles, halal food, products that do not contain pork, no alcohol, the availability of places of worship and worship equipment, Qibla direction and polite staff clothing are the most important and main things for tourists (The World Halal Travel Summit, 2015).

# **Economic Growth**

According to Sukirno (2011: 331) "economic growth can be interpreted as a development of activities in an economy that can make the goods and services produced by the community increase and the prosperity

of the community increases". Where it can be interpreted that economic growth is the development of a country's economy where the goods and services produced continue to increase every period. Several factors can influence this increase, one of which is labor growth, investment that will increase capital and technology and so on.

Economic growth is a condition where there is an increase in the GDP (Gross Domestic Product) of a region or country, an increase in per capita income, and an increase in the provision of community facilities and infrastructure. Adam Smith (Module Theory and Development Issues, 2002) said that economic growth is something that can develop if the population increases. The more the population, the more productive human resources.

Basically, there are many theories that discuss the theory of economic growth, but in this study it is more directed to the Keynes growth theory. In this Keynes growth theory argues that national economic growth can be influenced by three factors, namely, capital, demand and investment. Which all three have an important role in increasing a country's national production, which this production will also affect the economic improvement in a country. This can take place in the short or medium term.

According to the Ministry of Tourism and Creative Economy of the Republic of Indonesia (2019) tourism has several impacts on economic growth, when viewed more specifically there are several visible impacts of the role of tourism on economic growth, namely the impact of the tourism sector on output, then also an increase in income and absorption of labor. The role of tourism is also increasingly important in accordance with the development and contribution made by the tourism sector through foreign exchange earnings, state revenues, regional development, as well as in the absorption of investment and labor and business development in various regions.

According to research conducted by WTTC (*World Travel and Tourism Council*, 2019), the tourism sector experienced growth of 3.5% in 2019, surpassing global economic growth of 2.5%. For five years the tourism sector industry has also opened up new jobs and opportunities for the community, so tourism is the government's best friend to open up jobs.

Tourism has many effects on economic growth, which can be grouped into seven major groups, one of which is as foreign exchange earnings, can increase the income of the community around the tourism area, the creation of new jobs, affecting prices and tariffs, affecting the distribution of benefits or finance, and affecting the development of the tourism area, (Aryunda, 2011). The seven benefits can be very helpful for people who live around the tourism area, making the economic welfare of the surrounding community continue to grow, can reduce the number of unemployment in the community around tourism. In addition to the community, the state can also feel these benefits by helping the economic growth of a country by encouraging foreign exchange sources for the country.

Herlambang (2016) says that there are at least four things that can be influenced by tourism on tourism economic growth, namely: First, the type of work of the community which eventually the community can open jobs such as hawkers or employees at tourist attractions. Second, the acceptance of the surrounding community is getting better. Third, the growth of other sectors around tourism sites, the establishment of stalls, lodging managed by the local community. Fourth, there is a change in the price of food and drinks that can provide benefits for traders.

### **Previous Studies**

Nisthar & Majeed (2019) explained that the facilities provided by hotels are one of the factors that can affect the GMTI Global ranking. In addition to hotel facilities the airport also has a role to influence the position of countries in GMTI. Ramadhany & Ridlwan (2018) in his journal explaining the implications of sharia tourism on the income and welfare of the people in Lombok by using qualitative methods through interviews, observation and documentation obtained the results of the study, that overall sharia tourism has a positive impact on increasing people's income and has an effect on the welfare of the people of Lombok.

In a journal written by Hany (2021) which discusses the factors that affect economic growth in 15 OIC countries. By using the panel data regression analysis method, the results of the study show that of the five variables, namely GDP, investment, exports, imports and government spending, have a significant effect on economic growth in 15 OIC countries, except for the investment variable which has no effect on economic growth in 15 OIC countries.

Yeisa & Rani (2020) in research that has been conducted in looking at the factors that affect economic growth in OIC using panel data regression analysis, shows the results that labor variables, international trade can have a significant effect on economic growth while inflation does not have a significant effect on economic growth in OIC countries. Dewi and Durrotul (2018) discuss the development, opportunities and challenges of halal tourism where the development of halal tourism has been widely carried out in various countries, be it countries with a majority Muslim population or countries with Muslim minorities, these countries have developed halal tourism, by trying to implement a tourism system and build a Muslim-friendly atmosphere for tourists.

Wardhana and Kharisma (2019) in a study that discussed the impact of the tourism sector on economic growth, using the EGLS panel data analysis method. From the results of this study concluded that capital investment, the number of workers has a positive influence on economic growth as well as for the international tourism sector can be said to have an influence on economic growth significantly in 8 ASEAN countries. While the export variable has no significant influence on economic growth for 8 ASEAN countries.

Alcharir (2020) which discusses the income of the tourism sector in Majane Regency, using multiple linear analysis methods. The results of this study indicate that tourism sector revenue has a significant effect on economic growth, where the most influential factor is the hotel revenue sector because the greater the revenue from existing hotel taxes helps increase the local revenue that will be received. While the tourism income factor and the number of tourists do not affect economic growth in Majene Regency. Sulastri and Pariyanti (2019) who analyzed the tourism sector on community welfare and economic growth in East Lampung. Using the multiple linear analysis method shows the results that, high tourism potential such as cultural tourism, argo tourism, marine tourism, cultural heritage tourism, and other tourism can help improve community welfare and local revenue so that in this study the tourism sector has a positive and significant effect on community welfare and economic growth.

Harahsheh (2020) in his research which discusses the concept of halal tourism expressed by Jordanian Muslim tourists, using qualitative methods through interviews. The results of this study indicate that the purpose of Jordanian Muslim tourists traveling to halal tourist destinations is to comply with Islamic law, and learn about Islamic history, Muslim tourists who want to comply with Islamic law they have a significant positive motive for traveling halal tourism.

Anismar (2019) in research that discusses the concept of tourism in Aceh Singkil by using qualitative methods through observation, and interviews. The results of the study concluded that Aceh Singkil is one of the regions in Indonesia that has good tourism potential, in addition to its natural beauty, the geographical location close to other districts makes it easy to reach for tourists. However, the government does not have a definite concept to develop the tourism potential, development is still carried out traditionally between the private sector and the community, where the community is only used as an object of activity that is not so clear in its existence to be involved. So that in this study found a relevant tourism concept that is based on Halal Tourism which is a reflection of the people of Aceh Singkil.

Ma'ruf and Wihastuti (2008) discussed Indonesia's economic growth, using multiple linear analysis methods. The results showed that the coefficient of real government spending is positive and significant, which means that government spending has an important role in Indonesia's economic growth.

From the journals above or research that has been done before, not a few of these studies discuss the influence of economic growth in ASEAN countries and OIC countries. Many variables can affect economic growth in a country but from the results of the above studies there are still few that discuss the effect of tourism variables on economic growth in a country.

#### **Research Framework**

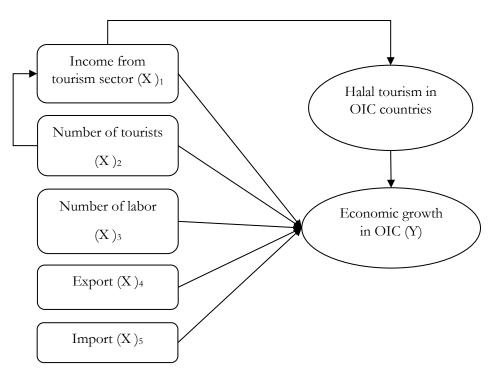


Figure 1. Research framework

The framework above shows the representation in conducting this research. The framework shows that this study wants to see the effect of independent variables, namely tourism in particular and other variables on economic growth in OIC countries. In addition, this study also wants to see how the development of halal tourism in several OIC countries.

Based on the model above, the following are some of the research hypotheses in this study:

H1 : Tourism Revenue has a positive and significant effect on economic growth in 8 OIC Countries.

H2 : The number of tourists has a positive and significant effect on economic growth in 8 OIC countries.

H3 : Total Labor has a positive and significant effect on economic growth in 8 OIC countries.

H4 : Exports have a positive and significant effect on economic growth in 8 OIC countries.

H5: Imports have a negative and significant effect on economic growth in 8 OIC countries.

# **RESEARCH METHOD**

This research was conducted with the object of 8 countries that are members of the OIC, namely, Malaysia, Turkey, Indonesia, Egypt, Iran, Bangladesh, Pakistan, and Nigeria where the 8 OIC countries were chosen because these countries are a group of developing countries that have been formed by the OIC, with a period of 2010-2019. The research time needed in this study is from February to August 2021.

Based on the formulation of the problems formulated above, this research can be classified into quantitative and descriptive qualitative methods. Where this quantitative research method is a scientific approach that views a realistic can be clarified, concrete, and measurable relationship with variables that are causeand-effect where the research data are numbers and the analysis uses statistics. (Sugiyono, 2013: 13). This quantitative method will be used to answer the effect of tourism on economic growth in OIC countries.

While the qualitative descriptive method is used to answer the second problem formulation regarding the growth of halal tourism in the OIC countries. Where this method is used to describe or to provide an overview of the object to be studied through data, samples or journals and books that have been collected in order to provide general results or conclusions.

## **Data Source**

The type of data used in this study is included in the type of secondary data, where secondary data can be obtained from the *World Bank*, SESRIC, GMTI and other secondary data needed. Then the data that has been obtained is processed using the regression method using the E-views application. In this study will use the panel data analysis method which is a combination of *cross section* and *time series*, so there are several variables that will be used in this study to determine the effect of tourism on economic growth, namely the variable tourism revenue (X<sub>1</sub>), the number of tourists (X<sub>2</sub>), the number of workers (X<sub>3</sub>), exports (X<sub>4</sub>) imports (X<sub>5</sub>) and economic growth (Y). The period or time series data to be used is from 2010 to 2019.

The data source of this research is secondary data where according to Husein Umar (2013: 42) "secondary data is primary data that has been further processed and has been presented by primary data collectors or by other parties as presented in the form of tables or diagrams. It can be said that this secondary data is a source of primary data or data that can be obtained indirectly or through intermediaries of other people or other sources that are already available, presented before the author conducts research. What can be categorized as secondary data is such as company records or archives by reading, understanding and studying these records more deeply.

## **Operational Variables**

The operational definition of a variable is a definition to be given to an operation that is justified to measure the variable to be studied. The operational definition of variables in the study can be explained as follows:

1. Economic Growth

Economic growth is an increase in the ability of a country's economy to produce goods and services. This economic growth is measured by the GDP of each country in the 8 OIC Countries from 2010-2019.

2. Tourism Revenue

Tourism revenue is the revenue generated by the country through the tourism sector, measured by the total data collection of each country from the tourism sector from 2010-2019.

3. Number of Travelers

The number of tourists is measured by the number of foreign tourist visits to the 8 OIC countries in the period from 2010-2019.

4. Labor

Labor is every individual who does work to be able to produce goods, services to meet needs. Labor is measured by the number of people working in each country in the 8 OIC countries in each year from 2010-2019.

5. Export

Export is the process of moving goods or commodities from one country to another. Where this export is studied is the total value of exports of goods and services in each of the 8 OIC Countries from 2010-2019 based on annual data.

6. Import

Import is an activity where a country buys goods from other countries. The imports studied here are the total import value of goods and services in each of the 8 OIC countries based on annual data from 2010-2019.

# Data Analysis

In this study using two data analysis, namely the panel data regression analysis method and also qualitative descriptive methods. To answer the first problem formulation in this study using panel data regression analysis. Where panel data is a combination of *cross section* and *time series*. In this study, economic growth is the dependent variable, while the independent variables used in this study are tourism, labor, exports and imports. To answer the second problem formulation in this study, namely using qualitative descriptive methods, namely to answer how the development of halal tourism in OIC countries, by collecting, reading, and describing objects or topics of problems from journals related to the development of halal tourism in OIC countries. The variables in this study consist of one dependent variable (Y), namely economic growth and also consist of five independent variables (X), namely tourism revenue (X<sub>1</sub>), the number of tourists (X<sub>2</sub>), the number of workers (X<sub>3</sub>), exports (X<sub>4</sub>), and imports (X<sub>5</sub>).

By using a multiple linear regression model, the estimation model is as follows:

 $\label{eq:2.1} Yit{=}\beta o{+}\beta 1X1it{+}\beta 2X2it{+}\beta 3X3it{+}\beta 4X4it{+}\beta 5$  X5it+ ui.....

Where:

Y = Economic Growth X1= Tourism Revenue X2 = Number of Tourists X3= Total Labor X4 = Exports X5 = Import  $\beta$ o= Constant uit = Error variable i = OIC Countries t = Time period This study uses panel data analysis as a data processing tool using the Eviews program. Analysis using panel data is a combination of *time-series data* and *cross-section data*. Gujarati (2003) states that to briefly describe panel data, suppose in *cross section* data, the value of one or more variables is collected for several sample units at a time. In panel data, the same *cross section* unit is surveyed at multiple times.

#### a) Panel Data Estimation Model Selection

This panel data regression analysis technique has three model estimates that will be used, namely, *common effect, fixed effect*, and *random effect models*, among the three models, one model will be used that is most suitable and suitable for use in this study.

#### b) Model Fit Test

This panel data regression analysis technique uses one of three methods, namely, *common effect, fixed effect*, and *random effect* models, to find out which method is more suitable and better to use in this study, the Chow Test, LM Test and Hausman Test are carried out.

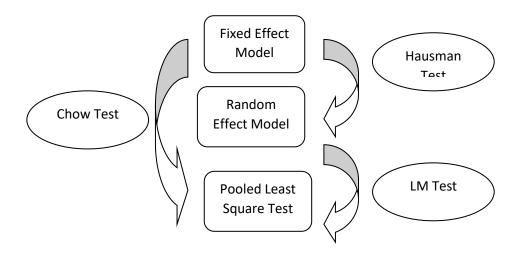


Figure 2. Panel regression analysis

To better understand the figure above, we can describe the selection of model criteria in three tests, namely the Chow Test, LM (*Lagrange Multiplier*) Test, and Hausman Test.

#### 1. Lagrange Multiplier (LM) Test

The LM test is used to see whether of the two models, *Random Effect* or *Common Effect* (PLS), which is the most appropriate to use in this study. This LM test is seen based on the chi-squares distribution with a *degree of freedom* equal to the number of independent variables. If the LM value is greater than the chi-squares statistic then the null hypothesis, where the right model is the Random Effect Model. Conversely, if the LM value is smaller than the chi-squares value, the null hypothesis is accepted and the appropriate model to use is the *Common Effect Model*. The hypothesis can be written as follows: H0 = Common Effect (PLS)

H1 = Random Effect Model (REM)

The LM test is not used when the Chow Test and Hausman Test have shown that the more appropriate model is the *Fixed Effect Model*. The LM test is used when the Chow Test shows that the most appropriate model is the *Common Effect Model*, while the Hausman Test shows that the most appropriate model to use is the Random Effect Model.

2. Chow Test

The Chow test is used to see which of the *Common Effect* and *Fixed Effect Model* methods is the most appropriate to use in this study. If the F-Statistic value is greater than the F table, then H1 is accepted, so the *Fixed Effect Model* is chosen and vice versa, where the hypothesis in the Chow Test is as follows:

 $H0 = Common \ Effect \ (PLS)$ 

H1 = *Fixed Effect Model* (FEM)

3. Hausman Test

The Hausman test is used to see between the Random Effect and Fixed Effect Model methods which of the two methods is most appropriate for this study. The hypothesis can be written as follows:

Ho = Random Effect Model (REM) H1 = Fixed Effect Model (FEM)

# c) Hypothesis Testing

1. T test

The t test is used to test the partial effect of the independent variables on the dependent variable. This test is carried out with the hypothesis:

Ho:  $\beta i = 0$ , meaning that there is no real influence of each independent variable on its related variable.

H1:  $\beta i \neq 0$ , meaning that there is a real influence of each independent variable on its related variable.

2. F test

The statistical f test is a test to show whether all the independent variables referred to in the model have a joint influence on the dependent variable when viewed using Eviews. With the following hypothesis: (Mahulete, 2016)

Ho: Means that the independent variable has no influence on the dependent variable

H1 : Means there is a joint influence between all independent variables on the dependent variable.

3. R-Squared (R<sup>2</sup>)

The  $R^2$  coefficient is to determine the amount of change in the dependent variable that has been explained by changes in the independent variables. The correlation coefficient (r) is to measure the strength or closeness of the relationship between the dependent variable and the independent variable.

# **RESULT AND DISCUSSION**

The OIC is an Islamic cooperation organization and is one of the second largest organizations after the United Nations (UN) in terms of the number of members. The OIC has 57 member countries where the majority of all members are Muslim countries in Asia and Africa. The OIC is one of the organizations involved in the SDGs program. In this study, the authors only took 8 countries from a total of 57 member countries that are members of the OIC including: Malaysia, Turkey, Indonesia, Bangladesh, Egypt, Iran, Nigeria, Pakistan where these 8 countries have been categorized by the OIC as developing countries.

Economic development in each OIC country shows different results, but almost every 8 OIC countries studied has experienced an increase and decrease in the economy every year. So it can be interpreted that economic growth in these 8 OIC countries shows fluctuating results.

The data used in this study are secondary data obtained from the *World Bank*, SESRIC, GMTI, and other necessary secondary data. The data taken for this study are in accordance with the variables needed, where the dependent variable is GDP (economic growth) while the independent variables used in this study are five variables, namely tourism revenue (X<sub>1</sub>), the number of tourists (X<sub>2</sub>), the number of workers (X<sub>3</sub>), exports (X<sub>4</sub>), and imports (X<sub>5</sub>) from 2010 to 2019.

Variable	Description	Data	Mean	Maximum	Minimum	Std.Dev
Y	Economic Growth (GDP)	USD	898,844	12,614,048	781,154	86,649
X1	Tourism Revenue	USD	173,979	42,351	97	301,614
X2	Number of Travelers	Value (soul)	182,9	51,747,000	139,000	70,399
X3	Labor	Value (soul)	510,6	135,802,879	12,267,639	33,551
X4	Export	USD	113,636	254,02	18,472	87,181
X5	Import	USD	121,233	275,217	34,286	78,671

Table 1. Data description

### **Test Requirements**

In this panel data regression analysis must go through several stages of testing including: Chow test = Ho : CEM, H1: FEM Hausman test = Ho : REM, H1: FEM LM test = Ho: CEM, H1: REM Ho is accepted if the probability is more than 0.05 Ho is rejected if the probability is less than 0.05

As the provisions described above, the test using this panel data model goes through several stages, first, the chow test in this chow test there are two test models that must be carried out, namely the CEM *(Common Effect Model)* and FEM (*Fixed Effect Model*) tests with Ho is CEM and H1 is FEM. Where if the probability result is more than 0.05 then Ho is accepted, and if the probability result is less than 0.05 then Ho is rejected and H1 is accepted. Similar to the chow test, this second test is the hausman test where in this test you also have to do two different tests, the first is the REM (*Random Effect Model*) and FEM (*Fixed Effect Model*) tests, if the probability result is more than 0.05 then Ho is accepted, but if the probability result is less than 0.05 then Ho is rejected and H1 is accepted.

### Panel Data Regression Test Analysis

This chapter will explain the results of data processing from the variables that have been determined in this study and the discussion as an attempt to answer the problem formulation in the study. For qualitative research, this study tries to answer using descriptive qualitative methods by collecting and summarizing the results of a number of journals that have been collected in accordance with the topic of the problem in the formulation of the problem. In quantitative methods in this study using panel data regression analysis methods using E-views 10 application software, where the sequence in this discussion begins with testing to determine the model to be used, namely CEM, FEM and REM using the Chow Test and Hausman Test. From the results of the Chow Test and Hausman Test that have been carried out, it is found that the FEM model is the best model for this study compared to the PLS and REM models. With the test results below:

Coefficient	PLS	FEM	REM
GDP (Y)			
Constant	42817***	54985***	4768***
	(0.000)	(0,000)	(0,000)
Income from tourism sector	-0,0012	0,0018	-0,0006
	(0,1330)	(0,1541)	(0,488)
Number of tourists	0,0389	0,2281**	0,057
	(0,536)	(0,027)	(0,407)
Number of laborers	-0,0630***	-0,0652***	-0,054***
	(0,000)	(0,000)	(0,000)
Export	14,263***	4,986**	9,884***
	(0,000)	(0,040)	(0,000)
Import	20,607***	13,116***	15,980***
	(0,000)	(0,000)	(0,000)
R-squared	0,852	0,937	0,691
Chow F-Test		12,903***	
		(0,000)	
Hausman Test		30,963***	
		(0,000)	

Source: Primary data (2021)

Notes: \*\*\*Significant at 1%, \*\* Significant at 5%, \* Significant at 10%

#### Model Statistical Test Results

1. (R<sup>2</sup>) / R-Squared

Based on the test results of the panel data analysis using the *Fixed Effect Model, the* value of  $R^2$  is 0.937 which shows that Economic Growth can be explained by the independent variables, namely Tourism Revenue, Number of Tourists, Labor, Exports and Imports by 93% and the other 7% can be explained by other variables outside the model in this study.

2. Model Feasibility Test (F Test)

In the FEM test results show the Prob (Fstatistic) value of 0.00 which is smaller than 0.05 so that the five variables used in this study together (simultaneously) affect Y (economic growth).

3. T Statistical Test

Based on the analysis with the data model using the *fixed effect model, the* structural equation can be presented as follows:

 $\label{eq:2.1} \begin{array}{ll} Yit = 5498522 \, + \, 0.001870 \, \, X_{1it} + \, 0.228181 X_{2it} \ - \\ 0.065214 X_{3it} \, + \, 4.986388 X_{4it} & + \, 13.11693 X_{5it} \end{array}$ 

a. Tourism Revenue

Based on the results using the *fixed effect model* shows that tourism revenue has a positive and insignificant effect, which means that if there is an increase in tourism revenue, it will increase the economic growth of 8 OIC countries by 0.001870.

b. Number of Travelers

Based on the test results, it shows that the number of tourists is positive and significant at the 5% level with a coefficient value of 0.228181. It can be said that the number of tourists has a positive impact on economic growth in 8 OIC countries if the number of tourists increases, it will have an effect on increasing economic growth in 8 OIC countries by 0.228181.

c. Labor

Based on the table above, the labor variable shows a significant negative result of 0.065214 on economic growth in 8 OIC countries. This indicates that an increase in labor will reduce the level of economic growth by 0.065214.

d. Export

Based on the test results show that the results of exports are positively significant at the 5% level with a probability value of 0.04 and a coefficient value of 4.986388 so that when the export variable increases, it can affect the increase in economic growth in 8 OIC countries.

e. Import

Based on the test results, it shows that the results of the import variable show positive and significant results at the 1% level with a probability value of 0.002 and also a coefficient value of 13.11693 so that when the import variable increases, it can affect the increase in economic growth in 8 OIC countries.

# DISCUSSION

# Effect of Tourism Revenue on Economic Growth

In this study, based on the results of tests that have been carried out, the tourism income variable has a positive but insignificant effect on economic growth in 8 OIC countries. Where this positive sign indicates that the tourism income variable has an influence on economic growth in the 8 OIC countries. When the tourism income variable increases, it will affect the increase in economic growth and vice versa if the tourism income variable decreases, it will affect the decrease in economic growth. Although the effect of tourism revenue on economic growth is not significant, which indicates that tourism revenue has little effect on economic growth. In this case it may be due to the 8 OIC countries studied there are still several countries such as Bangladesh, Nigeria and Pakistan where the country's tourism revenue is fairly low from other countries such as Malaysia, Turkey, Indonesia, Egypt and Saudi Arabia.

The results of this study support Sulastri's (2019) study which found that the tourism sector revenue variable has a positive effect on economic growth, this is due to the increase in tax levies based on the increase in the number of existing tourist objects such as hotel taxes, the greater the revenue from hotel taxes, the greater the local revenue received. However, the results of this study are not in line or contrary to research conducted by Sultan (2020) where tourism sector revenue has a negative effect on economic growth because according to him economic growth can occur because a country is able to meet the economic needs of the community, and production results in a long period of time so as to increase the country's GDP.

# The Effect of the Number of Tourists on Economic Growth

Based on the test results for the number of tourists, it has a positive and significant effect on economic growth, if the number of tourists increases, it will affect economic growth and vice versa, if the number of tourists decreases, it will affect the decline in tourism growth in the 8 OIC countries.

The results of this study are also in line with the results of research conducted by Permata. A (2019) with the increasing economic growth in a country will increase the total number of foreign tourist visits. Where tourists visiting tourist destination countries have a positive impact on the country's tourism sector. The results of this study also support Nurhadi's research (2016) which states that the number of tourists has a

positive influence on economic growth because the more tourists who visit a country can increase local businesses in that country such as restaurants, other tourism facilities. With the increase in business results, it can help increase the country's economic growth.

Overall, based on the results above, it shows that the variables of tourism revenue and the number of tourists both have positive results that affect economic growth in the 8 OIC countries where it can be said that this tourism industry sector can encourage the country's economic growth. In addition, the tourism sector provides opportunities to help economic growth in 8 OIC countries.

#### The Effect of Labor on Economic Growth

From the test results in this study the labor variable has a negative and significant effect on economic growth where any decrease in the labor variable will increase economic growth, and vice versa if the labor variable increases it will reduce economic growth in the 8 OIC countries. The results of this study can occur because the economic system has not been able to absorb productively the level of labor, besides that this can also be caused by high population growth which can make an obstacle to economic growth where the main problem is employment, because the country's capacity is still in the process of development in opening up jobs. Unproductive labor can also be a factor so that it cannot help existing economic growth.

The results of this study are in line with research conducted by Rahayu (2018) where labor has a negative and significant effect on economic growth in Medan City. In addition, this research is also in line with research conducted by Alisman (2016) that labor has a significant and negative effect on economic growth in West Aceh Regency.

### The Effect of Exports on Economic Growth

In this study, from the results of tests that have been carried out, the export variable has a positive and significant effect, where if the export variable increases, it will affect the increase in economic growth, and vice versa, if the export variable decreases, it will also affect the decline in economic growth.

This research is in line with Asbintari's research (2016) where the export variable has a positive and significant relationship to economic growth, where economic growth can be supported by the stability of the country's exports both in the short and long term. And also in line with Ginting's research (2017) where exports have an important influence and have positive

and significant results on economic growth, it is revealed that to improve the performance of economic growth, it is necessary to increase exports in the country.

## The Effect of Imports on Economic Growth

The import variable in this study has a positive and significant effect on economic growth if the import variable increases, it can affect the increase in economic growth, and vice versa if the import variable decreases it will also affect the decline in economic growth in the 8 OIC countries. This may be due to several things such as increased investment in imports, or imported goods are raw materials for production materials so as to increase domestic production, with a lot of production that can increase public consumption and increase state revenues. Or because people prefer imported goods.

The results of this study strengthen the research conducted by Effendi (2018) where the import variable has positive results on economic growth. In addition, this study is also in line with Ismanto's research (2019) in which the import variable has a significant effect on economic growth.

## The Development of Halal Tourism in Muslim Countries: A Literature Study

For qualitative methods that use qualitative descriptive analysis where these results are obtained from several journals and references regarding the conditions and development of existing halal tourism. According to the literature written by Dewi and Durrotul (2018) which examines the development of halal tourism in Malaysia and Japan, it can be said that for Malaysia tourism is the second largest revenuecontributing sector in Malaysia because Malaysia is one of the destinations for Muslim tourists who want to vacation. To increase tourism growth in Malaysia, they use a promotional system carried out by the government, so that it can help the halal tourism sector in particular. One of them is by providing brochures that use multiple languages to make it easier for tourists to understand, the staff on duty are also required to be able to use English and Arabic to facilitate communication.

On the other hand they have planned "*The Halal Master Plan*" with a 13-year target: (1) 2008-2013 for development to make Malaysia a world center in terms of halal integrity and industry growth; (2) 2011-2015 develop Malaysia as a preferred location for halal business. (3) 2016-2020 expanding the geographical footprint for home-grown halal companies. In addition to examining the country of Malaysia in this journal also examines the country of Japan where basically Japan is a Muslim minority country, but the number of tourists who come makes the Japanese government take the initiative to provide facilities for Muslim tourists.

Japan's success in tourism can be seen through the award won at the *World Halal Tourism Award* as "*World Best Non OIC Emerging Halal Destination*" in 2016 (Halal Media Japan, 2016). To strengthen the tourism sector, *Japan* established JHA (*Japan Halal Association*) where this institution is tasked with supervising and providing halal certificates and providing information on mosque locations for Muslims, and also encouraging agents and companies engaged in halal *tours* and *travel* for Muslim tourists.

The study of Harsaleh and Haddad (2019) also explains the development of halal tourism from one of the OIC countries, Jordan, where Jordan is one of the world's halal tourism destinations, the Jordanian tourism sector is experiencing quite rapid development because it is in a strategic area, namely at the crossroads between countries, making it easier for tourists to visit. Most tourists who visit Jordan prefer to travel to historical and aercological sites in Jordan, so that many Muslim tourists come to visit to learn and travel religiously about the history of Islam in Jordan.

In Battour and Ismail's research (2018) which explains the development of tourism in Turkey and Malaysia where the two countries are halal tourism destinations that are often visited by tourists. Turkey and Malaysia are experiencing quite rapid development in the halal tourism sector, in addition to Muslim tourists visiting non-Muslim tourists are also interested in traveling to these countries to try a vacation using halal tourism services provided by the two countries. Non-Muslim tourists responded that halal tourism is quite good, where they argue that they are given the opportunity to learn about Muslim cultures in the two countries. In addition, they also try halal tourism services such as not consuming haram foods and replacing them with halal ones. So that at least makes this halal tourism an interesting experience for non-Muslim tourists who visit, although not all of their facilities use sharia-based at least they are interested in buying certain types of halal products and services.

In Surur's research study (2018) discusses halal tourism in Malaysia and Qatar where these two countries are mecca and role models in terms of the halal tourism sector for other countries. Qatar has the Qatar *Tourism Exhibitions Authority* (QTEA) which is tasked with managing the country's halal tourism sector. Qatar in five years from 2010-2014 the number of Qatari tourists increased by four times making halal tourism in Qatar even more so. Qatar has the advantage that the country is surrounded by countries with a majority Muslim population so it is easy for Qatar to attract tourists to visit. Qatar divides their tourism sector into two, namely vacation-based and business-based tourism. In addition, Qatar has also begun to focus on developing medical tourism with the empowerment of *Weill Cornel Collage* Doha supported by the development of medical infrastructure and medical research has also begun to be a focus to continue to be developed in Qatar.

According to the KNEKS report (2020) regarding the growth of halal tourism in Indonesia where many regions in various regions in Indonesia have implemented halal tourism such as Aceh, West Sumatra, Lombok and several other areas, since being awarded as the world's halal tourist destination at the *World Halal Travel Award* event in 2015 where Lombok won the *World Best Halal Destination* and *Halal Hotel* making Indonesia's halal tourism competitiveness even more increasing. In addition, since 2018 Indonesia has made preparations for the development of halal tourism by using indicators of regional progress in the development of halal and Muslim-friendly tourism.

There are several strategies carried out by several countries for the halal tourism sector. From the results of the studies, many countries have begun to make innovations to develop the halal tourism sector in their countries. When viewed from table 3, Qatar and Malaysia are two countries that have become mecca and role models for other countries in the halal tourism sector. Where Qatar as a representation for Middle Eastern countries and Malaysia as a representation of ASIA countries. Both countries are trying to provide all the facilities, facilities that are good and comfortable for visiting Muslim tourists, starting from airport facilities, transportation, accommodation to hotels provided that have met Muslim-friendly standards.

In addition to these two countries, other countries are also trying to provide the best strategy in order to provide and facilitate every Muslim tourist visiting their country as well and as comfortable as possible and it is undeniable that many Muslim countries have begun to focus on continuing to develop the halal tourism industry in their country, even now the halal tourism industry has begun to encourage Muslim minority countries to participate in developing halalbased tourism. Many k efforts and strategies made by each country to develop the halal tourism sector, in addition to providing Muslim-friendly facilities for tourists, they also began to encourage promotions for halal tourism to attract tourists to visit.

	STRATEGY				
STATE	ТҮРЕ	DESCRIPTION			
	Transportation	Qatar Airways, a well-known airline, has now set up a place of worship and halal food and beverages for the convenience of Muslim passengers.			
OATAD	Accommodation	Some hotels have set up facilities for Friday prayers.			
QATAR	Travel	A total of 165 tourism agents are ready to serve and accompany the tourists.			
	Business Actors	Very professional and catered to all travelers			
	Airport	Hamad International Airport has provided modern Muslim-friendly facilities.			
	Transportation	Malindo and AIRasia are the busiest airlines in serving travelers and bot airlines provide halal food to OIC countries.			
	Accommodation	Most hotels are halal-certified.			
MALAYSIA	Airport	Kuala Lumpur International Airport offers Muslim-friendly facilities, strategically located and easily accessible			
MALAYSIA	Travel	Packages offered by agents can adjust to the conditions of the Muslim market.			
	Business Actors	Development of tourism training including promotion, marketing, sustainable tourism development and community-based tourism			
	Promotion	The government uses multi-language English and Arabic promotions to facilitate Muslim tourists.			
	Accommodation	Providing halal-certified hotels, with all hotel kitchens also halal-certified.			
	Travel	There is a choice of tourism travel agencies that have halal tour package products.			
INDONESIA	Promotion	The government has a brand "The Halal Wonders" for overseas touri marketing and "Yang Halal Menjadi Pesona" for domestic marketing for h tourism.			
	Business Actors	Provide tour guides who have received training on halal tourism.			
	Entertainment	Provide vacation and recreational options that do not lead to porn a pornography.			
	Restaurant	Provide halal-certified restaurants and souvenir and snack centers.			

Table 3. Tourism sector Strategies

Starting from providing halal food and drinks, halal-certified hotels, restaurants that provide halal food and drinks and prohibit alcohol, flights that provide halal food and drinks for Muslim tourists, to conducting attractive promotions so that tourists visit and many other innovations made by each country to develop the halal tourism sector. So that with the development of halal tourism carried out by countries to facilitate Muslim tourists, Muslim tourists prefer to visit destinations that have been equipped with Muslimfriendly facilities, even for non-Muslim tourists, halal tourism destinations also attract their attention so that non-Muslim tourists can try a vacation with halal tourism destinations and become one of their destinations.

# CONCLUSION

Based on the research that has been done, the author has achieved what has been formulated, namely knowing the effect of tourism on 8 OIC countries and tourism growth in OIC countries. In the results of the research that has been done, it can be concluded that overall the tourism sector (tourism revenue and the number of tourists) has a positive relationship or influence on economic growth in the 8 OIC countries, this shows that the tourism sector has the opportunity and contribution to be able to help economic growth in the 8 OIC countries. In addition to analyzing tourism on economic growth, this study also analyzes other factors, namely labor, exports and imports to complete this analysis because not only the tourism sector can affect economic growth but there are other variables. The results of this study indicate that the export and import variables have a positive and significant effect on economic growth in the 8 OIC countries, while the labor variable has negative and significant results on economic growth in the 8 OIC countries.

For the development of halal tourism in OIC countries, it can be concluded that each country from year to year tries to develop and make new innovations in the halal tourism sector to attract the attention of Muslim tourists, starting from improving and completing facilities for Muslim tourists such as halalcertified hotels, equipping airports with worship facilities, airlines and restaurants that provide halal food and drinks, to providing Muslim-friendly travel agents. Promotion is also an effort made by the government that is made as attractive as possible to attract Muslim tourists. Some countries are now also starting to develop medical tourism by building medical infrastructure and also developing Muslim-friendly medical research. Even some countries with Muslim minority have started to develop halal tourism sector to entertain Muslim tourists.

Based on the research conducted, there are several suggestions that the author can give, namely: 1. To the Government of Indonesia to be able to continue to develop the tourism sector in its countries, because in addition to increasing economic growth, the tourism sector can also increase foreign exchange, and open new jobs for the surrounding community.

2. To the community to be able to continue to support all existing tourism sectors in order to continue to run, develop and innovate so that the community also has an important share for the tourism sector.

3. To researchers with this research, it is hoped that researchers can conduct better, more complete research to be able to perfect the research that has been made.

4. To halal tourism practitioners to continue to develop the halal tourism sector, improve and add Muslimfriendly facilities so that tourists who come feel safe, comfortable and protected.

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