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Factors Affecting the Expenditure of Foreign Tourists – The Evidence from Indonesia

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ABSTRACT

Tourist expenditure could determine the probability obtained by country which will affect the economic activities. This study to examine the Length of stay, Accommodation, Travel Purpose and Occupation that affect foreign tourist expenditure in Indonesia. The study uses secondary data from Indonesia Ministry of Tourism from year 2013 – 2016 of 34 countries with 136 total of sampling. This study has observed the foreign tourist expenditure in Indonesia through quantitative research using multiple regression, classical assumption test consists of normality test, multicollinearity test and heteroscedascity test. Hypothesis testing analysis method, uses T-test, F-test and coefficient of determination (R²). The result of this study says that all variables (length of stay, accommodation, travel purpose, and occupation) have significant effect on tourist daily expenditure partially and simultaneously hence, length of stay has negative effect. For the simultaneous effect was 58% and 42% are affected by other variables.

Kata kunci: *Foreign Tourist Expenditure, length of stay, accommodation, travel purpose, occupation*

1. Introduction

The tourism industry is one of largest the largest industry in the world that has a direct (transportation, entertainment, accommodation, attraction), indirect (T&T investment spending, government collection T&T spending impact of purchases from suppliers) and induced (food & beverage, recreation, clothing, housing, household good) global economic contribution (WTTC, 2018). Furthermore the total global economic contribution from tourism industry in 2017 was 8.2 US dollars (WTTC, 2018). According to Jurdana & Frlita (2016), Tourism is one of the main factors contributed to economic and non-economic benefits. Additionally the impact of tourism in the economy increases the country's foreign exchange earnings from foreign tourist consumption of goods and services (Tantowi, Suryani, & Barudin, 2016). In terms of economic and social development, tourism activities create jobs, increase community income, and improve community quality (Alan & Hidayah, 2017).

Indonesia is a country that has more than 16,000 thousands of islands. Having a beautiful natural resources attracted international tourists to visit Indonesia. Additionally varieties of cultures and tribes that have their own uniqueness (Suhariyanto, 2018). The number of foreign tourist visiting Indonesia keep on increasing in line with the foreign exchange earned (Alan & Hidayah, 2017). The impact of the tourism activities had a good impact on the social community, by increasing the number of international tourist visits. It can be help tourist industry to increase the probability, as we know with the increase in visits of foreign tourists to Indonesia, tourist spending will also increase which is a significant role in the tourism expenditure (Tantowi, Suryani, & Barudin, 2016). Foreign exchange or tools used in transactions between countries also related with tourist expenditure. Tourist expenditure is the expenses incurred by tourists during a visit in a country, that could be determine the profitability obtained by the country that affect economic activities such as accommodation, transportation, restaurants, length of stay, and others (Jurdana & Frlita, 2016).

Based on previous study, travel related and socio demographic characteristics has been influential on tourist expenditure (Wang, Rompf, Severt, & Peerapatdit, 2006). The

variable that include in travel related characteristics that can determine the tourist expenditure such us length of stay, travel purpose, accommodation, mode of transport, others. Variable that include in socio demographic that can determine the tourist expenditure such us education, age, gender, occupation, others (Frleta, 2017). The travel related characteristics are one of the variables that influence the pattern of spending on tourism activities such as length of stay, accommodation, purpose of travel, destination, travel packages, and other (Brida & Scuderi, 2013; Thrane, 2016). According to Frleta (2017) variables that include in socio-demographic are age, occupation, nationality, education level, gender, etc. Added, occupation or professional has significant effectoin tourist expenditure (Kim & Gon, 2011; Mercussen, 2011; Brida & Scuderi, 2013; Benini & Cracolici, 2015).

However, foreign tourist expenditure in Indonesia was declined. Based on Ministry of Indonesia Tourism stated that in 2015 Indonesia tourism reached the target of contributing to GDP of 4.23%. Whereas, in 2016 tourism contribution to GDP was 4.03% below the target at 5% (Tantowi, Barudin, & Suryani, 2018). These conditions was lead to the idea of this study about tourist expenditure based on length of stay, accommodation, travel purpose, and occupation that effect the tourist expenditure in Indonesia tourism.

The following research objectives on this study:

1. Is there any significant effect of tourist length of stay toward foreign tourist daily expenditure in Indonesia?
2. Is there any significant effect of tourist accommodation toward foreign tourist daily expenditure in Indonesia?
3. Is there any significant effect of tourist travel purpose toward foreign tourist daily expenditure in Indonesia?
4. Is there any significant effect of tourist occupation toward foreign tourist daily expenditure in Indonesia?
5. Is there any simultaneous significant effect of tourist length of stay, accommodation, travel purpose and occupation toward foreign tourist daily expenditure in Indonesia?

2. Methodology

This study uses a quantitative method. This study uses sampling techniques by means of non-probability purposive sampling which is selected on the objectives that related with the variables such as length of stay, occupation, accommodation, and travel purpose of foreign tourists in Indonesia. The theoretical framework of this study shows in Figure 1.

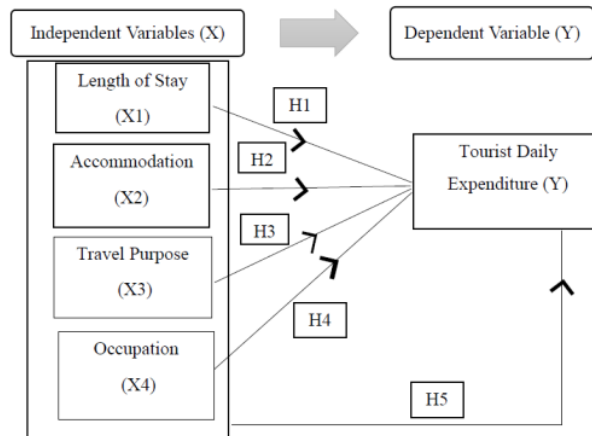


Figure 1: Theoretical Framework

Data were got from secondary data taken from passenger exit survey reports 2013-2016. Sample data is taken based on the country of origin of foreign tourists visiting Indonesia who have complete data. There are 34 countries of foreign tourist residences during 2013 to 2016 (4 years) with the total number of samples are 136. This study uses data processed by the Indonesian Ministry of Tourism and the Indonesian Central Bureau of Statistics for 2013, 2014 and 2015 conducted by Septia Awal Hidayah and Rayinda Citra Utami, for 2016 by Septia Awal Hidayah and I Dewa Gede Richard Alan Amory. The other data comes from journals, reports, and also books.

In this study, researchers will use the three analysis methods testing inferential statistics such as Multiple Regression Models, Classical Assumption Tests, and Hypothesis Testing Results which begun with descriptive analysis of each variables. The Classic Assumption Test consists of Normality Test, Heteroscedasticity Test, Multicollinearity Test, and Autocorrelation Test. The study will also use T-Test, F-Test and The Coefficient of Determination (R^2) to test the hypothesis using statistical software SPSS version 25.0

3. Result and Discussion

Descriptive analysis shows the fluctuation expenditure of foreign tourist on accommodation, travel purpose, and occupation on each category. Further descriptive statistics analysis shows the total data minimum, maximum, mean and standard deviation of each variable that are Length of stay, accommodation, travel purpose and occupation (Table 1).

Table 1: Descriptive Statistic of Dependent and Independent Variable

	N	Minimum	Maximum	Mean	Std. Deviation
Length of stay (Day)	136	4.16	16.93	10.12	3.69
Accommodation (US\$)	136	232.83	1000.05	548.59	123.38
Travel Purpose (US\$)	136	305.17	2683.82	928.57	362.88
Occupation (US\$)	136	356.64	1752.57	1034.43	249.07
Tourist daily expenditure (US\$)	136	88.12	211.52	139.14	25.75

Length of stay is one of the independent variables which has an average value of 10.12 days, while the maximum length of stay for foreign tourists is 16.93 days and the minimum length of stay for foreign tourists is 4.16 days. The minimum of tourist spending their money in accommodation is US\$ 232.83 and maximum is 1000.05. The average of tourist spending their money on accommodation is US\$ 548.59 with the standard deviation 123.38. Travel purpose is also the independent variable that have the minimum of travel purpose is US\$ 305.17 with the maximum of travel purpose is US\$ 2683.82. The average of travel purpose is US\$ 928.57 with standard deviation 362.88. Occupation is also independent variable that have minimum of occupation is US\$ 356.64 with maximum of occupation US\$ 1752.57. The average of occupation is US\$ 1034.43 with standard deviation 249.07. Lastly, Tourist daily expenditure is dependent variable that use in this research. The minimum total expenditure for foreign tourists in Indonesia from 2013 to 2016 was US\$ 88.12 and US\$ 211.52 was the maximum expenditure for foreign tourists. The average expenditure of foreign tourists in Indonesia is 139.14 with standard deviation 25.75.

Next analysis is multiple regression analysis to show correlations between dependent and independent variables that produced strengths and weaknesses of the variables. This study using a standard coefficient to determine the effect of those given by independent

variables on the dependent variable. The result of multiple regression analysis show in Table 2.

Tabel 2. Multiple Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	113.487	10.598		10.708	0.000
Length of stay	-3.116	0.451	-0.447	-6.915	0.000
Accommodation	0.029	0.451	0.138	2.128	0.035
Travel Purpose	0.011	0.005	0.157	2.076	0.040
Occupation	0.030	0.007	0.290	4.221	0.000

Significant value of the regression analysis equation is $P < 0.05$. In table 2 shows that the variables possessed in this study are involved in multiple regression equations below.

$$\text{Tourist Daily Expenditure} = -.447 \text{ length of stay} + .138 \text{ accommodation} + .157 \text{ travel purpose} + .290 \text{ occupation}$$

Classic assumption test consists of three, there are normality test, heteroscedasticity test, and multicollinearity test, which is the classical assumption test. Normality test is used to analyze the dependent variable and the independent variable that is normally distributed. This study uses histograms and probability plots to test the normality of dependent and independent variables. This study has a normal distribution, it is suitable for multiple regression models. A scatter plot where if the pattern on the scatter plot spreads, it means that the data produces a good regression model. This also shows that there is no heteroscedasticity in homoscedasticity. Multicollinearity test is divided into two, first Tolerance where the value in the Tolerance must be lower than zero (0). The second Variance Inflation Factor (VIF) Value or value contained in VIF must be lower than 10. Both of these multicollinearity tests are used to measure multicollinearity found in the regression model. This study shows that at tolerance and VIF there is no multicollinearity in the regression model, where the factors found in tolerance are between .542 and .745. The values found on VIF are 1.342 and 1.844. Last is Autocorrelation is used to analyze the correlation between variables. In Durbin- Watson the value between -2 to 2 shows that there is no autocorrelation as the result of Durbin-Watson is 1.538.

Next analysis is hypotheses testing. T-test were use to test each independent variables on dependent variable. This study has four independent variables, thus, four hypotheses were analysed using t-test.

H1: There is a significant effect of tourist length of stay per day toward foreign tourist expenditure in Indonesia. In table 2 Multiple Regression Analysis shows that the significant value of the length of stay is .000, which means that the hypothesis H_{a1} is accepted and H_{o1} is rejected because of a significant effect of the length of stay toward foreign tourist daily expenditure in Indonesia. The result of length of stay shows that the length of stay has a negative significant effect on foreign tourist expenditure. Where the longer foreign tourists stay, the lower the expenditure spent by foreign tourists. This condition could be affected by several factors, as tourist feel comfortable with the destination it might impact them to extent their vacation. Therefore, they need to adjust

their expenditure. This will lead to reducing their daily expenditure, another factors due to the occurrence of adaptation carried out by foreign tourists. In previous studies also produced negative significant effects on tourist expenditure (Rahasia, 2018; Frleta, 2017; Jurdana & Frleta, 2016). Based on the result of (Brida & Scuderi, 2013) stated that length of stay has a positive significant effect on tourist expenditure.

H2: There is a significant effect of tourist accommodation toward foreign tourist daily expenditure in Indonesia. In table 2 Multiple Regression Analysis shows that the significant value of the accommodation is .035, which means that the hypothesis Ha2 is accepted and Ho2 is rejected because of a significant effect of accommodation toward foreign tourist daily expenditure in Indonesia. The result of accommodation show that has a significant value toward foreign tourist expenditure in Indonesia. This happened because of a strategy implemented by the government such as BAS. The more tourists arrive in Indonesia, the more expenditure on accommodation increases. Based on descriptive result show that the most increasing on accommodation from 2013 – 2016 is star hotel and villa. This study is supported by several researchers namely (Rahasia, 2018; Brida & Scuderi, 2013; Marcussen, 2011; Frleta, 2017) which also has significant positive results.

H3: There is a significant effect of tourist travel purpose toward foreign tourist daily expenditure in Indonesia. In table 2 Multiple Regression Analysis shows that the significant value of travel purpose is .040, which means that the hypothesis Ha3 is accepted and Ho3 is rejected because of a significant effect travel purpose toward foreign tourist daily expenditure in Indonesia. Previous research stated that most travel purposes on personal like vacation are higher than business (Brida & Scuderi, 2013; Marcussen, 2011; Rahasia, 2018; Frleta, 2017). This study shows different result with previous studies that most of travel purpose of foreign tourist visit Indonesia is business.

H4: There is a significant effect of tourist occupation toward foreign tourist daily expenditure in Indonesia. In table 2 Multiple Regression Analysis shows that the significant value of occupation is .000, which means that the hypothesis Ha4 is accepted and Ho4 is rejected because of a significant effect occupation toward foreign tourist daily expenditure in Indonesia. This study found that the high contribution of expenditure of foreign tourist visit Indonesia based on occupation is manager, employee and private employee. Therefore, even though data of occupation shows decreasing number from year to year but still it result in significant effect on tourist expenditure.

The F-test is used to analyze the value of the relationship between the independent and dependent variables (Table 3). The F test used to test the simultaneous significant effect of all independent variables on dependent variable. In this study, F test used to test the Fifth Hypothesis (H5).

H5: there is simultaneous effect of tourist length of stay, accommodation, travel purpose, and occupation toward foreign tourist expenditure in Indonesia during 2013-2016. Table 4.5 show that the significant value of simultaneous effect of tourist length of stay, accommodation, travel purpose, and occupation toward foreign tourist expenditure in Indonesia is .000. That means Ha5 is accepted and Ho5 is rejected because of a significant influence of simultaneous effect of tourist length of stay, accommodation, travel purpose, and occupation toward foreign tourist expenditure. The result of length of stay has a negative significant on the expenditure of foreign tourists in Indonesia. While accommodation, travel purposes, and occupation have a positive significant effect on the expenditure of foreign tourists in Indonesia. Previous research also examined the same thing as (Sanchez & Garcia, 2013; Frleta, 2017; Rahasia, 2018).

Table 3. F Test Result

ANOVA	Sum of Square	df	Mean Square	F	Sig.
Regression	53093.668	4	13273.417	47.666	0.000
Residual	36479.260	131	278.468		
Total	89572.928	135			

a. Dependent Variable: Tourist Daily Expenditure

b. Predictors: (Constant), Accommodation, Length of Stay, Travel Purpose, Occupation

The Coefficient of Determination (R^2) shows that the value of adjusted R square is .580 or 58% of daily expenditure of foreign tourists in Indonesia from 2013-2016 effect by length of stay, accommodation, travel purpose, and occupation. About 42% of foreign tourist expenditure in Indonesia from 2013 until 2016 was effect by other variables.

4. Conclusion and Recommendation

Based on analysis and discussion above, this study was concluded that all hypotheses were accepted. However, this study shows that the longer duration of foreign tourist stay will affect the tourist daily expenditure, and daily expenditure of tourist will be reduced. Aside from length of stay, accommodation, travel purpose and occupation show a positive significant impact. Star hotel and villa are higher rather than non – start hotel and family. Based on the result occupation has a higher contribution rather than other variables to determine foreign tourist daily expenditure were come from manager, employee and private employee are higher rather than other occupation categories. Based on the result analysis, length of stay, accommodation, travel purpose and occupation has the simultaneous effect toward foreign tourist daily expenditure in Indonesia. Tourist activity can gain tourist daily expenditure in order to calculate tourist duration stay, accommodation they use, purpose visit to measure tourist activity on travel, and how much money they spend based on occupation.

Recommendation given from this study such as, tourism industry should create innovation to attract foreign tourist to stay longer in Indonesia and spend more during their visit. By increasing some facilities on accommodation such as in start hotel, non-start, hotel, transportation, and others. Further, expanding tourism packages and further developing the local tourism industry sector in order to keep maintain the daily expenditure of foreign tourist. Added, provide a variety of different events that can attract long stay tourists and increase their expenditure in Indonesia.

5. References

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GENERAL COMMENTS

Instructor

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