

CHAPTER 1

INTRODUCTION

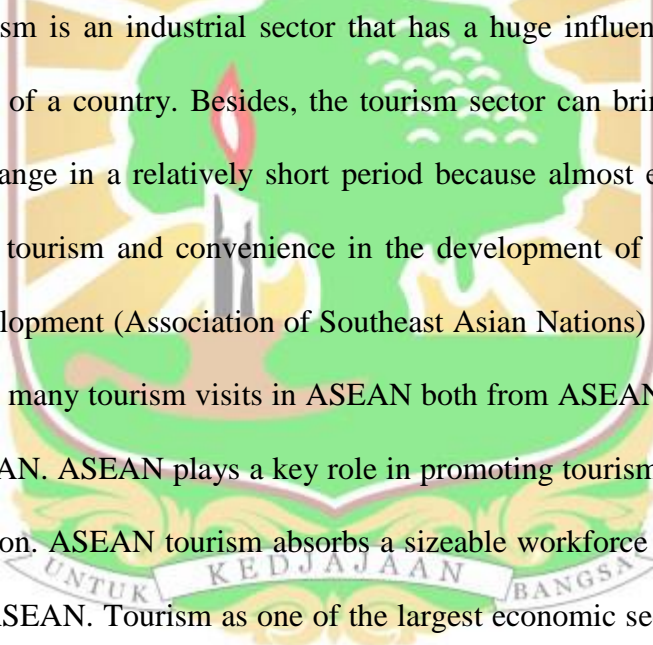
1.1 Background

Today, known as the era of globalization, tourism is one of the industry sectors that is growing very well globally. Developments in tourism are carried out by developing countries and developed countries. Tourism is not only to multiply the economy but also to show the global community the diversity and wealth of the cultures and populations of countries across Southeast Asia. Tourism has played an important role in the economy and as a social and cultural literacy (Balsalobre-lorente, 2019).

In this century, the globalization of capitalism, population movements, and advances in science and technology, and communication have stimulated the development of tourism to become one of the largest in the world. Tourism has had a significant impact on the economy because it can create income, taxes, job openings, and so on. Tourism is a phenomenon where there are several destinations among them for recreation, exploration, business purposes, family, and religion.

Statistically explained about the increase in various aspects. In recent decades tourism has proven its progress by becoming one of the main forces of economic growth in a country both in developing and developed countries. Tourism proves its contribution through various channels (Alam & Paramati, 2016). Factors contributing

to the increasing popularity of international travel worldwide include increased international connectivity between countries, rising international airfares, increased consumer confidence in a large growth economy, increased desire to travel abroad, lower international airfares, increased low-cost travel routes, increased discounted travel promotion rates. The elimination of fiscal taxes for overseas departures in various countries, lower hotel prices, increased travel and transportation packages, improved unapologetic stability of the world, increased ease of access for travel information through the internet and social media (Sghaier et al., 2018).



Tourism is an industrial sector that has a huge influence on the economic development of a country. Besides, the tourism sector can bring about a country's foreign exchange in a relatively short period because almost every region has the potential for tourism and convenience in the development of this sector. ASEAN tourism development (Association of Southeast Asian Nations) is quite rapid, this is supported by many tourism visits in ASEAN both from ASEAN countries and from outside ASEAN. ASEAN plays a key role in promoting tourism development in the ASEAN region. ASEAN tourism absorbs a sizeable workforce of 8.9 percent of all workers in ASEAN. Tourism as one of the largest economic sectors in the world, it supports one in a quarter of the world's (330 million) jobs and generates 10.3% of global GDP (AMANU, 2015; Becken, 2001; Kamajaya, n.d.; Kemenkes RI, 2011; Muhjad, 2015; *PDB Pariwisata 7 Negara Di ASEAN Lebih Unggul Dibanding Indonesia*, 2016; Selección et al., 2012; Tosiani, 2015; Viva Budy Kusnandar, 2019).

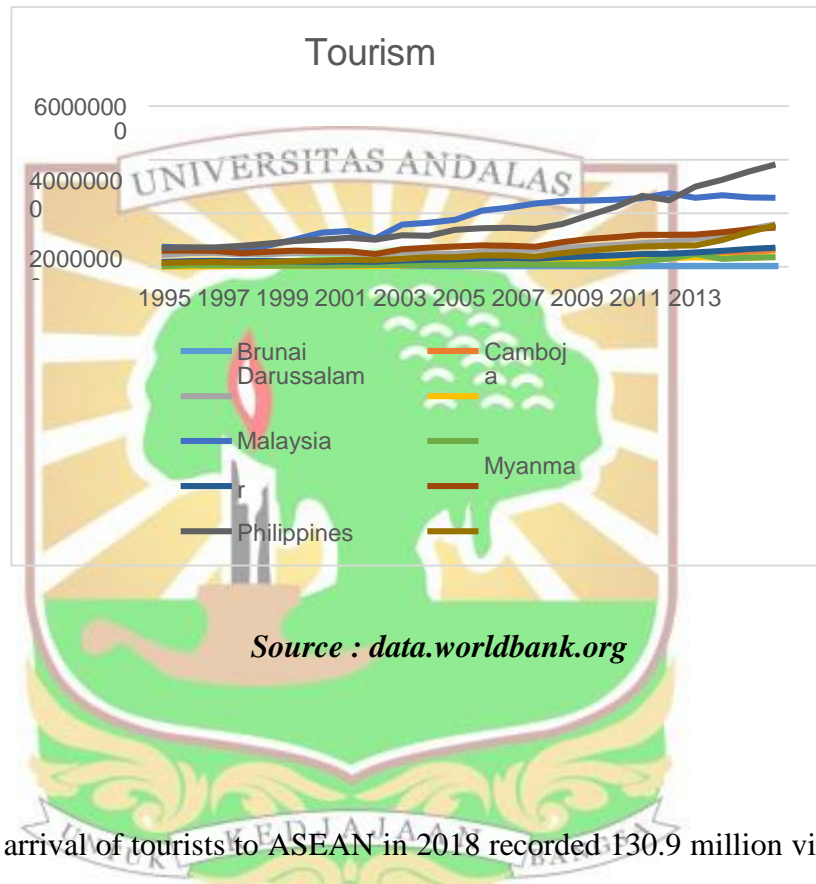
In its development tourism is one of the main sources of income for the country that is a tourist destination. In recent decades there has been an increase in tourist arrivals and an increase in international flights (Raza et al., 2016). In the last 30 years, WTTC (World Travel and Tourism Council) has researched economic, travel, and tourism impacts in 185 countries. In 2019 the tourism sector experienced a growth of 3.5% surpassing global economic growth of 2.5% for the ninth time. Over the past five years, a new employment sector has emerged, making it one of the government's best options for creating jobs (F. Ahmad et al., 2019).

The phenomenon of tourism growth that surpasses global economic growth for the ninth time in the last 10 years is very focused in many aspects. This is supported by international arrivals reaching 1.5 billion in 2019. It is expected to increase to 1.8 billion by 2030. ASEAN is one of the regions in the Asia-Pacific region where there is also economic interaction. ASEAN has very high potential in the tourism sector and is one of the world's tourism destinations. WTTC said that in the next ten years in the top thirteen regions, 12% of GDP aggregate is expected to grow to 13% ((Sataloff Johns, Robert T M, Michael Kost, 2018).

In the field of employment, it expects to provide 4% of total employment and will grow by 3% annually over the next decade. Exports and investment will also be significant at 5.4 – 6% of the forecast over the next year. Tourism is a sector that contributes to the development of the high, upper-middle, or lower middle class. Viewed by comparison of the three countries in terms of employment, it can be known if this sector has a significant impact on employment. Tourism is a labor-intensive

sector. Thailand's workforce contribution is higher than Indonesia's and Indonesia's is higher than Malaysia's (Sataloff Johns, Robert T M, Michael Kost, 2018).

Graphic Error! No text of specified style in document.-1 Tourism Arrival (1995 – 2018)



The arrival of tourists to ASEAN in 2018 recorded 130.9 million visits. That number increased 8.34 percent from a year earlier. Indonesia is one of the tourist destinations for the world's tourists. Indonesia's tourism has grown rapidly in the last 4 years. As explained by WTTC Tourism Indonesia is ranked 9 th fastest-growing tourism in the world and number three in ASEAN. while Also, The Telegraph media company in the UK also noted that Indonesia as one of the countries with the fastest

growth in tourism. Thailand is ranked 12th and Malaysia is ranked 13th out of all countries in the world.

Table Error! No text of specified style in document.-1 Contribution of Tourism Sector to ASEAN GDP (%) Based on Region and income Group (2018)

Contries	Region	Income Group	Contribution of Tourism Sector to ASEAN GDP(%)
Brunai Darussalam	East Asia & Pacific	High income	5,9
Cambodia	East Asia & Pacific	Lower middle income	7,4
Indonesia	East Asia & Pacific	Upper middle income	9,6
Laos	East Asia & Pacific	Lower middle income	10
Malaysia	East Asia & Pacific	Upper middle income	10,6
Myanmar	East Asia & Pacific	Lower middle income	13,1
Philippines	East Asia & Pacific	Lower middle income	13,9
Singapura	East Asia & Pacific	High income	14
Thailand	East Asia & Pacific	Upper middle income	20,8
Vietnam	East Asia & Pacific	Lower middle income	29,9

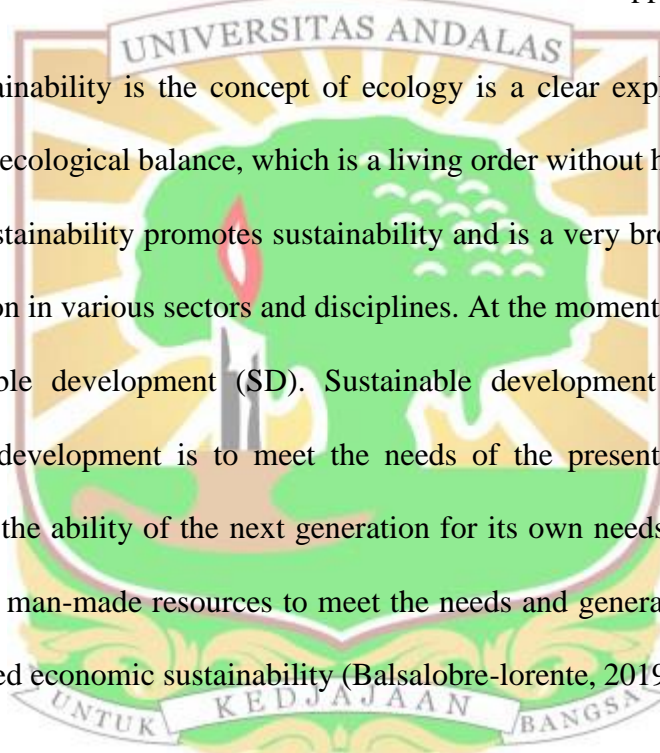
Source : data.worldbank.org, databoks.katadata.co.id

Indonesia's contribution to GDP is among the bottom line in southeast Asia. In 2015, Indonesia accounted for only 9.6% of Malaysia and Singapore accounted for 10%, Cambodia's contribution reached 29.9%. Nevertheless, Indonesia became the

country with the highest income in the tourism sector reaching Rp 1,070 trillion, this value is higher than Thailand which is the main tourist destination in ASEAN which is Rp 1060.80 trillion. Based on the tourism industry's direct contribution to GDP. Thailand is a country that has a large contribution in GDP, with an area that is not large Thailand can make developments in tourism. This development was followed by Malaysia and Indonesia. In the categorization of income, the three countries are classified to countries with overall income as countries with upper middle income.

Sustainability is the concept of ecology is a clear explanation in terms of maintaining ecological balance, which is a living order without having to damage the ecology. Sustainability promotes sustainability and is a very broad topic because of its application in various sectors and disciplines. At the moment the world is focused on sustainable development (SD). Sustainable development goals explain that sustainable development is to meet the needs of the present without sacrificing availability, the ability of the next generation for its own needs. The use of human resources or man-made resources to meet the needs and generate profit and market value is called economic sustainability (Balsalobre-lorente, 2019).

Development sustainability or economic sustainability has an impact on ecosystems, human activities rely heavily on ecosystems for environmental, social, economic needs. In this case, the ecosystem provides feedback in the form of survival and quality of the ecosystem. The quality of this ecosystem slowly changes over time, these changes come from humans or from that ecosystem process. For example,




energy consumption, waste generation, deforestation, onshore waste generation, or other, up to carbon emissions (Spash, 2020).

Global warming has caused climate change and caused profoundly influential impacts on society. In general, the rapid pace of growth in the manufacturing and industrial sectors in developed and developing countries is the main cause of environmental pollution. Environmental pollution is fueled by huge energy consumption and carbon emissions generated by development-related activities. At the moment, development and growth in the tourism industry is a common secret, but what needs to be watched again for the rapid development in this sector is the consumption of energy and carbon emissions produced by tourists that have an impact on environmental degradation (Akram et al., 2019).

The rapid growth of tourism is an industry that can affect other industries. Tourism has a direct impact on the environment because it directly or indirectly affects carbon emission levels. With a huge contribution to the economy, tourism cannot be said to be an industry that does not produce smoke. In tourism, there is accommodation and some activities for tourists who need energy consumption and increase environmental degradation. Activities that use excessive water, increased waste in nature that is the cause of soil erosion that can destroy the attraction of tourists. Another very worrying thing is that tourism is a sector that contributes greatly and is quite important to the increase in carbon emissions, especially through activities involving energy such as transportation using fossil fuels, the use of electricity facilities (N. Ahmad et al., 2020).

In recent years concerns about the impact of economic growth on environmental quality have been of great concern. Concerns about environmental issues are heightened, such as concerns about pollution, nuclear accidents, and radioactive waste. There is no denying that the energy sector is the sector that is most related to the environment. Moreover, all activities involve energy so that this triggers an increase in carbon emissions globally.



Economic growth and CO₂ emissions are described in a hypothesis called the Environmental Kuznets Curve (EKC). The EKC hypothesis shows the contribution of economic growth to higher emissions but further economic growth is then able to reduce environmental degradation. This is due to technological advances and a shift to a service-based economy (ÖZCAN, 2019). Economic growth and CO₂ emissions are described in a hypothesis called the Environmental Kuznets Curve (EKC). The EKC hypothesis shows the contribution of economic growth to higher emissions but further economic growth is then able to reduce environmental degradation. This is due to technological advances and a shift to a service-based economy (Pata & Aydin, 2020).

The environmental effects of carbon dioxide are very important because carbon dioxide forms the largest share of greenhouse gases that have a large contribution to global warming and climate change. The latest data by the world bank explains that a significant increase in carbon can lead to economic and environmental

losses. The rapid growth of the tourism industry can be said to be one of the main causes of energy consumption and carbon increase. As one of the considerable tourist destinations, energy consumption and increased carbon emissions are associated with the tourism and travel industry.

1.2 Research Problem

The impact of tourism on the environment is can not to be ignored, in addition to the tremendous positive impact on the economy, according to the United Nation-World Tourism Organization (UNWTO) in fact, the positive impact is accompanied by environmental degradation such as carbon dioxide emissions. The tourism industry produces 5% of carbon dioxide emissions. CO₂ emissions are generated from tourism-related activities such as transportation, accommodation, and other activities involving energy consumption, especially from fossil fuels. With so many variations it can be said that carbon dioxide emissions are the right indicator to explain the level of degradation. But according to a statement from the United Nation-Environmental Program, tourism could potentially reduce CO₂ emissions in the event of sustainable management and implementation of technology and transportation

With the concept of sustainable development in consideration, sustainable tourism plans produce various economic, social, and environmental benefits for the community globally. Nevertheless, the sector has a significant impact on the environment. And this fact motivates researchers to research the relationship between tourism and environmental degradation. Diverse tourist activities have a weakened ecological impact, and the rapid development of tourism can have diverse

environmental impacts ranging from overuse to energy and high emissions reductions.

1.3 Research Question

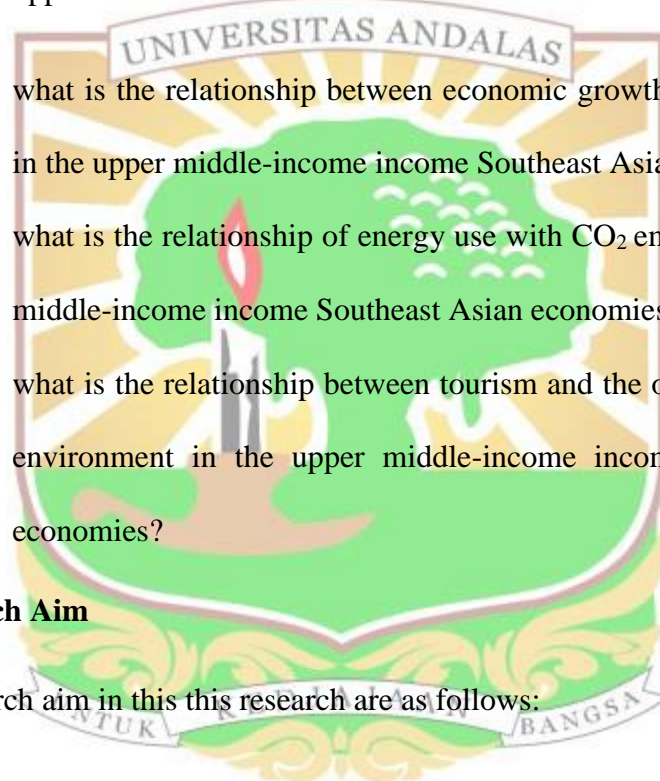
Research question in this this research are as follows:

1. what is the relationship between Tourism and CO₂ emissions in the upper middle-income income Southeast Asian economies?
2. what is the relationship between economic growth and CO₂ emissions in the upper middle-income income Southeast Asian economies?
3. what is the relationship of energy use with CO₂ emissions in the upper middle-income income Southeast Asian economies?
4. what is the relationship between tourism and the overall quality of the environment in the upper middle-income income Southeast Asian economies?

1.4 Research Aim

Research aim in this this research are as follows:

1. To find out, test, compare, and analyze the relationship between tourism and CO₂ emissions in upper middle-income Southeast Asian economies
2. To find out, test, compare, and analyze the relationship between economic growth and CO₂ emissions in upper middle-income Southeast Asian economies



3. To find out, test, compare, and analyze the relationship of energy use with CO2 emissions in upper middle-income income Southeast Asian economies
4. To find out, test, compare, and analyze the relationship between tourism and overall environmental quality in upper middle-income income Southeast Asian economies.

1.5 Research Advantages

This research is expected to add knowledge about deep insights into the relationship between tourism and environmental pollution and help readers better understand the factors that cause it. Thus readers can understand more about economic impacts and environmental impacts caused by tourism.

1.6 Writing Systematic

Systematics of writing is made to facilitate the preparation of this thesis, it is necessary to determine a good writing systematic. The writing systematics are as follows:

CHAPTER I INTRODUCTION

This chapter contains the background, introduction about interest rate in generally, fixed research objectives, research benefits, and systematic thesis writing.

CHAPTER II LITERATURE REVIEW

This chapter contains the theories of interest rate, advantages and disadvantages of annuity rates, comparing annuity rates with fixed and effective interest rates.

CHAPTER III RESEARCH METHOD

This chapter contains research frameworks, hypotheses, populations and samples, data collection techniques, data and data sources, operational definitions of variables, and data analysis methods.

CHAPTER IV DATA ANALYSIS AND DISCUSSION

This chapter contains the description of research objects including data, data analysis and discussion and research results.

CHAPTER V CONCLUSION

This chapter contains conclusions and recommendations needed.

