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Dear Editor  
Croatian International Relations Review

I have submitted my paper today entitled "**Role of Tourism in International Relations: A Study of Indonesia**" for your reviewing to be published in your journal.

Your Sincerely

Hadi Prabowo

# The Role of Tourism In International Relations: A Study of Indonesia

## Abstract

*Recent tourism problems have arisen due to the Covid tragedy, which has harmed international relations. This phenomenon requires the attention of scholars. This article examines the effect of global tourism revenues (ITR), international tourism expenditures (ITE), the number of international tourists arriving (ITA), and the number of international tourists departing (ITD) on Indonesia's international relations. As a control variable, industrialization has also been considered in the study. From 1986 until 2020, this article compiles secondary data from the KOF Swiss Economic Institute and World Development Indicators (WDI). This article also uses the autoregressive distributed lag (ARDL) model to examine the relationship between the variables. The results suggested that the ITR, ITE, ITA, and ITD, as well as industrialization, are significantly and favorably connected with Indonesia's international relations. The essay aids policymakers in formulating strategies for enhancing international relations by promoting global tourism.*

## Introduction

The evolution of international relations is not a fresh notion, but it has taken on new significance due to the increased direct connectivity between individuals, economic entities, and governments. From a historical perspective, the first form of international relations is the formation of international agreements or contracts. [Zakharov \(2018\)](#). Multiple factors have contributed to the increased importance of international relations in the modern period. Governments implement successful trade strategies. The great state of international relations encourages and facilitates transportation services for businesses, government agencies, and immigration. Thus, it creates possibilities for the populace to enhance their living standards by expanding their access to education, recreation, employment, and other aspects of life ([Lei et al., 2022](#)). As international ties strengthen, states can share information, get cooperation from one another, and access more resources. To be able to handle and solve worldwide difficulties that span the borders of certain areas or states. Some of these global difficulties requiring international cooperation to overcome are health crises, financial distress, environmental concerns, and terrorism. In addition, many thanks to international relations for fostering human culture through exchanging ideas, behaviors, customs, diplomacy, and the formulation of policies ([Perry, 2022](#)).

The paper consists of the following sections. The second section is a literature study concerning the relationship between ITR, ITE, ITA, ITD, industrialization, and international relations. The third section discusses the approach for information and analysis of variables and their association. The fourth section contains the research findings regarding the relationship between the factors. The fifth section, the discussion, consists of the validity of the results supported by earlier investigations. The conclusion, consequences, and limitations of the study are then stated.

## Literature Review

International interactions are of utmost importance in the social, economic, political, and security areas of every nation's existence. It aids in overcoming dreaded hazards and opens the door to success and prosperity in these areas of life. Countries with strong, influential, and dependable relationships with various nations can receive security, social cooperation, and economic assistance from these nations. Tourism, particularly international tourism, is the opportunity for citizens of one country to travel to another country and interact with foreigners. Thus, international tourism improves international relations by observing geographical qualities, knowledge of economic and legal situations, cultural understanding, and personal understanding ([Krustiyati et al., 2022](#)). This study investigates the role of ITR, ITE, ITA, and ITD in international relations, along with industrialization. Several earlier works have examined the effects of ITR, ITE, ITA, and ITD on international relations. Below are some historical studies and their respective discussions.

International tourism provides a platform for people from other nations to meet, interact, and trade behaviors. In addition, it is a suitable method for presenting an improved image of the country and its culture to foreigners. Therefore, it is possible to shape the outsiders' perspectives and acquire their trust and favor. Thus, with the expansion of international tourism, marked by rising earnings, international ties can establish and improve ([Uslu et al., 2019](#)). [Liu et al. \(2019\)](#) did a study to determine the relationship between ITR, energy usage, and international relations. Pakistan was the source of statistics for the ITR, energy usage, and foreign relations from 1980 to 2016. The ARDL estimator, Granger causality test, and DOLS model were used to analyze the association between components in this study. The study indicated that when tourism companies earn more money from overseas trips, they can spend more on eco-friendly measures such as renewable energy technology to make tourist sites more comfortable. By demonstrating further concern, they maintain the international relationship. [Sarpong et al. \(2020\)](#) evaluate the relationship between ITA and ITR in addition to renewable energy consumption, quality of life, and international relations. The study sample included eight Southern African nations. From 1995 to 2017, data on ITA, ITR, renewable energy usage, quality of life, and international relations were collected. According to the study, these factors have a positive link. Consequently, when the ITR rises, the quality of life within the nation improves, and international relations can be enhanced.

In international tourism, just as tourist arrivals affect the international relations of the country offering tourism services, so make tourist departures ([Kala, 2021](#)). In outbound international tourism, residents of the country can go to and stay in a location outside their home country and experience a different culture for some time. Their trip and stay may be motivated by leisure, economic, or political concerns. Regardless of the reason for tourist departures, they have acquaintance, understanding, and closeness with the inhabitants of foreign nations. Thus, the international contacts between the countries strengthen among themselves ([Toirxonovna et al., 2020](#)). The study by Nguyen, [Schinckus et al. \(2020\)](#) examines the impact of foreign tourist departures on international relations. The empirical research survey was undertaken in low- and low- middle-income nations to obtain data on the leaves of international visitors and international relations. Through international tourism, many people from the country's interior have the opportunity to travel abroad, engage with locals, and learn information from them. As more people embark on international travel, the relationship between the residents and tourists develops stronger. Similarly, the research conducted by [Seyfi et al. \(2020\)](#) demonstrates that when the number of international visitors rises, the natives remain among the foreigners to teach them about their culture and make an impression on them. Effective international ties with specific countries are possible under this circumstance.

## Research Methods

The article investigates the impact of ITR, ITE, ITA, ITD, and industrialization on international relations in Indonesia. The article has gathered secondary data from the KOF Swiss Economic Institute and WDI from 1986 to 2020. The study has established the equation with the help of understudy variables as under:

$$IR_t = \alpha_0 + \beta_1 ITR_t + \beta_2 ITE_t + \beta_3 ITA_t + \beta_4 ITD_t + \beta_5 IND_t + e_t \quad (1)$$

Where;

IR = International Relations

$t$  = Time Period

ITR = International Tourism Receipts

ITE = International Tourism Expenditures

ITA = International Tourism, Number of Arrivals

ITD = International Tourism, Number of Departures

IND = Industrialization

The current article has taken the international relation as the dependent variable measured with the KOF globalization index. Moreover, the article has taken international tourism as the independent variable measured with ITR (% of total exports), ITE (% of total imports), the logarithm of ITA, and the logarithm of ITD. Finally, the article has taken industrialization as the control variable and measured with industry value added (% of GDP). These variables with measurements are given in [Table 1](#).

**Table 1:** Measurements of Variables

S#	Variables	Measurement	Sources
01	International Relations	KOF Globalization Index	KOF
02	International Tourism	ITR (% of total exports)	WDI
		ITE (% of total imports)	WDI
		The logarithm of ITA	WDI
		the logarithm of ITD	WDI
03	Industrialization	Industry value added (% of GDP)	WDI

The study has checked the variables' details with the help of descriptive statistics. In addition, the study has also examined the directional linkage among variables using a correlation matrix. Moreover, the study has also investigated the unit root among variables with the help of the Augmented Dickey-Fuller (ADF) test. The equation for the test is given as under

$$d(Y_t) = \alpha_0 + \beta t + \gamma Y_{t-1} + d(Y_t(-1)) + \varepsilon_t \quad (2)$$

The unit root among variables has been checked individually, and the equations for the separate construct are mentioned as under international relation

$$d(IR_t) = \alpha_0 + \beta t + \gamma IR_{t-1} + d(IR_t(-1)) + \varepsilon_t \quad (3)$$

International Tourism Expenditures

$$d(ITE_t) = \alpha_0 + \beta t + YITE_{t-1} + d(ITE_t(-1)) + \varepsilon_t \quad (4)$$

The logarithm of International Tourism, Number of Arrivals

$$d(LITA_t) = \alpha_0 + \beta t + YLITA_{t-1} + d(LITA_t(-1)) + \varepsilon_t \quad (5)$$

The logarithm of International Tourism, Number of Departures

$$d(LITD_t) = \alpha_0 + \beta t + YLITD_{t-1} + d(LITD_t(-1)) + \varepsilon_t \quad (6)$$

International Tourism Receipts

$$d(EPC_t) = \alpha_0 + \beta t + YEPC_{t-1} + d(EPC_t(-1)) + \varepsilon_t \quad (7)$$

Industrialization

$$d(IND_t) = \alpha_0 + \beta t + YIND_{t-1} + d(IND_t(-1)) + \varepsilon_t \quad (8)$$

The study has also examined the co-integration with the help of (Westerlund et al., 2008) co-integration test. Finally, the study has checked the linkage among variables using the ARDL model. It is an appropriate model when the variables are stationary at the level and first difference (Ghazouani et al., 2020). In addition, the ARDL also provides the short-run and long-run linkage among variables (Qamruzzaman et al., 2018). Moreover, the ARDL model could control the autocorrelation and heteroscedasticity issues that generally exist in the secondary data (Adebayo et al., 2021). The equation for the ARDL model is given as under:

$$\begin{aligned} \Delta IR_t = & \alpha_0 + \sum \delta_1 \Delta IR_{t-1} + \sum \delta_2 \Delta ITE_{t-1} + \sum \delta_3 \Delta LITA_{t-1} + \\ & \sum \delta_4 \Delta LITD_{t-1} + \sum \delta_5 \Delta ITR_{t-1} + \sum \delta_6 \Delta IND_{t-1} + \varphi_1 IR_{t-1} + \varphi_2 ITE_{t-1} + \\ & \varphi_3 LITA_{t-1} + \varphi_4 LITD_{t-1} + \varphi_5 ITR_{t-1} + \varphi_6 IND_{t-1} + \varepsilon_1 \end{aligned} \quad (9)$$

## Research Findings

The study has checked the variables' details with the help of descriptive statistics. The results indicated that the KOF globalization index average value was 94.761, ITE average value was 7.244 percent, and the ITA mean value was 5748415.4 tourists. In addition, the findings also exposed that the ITD average value was 4483800 tourists, while ITR average value was 5.780 percent, and the IND mean value was 42.141 percent. These figures are mentioned in Table 2. In addition, the study has also examined the directional linkage among variables using a correlation matrix. The results indicated that ITR, ITE, ITA, ITD, and industrialization positively and significantly associated with international relations in Indonesia. These figures are mention in Table 3.

**Table 2** : Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
IR	35	94.761	1.433	91.028	95.842
ITE	35	7.244	1.963	1.238	10.060
ITA	35	5748415.4	4080382.2	-101793.16	16107000
ITD	35	4483800	2745551.2	2167000	11689000
ITR	35	5.780	1.347	1.980	9.198
IND	35	42.141	3.694	33.788	48.061

**Table 3:** Matrix of Correlations

Variables	IR	ITE	LITA	LITD	ITR	IND
IR	1.000					
ITE	0.438	1.000				
LITA	0.201	0.673	1.000			
LITD	0.522	0.762	0.621	1.000		
ITR	0.229	0.293	0.120	0.399	1.000	
IND	0.211	0.329	0.221	0.439	0.229	1.000

Moreover, the study has also investigated the unit root among variables with the help of the ADF test. The results indicated that the IR, LITD, and ITR are stationary at a level while ITE, LITA, and IND are stationary at first. These figures are mentioned in [Table 4](#).

**Table 4:** Unit Root Test

Augmented Dickey-Fuller Test (ADF)	Level	t-statistics	p-values
IR	I (0)	-2.563	0.022
ITE	I (1)	-5.261	0.000
LITA	I (1)	-5.552	0.000
LITD	I (0)	-7.292	0.000
ITR	I (0)	-2.667	0.018
IND	I (1)	-5.271	0.000

The study has also examined the co-integration with the help of ([Westerlund & Edgerton, 2008](#)) co-integration test. The findings indicated that the f-statistics (5.62) is larger than the critical value at a five percent significance level. These figures are mentioned in [Table 5](#)

**Table 5:** ARDL Bound Test

Model	F-statistics	Lag	Level of Significance	Bound test critical values	
				I (0)	I (1)
IR/ (ITE, LITA, LITD, ITR, IND)	5.62	4	1%	6.23	6.76
			5%	5.13`	5.57
			10%	4.34	4.62

Finally, the study has checked the linkage among variables with the help of the ARDL model. The results indicated that the ITR, ITE, ITA, ITD, and industrialization have a positive and significant association with international relations in Indonesia in the short run. These figures are mentioned in [Table 6](#).

**Table 6: Short Run Coefficients**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(ITE)	2.278	0.721	3.159	0.012
D(LITA)	0.384	0.129	2.977	0.028
D(LITD)	3.721	1.017	3.659	0.003
D(ITR)	4.722	1.719	2.747	0.033
D(IND)	3.787	1.019	3.716	0.000
Co-int Eq (-1) *	-1.720	0.272	-6.324	0.000
R-squared	0.587	Mean dependent var		-0.065
Adjusted R-squared	0.572	SD dependent var		2.109

The results of the ARDL model also indicated that ITR, ITE, ITA, ITD, and industrialization positively and significantly affect international relations in Indonesia in the long run. These figures are mentioned in [Table 7](#).

**Table 7: Long-Term Coefficients**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ITE	3.291	1.202	2.738	0.022
LITA	5.372	2.625	2.046	0.029
LITD	1.893	0.723	2.618	0.027
ITR	3.972	1.109	3.582	0.015
IND	2.676	0.873	3.065	0.020
C	1.837	0.672	2.734	0.021

## Discussions

According to the study's findings, ITR has a good relationship with international relations. [Pedersen \(2020\)](#) suggests that when an economy's domestic tourism industry advances, it generates more revenue from domestic and foreign tourists. The increased revenues strengthen the firms' financial position and motivate them to expand their tourist operations to more countries. Consequently, there is an expansion of international interactions. These findings align with [Seyfi et al. \(2019\)](#) analysis of the function of ITR in developing international relations. According to the report, the increase in ITR pushes economists and the government to strengthen the nation's contacts with outsiders. According to the study's findings, ITE has a good relationship with international relations. [Shodiyev \(2021\)](#) validates the results. The study hypothesizes that the number of tourism services and the quality of tourism services depend on the expenditure propensity of tourism enterprises. When a tourism company increases its expenditures, service variety, and service quality, it attracts and engages a higher number of foreigners. So, interna; relation develop more rebust. These outcomes are also consist with [Faisal et al. \(2022\)](#) analysis of the effects of ITE on the development of international relations. The study focuses on how global tourist companies with significant expenditures can expand their services to other nations. Thus, the country's relationships with other nations improve



According to the study, the ITA has a good relationship with international relations. The results are corroborated by [Ushakov et al. \(2021\)](#), demonstrating that international tourism provides a platform for individuals from many nations to meet and become acquainted with one another's the way of life. Therefore, the growth in international visitor arrivals fosters familiarity and strengthens the nation's international relations. These findings concur with [Piller \(2020\)](#) results regarding the role of tourist arrivals in developing international relations.

### **Implications**

There are both theoretical and empirical consequences of the work. As a result of its contribution to the literature on international relations, the writers of this study will have recommendations for their future conduct after reading it. This study explores the effects of tourism on international relations in terms of ITR, ITE, ITA, ITD, and industrialization. In this study, the writers have concentrated on studying the role of ITR, ITE, ITA, and ITD in Indonesia's foreign relations. Additionally, the finding has other implications. It instructs the government to promote international tourism to enhance international ties. The report advises the government and economists that measures for growing ITR and expenditures must be developed to make international relations effective.

### **Conclusion**

The study aimed to determine the effectiveness of the ITR, ITE, ITA, and ITD, as well as industrialization, in developing and enhancing internationalities. Indonesian data on the effects of ITR, ITE, ITA, ITD, industrialization, and international relations were gathered through secondary data. The findings confirm a favorable correlation between ITR, ITR, ITE, ITA, ITD, industrialization, and international relations. According to the data, an increase in ITR leads to an improvement in tourism services and an increase in foreign exchange, improving international relations. The rise in ITE is in tandem with the expansion of tourism practices and the enhancement of the quality of tourism services. The increase in ITA allows for bringing foreigners closer and establishing solid relationships. Similarly, when the number of international tourists departing a country increases exponentially, the government is deemed to have positive international relations. The increasing industry also stimulates tourism expansion, which is a means of enhancing international ties.

### **Limitations**

There are still some limitations associated with this study. Future authors must be more proactive in eliminating these constraints. This study focuses solely on the function of tourism variables such as the ITR, ITE, ITA, and ITD in international relations. Additionally, diplomatic policy, cultural similarities, and economic growth depend on international relations. These elements must also be considered for a precise examination of international tourism. In addition, this article only includes study conclusions based on actual data from Indonesia. For more validity in the future, information for the ITR, ITE, ITA, ITD, and industrialization and international relations must be collected from many nations.

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Dear Hadi Prabowo

Kindly be informed that your article entitled **“Role of Tourism in International On International Relations: Evidence from The Indonesia Economy”** has been reviewed the by our reviewer and we would like to clarify that based on the reviewer’s comment, there is **minor** corrections that has to be performed before being accepted by our journal. The comments are as follows:

1. The research gap must be clearly justified
2. The study of **“role of tourism”** needs to be further clarified.
3. Explanation on International relations and why tourism has been chosen as your case study needs to be justified.
4. Recommendation or new knowledge to the academic world should be clearly stated.

Please perform the correction and we will send to you the Letter of Acceptance (LOA) once the correction has being made by your good-self. We look forward for your fast feedback and action regarding this matter.

Best regards

-signed-

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Dear Editor  
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I have completed the correction of my paper today entitled **“Role of Tourism in International On International Relations: Evidence from The Indonesia Economy”** for your reviewing to be published in your reputable journal.

Best regards

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Hadi Prabowo

# “ROLE OF TOURISM IN INTERNATIONAL ON INTERNATIONAL RELATIONS: EVIDENCE FROM THE INDONESIA ECONOMY”

## Abstract

*Recent tourism problems have arisen due to the Covid tragedy, which has harmed international relations. This phenomenon requires the attention of scholars. This article examines the effect of global tourism revenues (ITR), international tourism expenditures (ITE), the number of international tourists arriving (ITA), and the number of international tourists departing (ITD) on Indonesia's international relations. As a control variable, industrialization has also been considered in the study. From 1986 until 2020, this article compiles secondary data from the KOF Swiss Economic Institute and World Development Indicators (WDI). This article also uses the autoregressive distributed lag (ARDL) model to examine the relationship between the variables. The results suggested that the ITR, ITE, ITA, and ITD, as well as industrialization, are significantly and favorably connected with Indonesia's international relations. The essay aids policymakers in formulating strategies for enhancing international relations by promoting global tourism.*

## Introduction

The evolution of international relations is not a fresh notion, but it has taken on new significance due to the increased direct connectivity between individuals, economic entities, and governments. From a historical perspective, the first form of international relations is the formation of international agreements or contracts. [Zakharov \(2018\)](#). Multiple factors have contributed to the increased importance of international relations in the modern period. Governments implement successful trade strategies. The great state of international relations encourages and facilitates transportation services for businesses, government agencies, and immigration. Thus, it creates possibilities for the populace to enhance their living standards by expanding their access to education, recreation, employment, and other aspects of life ([Lei et al., 2022](#)). As international ties strengthen, states can share information, get cooperation from one another, and access more resources. To be able to handle and solve worldwide difficulties that span the borders of certain areas or states. Some of these global difficulties requiring international cooperation to overcome are health crises, financial distress, environmental concerns, and terrorism. In addition, many thanks to international relations for fostering human culture through exchanging ideas, behaviors, customs, diplomacy, and the formulation of policies ([Perry, 2022](#)).

Tourism is an economic concept that encompasses all the activities of individuals who go to and remain in unusual places or situations for business, pleasure, or other purposes for up to a year ([Rana et al., 2019](#)). Tourism can be domestic, international, or international. Tourism involving the travel of non-citizens into a country and tourism involving citizens' trips to another country comprise international commerce. The expansion of international tourism is a significant interaction source and consequently influences international relations. ITR, ITE, ITA, and ITD distinguish the expansion of international trade ([Heidari et al., 2021](#)). The ITR, ITE, ITA, and ITD increase the number of nations accessible to foreign tourists. They give rise to a wide range of tourism services, including catering, lodging, recreation, natural scenery, tour operator services,

and tourist guide services. They are also beneficial for enhancing tourism places' characteristics, the environment's quality, respect, and life safety. In light of these advantages, the expansion of international tourism attracts visitors, strengthens international ties, and increases its efficacy ([Khaksar Astaneh et al., 2021](#)).

The paper consists of the following sections. The second section is a literature study concerning the relationship between ITR, ITE, ITA, ITD, industrialization, and international relations. The third section discusses the approach for information and analysis of variables and their association. The fourth section contains the research findings regarding the relationship between the factors. The fifth section, the discussion, consists of the validity of the results supported by earlier investigations. The conclusion, consequences, and limitations of the study are then stated.

## Literature Review

International interactions are of utmost importance in the social, economic, political, and security areas of every nation's existence. It aids in overcoming dreaded hazards and opens the door to success and prosperity in these areas of life. Countries with strong, influential, and dependable relationships with various nations can receive security, social cooperation, and economic assistance from these nations. Tourism, particularly international tourism, is the opportunity for citizens of one country to travel to another country and interact with foreigners. Thus, international tourism improves international relations by observing geographical qualities, knowledge of economic and legal situations, cultural understanding, and personal understanding ([Krustiyati et al., 2022](#)). This study investigates the role of ITR, ITE, ITA, and ITD in international relations, along with industrialization. Several earlier works have examined the effects of ITR, ITE, ITA, and ITD on international relations. Below are some historical studies and their respective discussions.

International tourism provides a platform for people from other nations to meet, interact, and trade behaviors. In addition, it is a suitable method for presenting an improved image of the country and its culture to foreigners. Therefore, it is possible to shape the outsiders' perspectives and acquire their trust and favor. Thus, with the expansion of international tourism, marked by rising earnings, international ties can establish and improve ([Uslu et al., 2019](#)). [Liu et al. \(2019\)](#) did a study to determine the relationship between ITR, energy usage, and international relations. Pakistan was the source of statistics for the ITR, energy usage, and foreign relations from 1980 to 2016. The ARDL estimator, Granger causality test, and DOLS model were used to analyze the association between components in this study. The study indicated that when tourism companies earn more money from overseas trips, they can spend more on eco-friendly measures such as renewable energy technology to make tourist sites more comfortable. By demonstrating further concern, they maintain the international relationship. [Sarpong et al. \(2020\)](#) evaluate the relationship between ITA and ITR in addition to renewable energy consumption, quality of life, and international relations. The study sample included eight Southern African nations. From 1995 to 2017, data on ITA, ITR, renewable energy usage, quality of life, and international relations were collected. According to the study, these factors have a positive link. Consequently, when the ITR rises, the quality of life within the nation improves, and international relations can be enhanced.

The attraction of tourists to tourist locations, as well as their attitudes and behaviors, depends on the destination's ambiance, amenities, and security. The range of services and quality of customer service provided by businesses also influence tourists' impressions. And the capacity of enterprises to invest in international tourism defines the characteristics of tourism destinations and the quality of services. If the ITE rises, tourists' perceptions will improve, and international relations will likely



be robust (Tsyganov et al., 2019). Akbulaev et al. (2020) analyze the effects of ITE on international relations in their study. The quality and quantity of tourism services according to the tendency of tourism enterprises to spend money. When a tourism company boosts its spending and improves the variety and quality of its services, it attracts and engages more foreigners. Thus, prospects for establishing international links expand. Kyrlyov et al. (2020) investigate the ITE and international relations in an article on international tourism. The data regarding international tourism and its effects were obtained from Ukraine, France, Spain, the United States, and other countries with which they are connected. The specialized research methodologies utilized were statistical, abstract-logical, abstract-theoretic, systemic analysis and synthesis, and correlation-regression analysis. The study implies that if international tourist expenditures increase, tourism companies can provide services to more countries. The higher the number of people interacting, the stronger the international relations will be.

In international tourism, just as tourist arrivals affect the international relations of the country offering tourism services, so make tourist departures (Kala, 2021). In outbound international tourism, residents of the country can go to and stay in a location outside their home country and experience a different culture for some time. Their trip and stay may be motivated by leisure, economic, or political concerns. Regardless of the reason for tourist departures, they have acquaintance, understanding, and closeness with the inhabitants of foreign nations. Thus, the international contacts between the countries strengthen among themselves (Toirxonovna et al., 2020). The study by Nguyen, Schinckus et al. (2020) examines the impact of foreign tourist departures on international relations. The empirical research survey was undertaken in low- and low- middle-income nations to obtain data on the leaves of international visitors and international relations. Through international tourism, many people from the country's interior have the opportunity to travel abroad, engage with locals, and learn information from them. As more people embark on international travel, the relationship between the residents and tourists develops stronger. Similarly, the research conducted by Seyfi et al. (2020) demonstrates that when the number of international visitors rises, the natives remain among the foreigners to teach them about their culture and make an impression on them. Effective international ties with specific countries are possible under this circumstance.

## Research Methods

The article investigates the impact of ITR, ITE, ITA, ITD, and industrialization on international relations in Indonesia. The article has gathered secondary data from the KOF Swiss Economic Institute and WDI from 1986 to 2020. The study has established the equation with the help of understudy variables as under:

$$IR_t = \alpha_0 + \beta_1 ITR_t + \beta_2 ITE_t + \beta_3 ITA_t + \beta_4 ITD_t + \beta_5 IND_t + e_t \quad (1)$$

Where;

IR = International Relations

$t$  = Time Period

ITR = International Tourism Receipts

ITE = International Tourism Expenditures

ITA = International Tourism, Number of Arrivals

ITD = International Tourism, Number of Departures

IND = Industrialization



The current article has taken the international relation as the dependent variable measured with the KOF globalization index. Moreover, the article has taken international tourism as the independent variable measured with ITR (% of total exports), ITE (% of total imports), the logarithm of ITA, and the logarithm of ITD. Finally, the article has taken industrialization as the control variable and measured with industry value added (% of GDP). These variables with measurements are given in [Table 1](#).

**Table 1:** Measurements of Variables

S#	Variables	Measurement	Sources
01	International Relations	KOF Globalization Index	KOF
02	International Tourism	ITR (% of total exports)	WDI
		ITE (% of total imports)	WDI
		The logarithm of ITA	WDI
		the logarithm of ITD	WDI
03	Industrialization	Industry value added (% of GDP)	WDI

The study has checked the variables' details with the help of descriptive statistics. In addition, the study has also examined the directional linkage among variables using a correlation matrix. Moreover, the study has also investigated the unit root among variables with the help of the Augmented Dickey-Fuller (ADF) test. The equation for the test is given as under

$$d(Y_t) = \alpha_0 + \beta t + \gamma Y_{t-1} + d(Y_t(-1)) + \varepsilon_t \quad (2)$$

The unit root among variables has been checked individually, and the equations for the separate construct are mentioned as under international relation

$$d(IR_t) = \alpha_0 + \beta t + \gamma IR_{t-1} + d(IR_t(-1)) + \varepsilon_t \quad (3)$$

International Tourism Expenditures

$$d(ITE_t) = \alpha_0 + \beta t + \gamma ITE_{t-1} + d(ITE_t(-1)) + \varepsilon_t \quad (4)$$

The logarithm of International Tourism, Number of Arrivals

$$d(LITA_t) = \alpha_0 + \beta t + \gamma LITA_{t-1} + d(LITA_t(-1)) + \varepsilon_t \quad (5)$$

The logarithm of International Tourism, Number of Departures

$$d(LITD_t) = \alpha_0 + \beta t + \gamma LITD_{t-1} + d(LITD_t(-1)) + \varepsilon_t \quad (6)$$

International Tourism Receipts

$$d(EPC_t) = \alpha_0 + \beta t + \gamma EPC_{t-1} + d(EPC_t(-1)) + \varepsilon_t \quad (7)$$

Industrialization

$$d(IND_t) = \alpha_0 + \beta t + \gamma IND_{t-1} + d(IND_t(-1)) + \varepsilon_t \quad (8)$$

The study has also examined the co-integration with the help of ([Westerlund et al., 2008](#)) co-integration test. Finally, the study has checked the linkage among variables using the ARDL

model. It is an appropriate model when the variables are stationary at the level and first difference (Ghazouani et al., 2020). In addition, the ARDL also provides the short-run and long-run linkage among variables (Qamruzzaman et al., 2018). Moreover, the ARDL model could control the autocorrelation and heteroscedasticity issues that generally exist in the secondary data (Adebayo et al., 2021). The equation for the ARDL model is given as under:

$$\Delta IR_t = \alpha_0 + \sum \delta_1 \Delta IR_{t-1} + \sum \delta_2 \Delta ITE_{t-1} + \sum \delta_3 \Delta LITA_{t-1} + \sum \delta_4 \Delta LITD_{t-1} + \sum \delta_5 \Delta ITR_{t-1} + \sum \delta_6 \Delta IND_{t-1} + \varphi_1 IR_{t-1} + \varphi_2 ITE_{t-1} + \varphi_3 LITA_{t-1} + \varphi_4 LITD_{t-1} + \varphi_5 ITR_{t-1} + \varphi_6 IND_{t-1} + \varepsilon_1 \quad (9)$$

## Research Findings

The study has checked the variables' details with the help of descriptive statistics. The results indicated that the KOF globalization index average value was 94.761, ITE average value was 7.244 percent, and the ITA meanvalue was 5748415.4 tourists. In addition, the findings also exposed that the ITD average value was 4483800 tourists, while ITR average value was 5.780 percent, and the IND mean value was 42.141 percent. These figures are mentioned in Table 2. In addition, the study has also examined the directional linkage among variables using a correlation matrix. The results indicated that ITR, ITE, ITA, ITD, and industrialization positively and significantly associated with international relations in Indonesia. These figures are mention in Table 3.

**Table 2** : Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
IR	35	94.761	1.433	91.028	95.842
ITE	35	7.244	1.963	1.238	10.060
ITA	35	5748415.4	4080382.2	-101793.16	16107000
ITD	35	4483800	2745551.2	2167000	11689000
ITR	35	5.780	1.347	1.980	9.198
IND	35	42.141	3.694	33.788	48.061

**Table 3:** Matrix of Correlations

Variables	IR	ITE	LITA	LITD	ITR	IND
IR	1.000					
ITE	0.438	1.000				
LITA	0.201	0.673	1.000			
LITD	0.522	0.762	0.621	1.000		
ITR	0.229	0.293	0.120	0.399	1.000	
IND	0.211	0.329	0.221	0.439	0.229	1.000

Moreover, the study has also investigated the unit root among variables with the help of the ADF test. The results indicated that the IR, LITD, and ITR are stationary at a level while ITE, LITA, and IND are stationary at first. These figures are mentioned in Table 4.

**Table 4: Unit Root Test**

Augmented Dickey-Fuller Test (ADF)	Level	t-statistics	p-values
IR	I (0)	-2.563	0.022
ITE	I (1)	-5.261	0.000
LITA	I (1)	-5.552	0.000
LITD	I (0)	-7.292	0.000
ITR	I (0)	-2.667	0.018
IND	I (1)	-5.271	0.000

The study has also examined the co-integration with the help of (Westerlund & Edgerton, 2008) co-integration test. The findings indicated that the f-statistics (5.62) is larger than the critical value at a five percent significance level. These figures are mentioned in Table 5

**Table 5: ARDL Bound Test**

Model	F-statistics	Lag	Level of Significance	Bound test critical values	
				I (0)	I (1)
IR/ (ITE, LITA, LITD, ITR, IND)	5.62	4	1%	6.23	6.76
			5%	5.13`	5.57
			10%	4.34	4.62

Finally, the study has check the linkage among variables with the help of the ARDL model. The results indicated that the ITR, ITE, ITA, ITD, and industrialization have a positive and significant association with international relations in Indonesia in the short run. These figures are mentioned in Table 6.

**Table 6: Short Run Coefficients**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(ITE)	2.278	0.721	3.159	0.012
D(LITA)	0.384	0.129	2.977	0.028
D(LITD)	3.721	1.017	3.659	0.003
D(ITR)	4.722	1.719	2.747	0.033
D(IND)	3.787	1.019	3.716	0.000
CoInt Eq (-1) *	-1.720	0.272	-6.324	0.000
R-squared	0.587	Mean dependent var		-0.065
Adjusted R-squared	0.572	SD dependent var		2.109

The results of the ARDL model also indicated that ITR, ITE, ITA, ITD, and industrialization positively and significantly affect international relations in Indonesia in the long run. These figures are mentioned in Table 7.

**Table 7: Long-Term Coefficients**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ITE	3.291	1.202	2.738	0.022
LITA	5.372	2.625	2.046	0.029
LITD	1.893	0.723	2.618	0.027
ITR	3.972	1.109	3.582	0.015
IND	2.676	0.873	3.065	0.020
C	1.837	0.672	2.734	0.021

## Discussions

According to the study's findings, ITR has a good relationship with international relations. [Pedersen \(2020\)](#) suggests that when an economy's domestic tourism industry advances, it generates more revenue from domestic and foreign tourists. The increased revenues strengthen the firms' financial position and motivate them to expand their tourist operations to more countries. Consequently, there is an expansion of international interactions. These findings align with [Seyfi et al. \(2019\)](#) analysis of the function of ITR in developing international relations. According to the report, the increase in ITR pushes economists and the government to strengthen the nation's contacts with outsiders. According to the study's findings, ITE has a good relationship with international relations. [Shodiyev \(2021\)](#) validates the results. The study hypothesizes that the number of tourism services and the quality of tourism services depend on the expenditure propensity of tourism enterprises. When a tourism company increases its expenditures, service variety, and service quality, it attracts and engages a higher number of foreigners. So, interna; relation develop more rebust. These outcomes are also consist with [Faisal et al. \(2022\)](#) analysis of the effects of ITE on the development of international relations. The study focuses on how global tourist companies with significant expenditures can expand their services to other nations. Thus, the country's relationships with other nations improve.

According to the study, the ITA has a good relationship with international relations. The results are corroborated by [Ushakov et al. \(2021\)](#), demonstrating that international tourism provides a platform for individuals from many nations to meet and become acquainted with one another's the way of life. Therefore, the growth in international visitor arrivals fosters familiarity and strengthens the nation's international relations. These findings concur with [Piller \(2020\)](#) results regarding the role of tourist arrivals in developing international relations. With the development of ITA, the country has the opportunity to convey its culture, policies, and projects to foreigners, according to the report. International relations can therefore be improved. According to the study, international tourism departures correlate well with global connections. The results are corroborated by [Yang et al. \(2020\)](#), which demonstrate that international tourism allows many inland residents to travel abroad, meet locals, and absorb knowledge from them. When international tourist departures increase, the closeness between citizens and foreigners grows. These conclusions are also consistent with Hjorthén's findings from 2021, which indicate that a country's international standing improves as the number of tourists departs. The study's findings suggest that industrialization positively affects international relations.

## Implications

There are both theoretical and empirical consequences of the work. As a result of its contribution to the literature on international relations, the writers of this study will have recommendations for their future conduct after reading it. This study explores the effects of tourism on international relations in terms of ITR, ITE, ITA, ITD, and industrialization. In this study, the writers have concentrated on studying the role of ITR, ITE, ITA, and ITD in Indonesia's foreign relations. Additionally, the finding has other implications. It instructs the government to promote international tourism to enhance international ties. The report advises the government and economists that measures for growing ITR and expenditures must be developed to make international relations effective. The essay aids policymakers in formulating strategies for enhancing international relations by global tourism. With favorable legal, economic, and financial policies, the number of ITA and ITD should be expanded, according to the study. This contributes to enhancing international relations. In addition, the industrial economic sector must be bolstered to improve international ties.

## Conclusion

The study aimed to determine the effectiveness of the ITR, ITE, ITA, and ITD, as well as industrialization, in developing and enhancing international ties. Indonesian data on the effects of ITR, ITE, ITA, ITD, industrialization, and international relations were gathered through secondary data. The findings confirm a favorable correlation between ITR, ITE, ITA, ITD, industrialization, and international relations. According to the data, an increase in ITR leads to an improvement in tourism services and an increase in foreign exchange, improving international relations. The rise in ITE is in tandem with the expansion of tourism practices and the enhancement of the quality of tourism services. The increase in ITA allows for bringing foreigners closer and establishing solid relationships. Similarly, when the number of international tourists departing a country increases exponentially, the government is deemed to have positive international relations. The increasing industry also stimulates tourism expansion, which is a means of enhancing international ties.

## Limitations

There are still some limitations associated with this study. Future authors must be more proactive in eliminating these constraints. This study focuses solely on the function of tourism variables such as the ITR, ITE, ITA, and ITD in international relations. Additionally, diplomatic policy, cultural similarities, and economic growth depend on international relations. These elements must also be considered for a precise examination of international tourism. In addition, this article only includes study conclusions based on actual data from Indonesia. For more validity in the future, information for the ITR, ITE, ITA, ITD, and industrialization and international relations must be collected from many nations.

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Dear Hadi Prabowo

Kindly be informed that your article entitled **“Role of Tourism in International On International Relations: Evidence from The Indonesia Economy”** has been reviewed again by our reviewer and we would like to clarify that based on the reviewer’s comment, there is another **minor** corrections that has to be performed before being accepted by our journal. The comments are as follows:

1. The Clarification on role of tourism with international relation. The reviewer wants the author to specify in which area of international relation that this research is focusing on.
2. Justification of tourism, how it is related to the economy of the people and the policy made by the Indonesian Government.
3. Recommendation or new knowledge to the academic world should be clearly stated.

Please perform the correction and we will send to you the Letter of Acceptance (LOA) once the correction has been made by your good-self. We look forward for your fast feedback and action regarding this matter.

Best regards  
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**Paper Submitted-Correction**

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To: [editor.cirr@gmail.com](mailto:editor.cirr@gmail.com)

Dear Editor  
Croatian International Relations Review

I have completed the second correction of my paper today entitled **“Role of Tourism in International On International Relations: Evidence from The Indonesia Economy”** for your reviewing to be published in yourreputable journal.

Best regards

-signed-

Hadi Prabowo

# “ROLE OF TOURISM IN INTERNATIONAL ON INTERNATIONAL RELATIONS: EVIDENCE FROM THE INDONESIA ECONOMY”

## Abstract

*Recent tourism problems have arisen due to the Covid tragedy, which has harmed international relations. This phenomenon requires the attention of scholars. This article examines the effect of global tourism revenues (ITR), international tourism expenditures (ITE), the number of international tourists arriving (ITA), and the number of international tourists departing (ITD) on Indonesia's international relations. As a control variable, industrialization has also been considered in the study. From 1986 until 2020, this article compiles secondary data from the KOF Swiss Economic Institute and World Development Indicators (WDI). This article also uses the autoregressive distributed lag (ARDL) model to examine the relationship between the variables. The results suggested that the ITR, ITE, ITA, and ITD, as well as industrialization, are significantly and favorably connected with Indonesia's international relations. The essay aids policymakers in formulating strategies for enhancing international relations by promoting global tourism.*

## Introduction

The evolution of international relations is not a fresh notion, but it has taken on new significance due to the increased direct connectivity between individuals, economic entities, and governments. From a historical perspective, the first form of international relations is the formation of international agreements or contracts. [Zakharov \(2018\)](#). Multiple factors have contributed to the increased importance of international relations in the modern period. Governments implement successful trade strategies. The great state of international relations encourages and facilitates transportation services for businesses, government agencies, and immigration. Thus, it creates possibilities for the populace to enhance their living standards by expanding their access to education, recreation, employment, and other aspects of life ([Lei et al., 2022](#)). As international ties strengthen, states can share information, get cooperation from one another, and access more resources. To be able to handle and solve worldwide difficulties that span the borders of certain areas or states. Some of these global difficulties requiring international cooperation to overcome are health crises, financial distress, environmental concerns, and terrorism. In addition, many thanks to international relations for fostering human culture through exchanging ideas, behaviors, customs, diplomacy, and the formulation of policies ([Perry, 2022](#)).

Tourism is an economic concept that encompasses all the activities of individuals who go to and remain in unusual places or situations for business, pleasure, or other purposes for up to a year ([Rana et al., 2019](#)). Tourism can be domestic, international, or international. Tourism involving the travel of non-citizens into a country and tourism involving citizens' trips to another country comprise international commerce. The expansion of international tourism is a significant interaction source and consequently influences international relations. ITR, ITE, ITA, and ITD distinguish the expansion of international trade ([Heidari et al., 2021](#)). The ITR, ITE, ITA, and ITD increase the number of nations accessible to foreign tourists. They give rise to a wide range of tourism services, including catering, lodging, recreation, natural scenery, tour operator services,

and tourist guide services. They are also beneficial for enhancing tourism places' characteristics, the environment's quality, respect, and life safety. In light of these advantages, the expansion of international tourism attracts visitors, strengthens international ties, and increases its efficacy (Khaksar Astaneh et al., 2021).

This study explores the effects of tourist expansion, including ITR, ITE, ITA, and ITD, and industrialization on Indonesia's foreign relations. Since achieving independence, Indonesia has pursued a "free and active" foreign policy, attempting to participate in regional affairs commensurate with its size and location but avoiding involvement in superpower wars (Khan, 2018). Indonesia has relationships with Brunei, Cambodia, Laos, the Philippines, Malaysia, Myanmar, Singapore, Thailand, and Vietnam due to its membership in ASEAN. The association's mission is cultural, social, and economic advancement. The nation is a member of the Organization of Islamic Cooperation or OIC. Therefore, it has links with Muslim countries (Mubarok et al., 2019). Indonesia has provided substantial assistance for the Asia-Pacific Economic Cooperation (APEC) summit. President Suharto was influential in persuading APEC countries to endorse free trade by 2010 for prosperous nations and by 2020 for emerging economies at a 1994 conference in Indonesia. As the only ASEAN member state, Indonesia was granted membership in the G20 in 2008 (Gede Wahyu Wicaksana, 2021). After 1966, Indonesia embraced and maintained close ties with the international donor community, especially the United States, western Europe, Australia, and Japan, through the meetings of the Inter-Governmental Group on Indonesia (IGGI) and its successor, the Consultative Group on Indonesia (CGI), which coordinated a substantial amount of foreign economic assistance (Yaza Azzahara, 2018).

Through various contracts and alliances, Indonesia has cultivated relationships with many countries. However, it lacks direct, sophisticated, effective, and cooperative contact with these nations. Consequently, Indonesia still requires measures or policies to enhance the type and strength of its foreign ties. The present study will assist Indonesia in meeting this pressing demand. The focus of this paper is tourism for international relations. This study investigates the relationship between ITR, ITE, ITA, ITD, industrialization, and Indonesia's international relations. The authors have also previously discussed international relations. Still, the current work represents a significant contribution to the body of knowledge. 1) Numerous previous studies have addressed the significance of tourism in international relations. However, most past research has focused on the function of tourism in international relations without focusing on international tourism. The present study focuses on international tourism for international relations and contributes to the existing body of knowledge. 2) Even past work addressing international tourism in international relations provides little insight into the features of international tourism. This study covers the ITR, ITE, ITA, and ITD approaches to international relations analysis. 3) Indonesia's international relations are indirect, weak, and ineffectual, despite its ties to many nations. This problem still exists, but no substantial research has been performed to fix it. This essay, which explores the effects of tourism such as ITR, ITE, ITA, and ITD, and industrialization, on Indonesia's foreign relations, closes the gap in the literature

The paper consists of the following sections. The second section is a literature study concerning the relationship between ITR, ITE, ITA, ITD, industrialization, and international relations. The third section discusses the approach for information and analysis of variables and their association. The fourth section contains the research findings regarding the relationship between the factors. The fifth section, the discussion, consists of the validity of the results supported by earlier investigations. The conclusion, consequences, and limitations of the study are then stated.

## Literature Review

International interactions are of utmost importance in the social, economic, political, and security areas of every nation's existence. It aids in overcoming dreaded hazards and opens the door to success and prosperity in these areas of life. Countries with strong, influential, and dependable relationships with various nations can receive security, social cooperation, and economic assistance from these nations. Tourism, particularly international tourism, is the opportunity for citizens of one country to travel to another country and interact with foreigners. Thus, international tourism improves international relations by observing geographical qualities, knowledge of economic and legal situations, cultural understanding, and personal understanding ([Krustiyati et al., 2022](#)). This study investigates the role of ITR, ITE, ITA, and ITD in international relations, along with industrialization. Several earlier works have examined the effects of ITR, ITE, ITA, and ITD on international relations. Below are some historical studies and their respective discussions.

International tourism provides a platform for people from other nations to meet, interact, and trade behaviors. In addition, it is a suitable method for presenting an improved image of the country and its culture to foreigners. Therefore, it is possible to shape the outsiders' perspectives and acquire their trust and favor. Thus, with the expansion of international tourism, marked by rising earnings, international ties can establish and improve ([Uslu et al., 2019](#)). [Liu et al. \(2019\)](#) did a study to determine the relationship between ITR, energy usage, and international relations. Pakistan was the source of statistics for the ITR, energy usage, and foreign relations from 1980 to 2016. The ARDL estimator, Granger causality test, and DOLS model were used to analyze the association between components in this study. The study indicated that when tourism companies earn more money from overseas trips, they can spend more on eco-friendly measures such as renewable energy technology to make tourist sites more comfortable. By demonstrating further concern, they maintain the international relationship. [Sarpong et al. \(2020\)](#) evaluate the relationship between ITA and ITR in addition to renewable energy consumption, quality of life, and international relations. The study sample included eight Southern African nations. From 1995 to 2017, data on ITA, ITR, renewable energy usage, quality of life, and international relations were collected. According to the study, these factors have a positive link. Consequently, when the ITR rises, the quality of life within the nation improves, and international relations can be enhanced.

The attraction of tourists to tourist locations, as well as their attitudes and behaviors, depends on the destination's ambiance, amenities, and security. The range of services and quality of customer service provided by businesses also influence tourists' impressions. And the capacity of enterprises to invest in international tourism defines the characteristics of tourism destinations and the quality of services. If the ITE rises, tourists' perceptions will improve, and international relations will likely be robust ([Tsyganov et al., 2019](#)). [Akbulaev et al. \(2020\)](#) analyze the effects of ITE on international relations in their study. The quality and quantity of tourism services according to the tendency of tourism enterprises to spend money. When a tourism company boosts its spending and improves the variety and quality of its services, it attracts and engages more foreigners. Thus, prospects for establishing international links expand. [Krylov et al. \(2020\)](#) investigate the ITE and international relations in an article on international tourism. The data regarding international tourism and its effects were obtained from Ukraine, France, Spain, the United States, and other countries with which they are connected. The specialized research methodologies utilized were statistical, abstract-logical, abstract-theoretic, systemic analysis and synthesis, and correlation-regression analysis. The study implies that if international tourist expenditures increase, tourism companies can provide services to more countries. The higher the number of people interacting, the stronger the international relations will be.

As individuals or groups from various economic organizations or government-affiliated enterprises contact one another, international links are established and gradually strengthened. The increase in international tourism arrivals gives this opportunity for locals to interact with foreigners, and the exchange of ideas, values, and behaviors influences their aptitude and conduct. Thus, international interactions are expected to grow and become stronger. [Ghahremani's \(2018\)](#) literary effort throws light on the impact of international visitor arrivals on international relations. Through international travels, people from other nations can communicate, learn about one another's cultures, and understand economic and legal issues. Therefore, increasing foreign tourist visits increases familiarity between nations, strengthens a country's ties with others, and benefits the country itself. In their 2018 paper on international tourism statistics, Pratt and Tolkach discuss the relevance of the ITA in international relations. From the article's discussion, it can be determined that growth in the number of ITA, government semi-government and private organizations can build and enhance international relations. [Starosta, Budz, and Krutwig \(2019\)](#) analyze the linkages between social media, ITA, and international relations through empirical study. European countries provided the information for the factors under discussion. The research suggests that social media has changed international tourism by fostering the development of tourist attractions and boosting tourist arrivals. Moreover, when the number of tourists increases, more foreigners must visit the country, which increases the likelihood of developing relationships with them. The relationship between social media, ITA, and international relations is thus beneficial.

In international tourism, just as tourist arrivals affect the international relations of the country offering tourism services, so make tourist departures ([Kala, 2021](#)). In outbound international tourism, residents of the country can go to and stay in a location outside their home country and experience a different culture for some time. Their trip and stay may be motivated by leisure, economic, or political concerns. Regardless of the reason for tourist departures, they have acquaintance, understanding, and closeness with the inhabitants of foreign nations. Thus, the international contacts between the countries strengthen among themselves ([Toirxonovna et al., 2020](#)). The study by Nguyen, [Schinckus et al. \(2020\)](#) examines the impact of foreign tourist departures on international relations.

The empirical research survey was undertaken in low- and low- middle-income nations to obtain data on the leaves of international visitors and international relations. Through international tourism, many people from the country's interior have the opportunity to travel abroad, engage with locals, and learn information from them. As more people embark on international travel, the relationship between the residents and tourists develops stronger. Similarly, the research conducted by [Seyfi et al. \(2020\)](#) demonstrates that when the number of international visitors rises, the natives remain among the foreigners to teach them about their culture and make an impression on them. Effective international ties with specific countries are possible under this circumstance.

[Thuy et al. \(2022\)](#) study examines the connection between industry, modernization, and international relations. Vietnam provided the information for industrialization, modernization, and international relations. The results demonstrated that when industrial activity expands in a country, so does the production of various items, technology, and instruments. This gives rise to international tourism activities and thus serves as a means of establishing or enhancing relations with foreigners. According to the findings of this study, industrialization is positively associated with international relations. Likewise, [Richards \(2022\)](#) study analyzes the connection between automation and international relations.

The study hypothesizes that expanding industrialization across a larger land area increases the production of products and services inside the nation. The increased production level enables the government to increase its international trade and sign contracts with many countries. This encourages interaction with foreign nations and enhances international ties.

## Research Methods

The article investigates the impact of ITR, ITE, ITA, ITD, and industrialization on international relations in Indonesia. The article has gathered secondary data from the KOF Swiss Economic Institute and WDI from 1986 to 2020. The study has established the equation with the help of understudy variables as under:

$$IR_t = \alpha_0 + \beta_1 ITR_t + \beta_2 ITE_t + \beta_3 ITA_t + \beta_4 ITD_t + \beta_5 IND_t + e_t \quad (1)$$

Where;

IR = International Relations

$t$  = Time Period

ITR = International Tourism Receipts

ITE = International Tourism Expenditures

ITA = International Tourism, Number of Arrivals

ITD = International Tourism, Number of Departures

IND = Industrialization

The current article has taken the international relation as the dependent variable measured with the KOF globalization index. Moreover, the article has taken international tourism as the independent variable measured with ITR (% of total exports), ITE (% of total imports), the logarithm of ITA, and the logarithm of ITD. Finally, the article has taken industrialization as the control variable and measured with industry value added (% of GDP). These variables with measurements are given in [Table 1](#).

**Table 1:** Measurements of Variables

S#	Variables	Measurement	Sources
01	International Relations	KOF Globalization Index	KOF
02	International Tourism	ITR (% of total exports)	WDI
		ITE (% of total imports)	WDI
		The logarithm of ITA	WDI
		the logarithm of ITD	WDI
03	Industrialization	Industry value added (% of GDP)	WDI

The study has checked the variables' details with the help of descriptive statistics. In addition, the study has also examined the directional linkage among variables using a correlation matrix. Moreover, the study has also investigated the unit root among variables with the help of the Augmented Dickey-Fuller (ADF) test. The equation for the test is given as under

$$d(Y_t) = \alpha_0 + \beta t + \gamma Y_{t-1} + d(Y_t(-1)) + \epsilon_t \quad (2)$$

The unit root among variables has been checked individually, and the equations for the separate construct are mentioned as under international relation

$$d(IR_t) = \alpha_0 + \beta t + YIR_{t-1} + d(IR_t(-1)) + \varepsilon_t \quad (3)$$

International Tourism Expenditures

$$d(ITE_t) = \alpha_0 + \beta t + YITE_{t-1} + d(ITE_t(-1)) + \varepsilon_t \quad (4)$$

The logarithm of International Tourism, Number of Arrivals

$$d(LITA_t) = \alpha_0 + \beta t + YLITA_{t-1} + d(LITA_t(-1)) + \varepsilon_t \quad (5)$$

The logarithm of International Tourism, Number of Departures

$$d(LITD_t) = \alpha_0 + \beta t + YLITD_{t-1} + d(LITD_t(-1)) + \varepsilon_t \quad (6)$$

International Tourism Receipts

$$d(EPC_t) = \alpha_0 + \beta t + YEPC_{t-1} + d(EPC_t(-1)) + \varepsilon_t \quad (7)$$

Industrialization

$$d(IND_t) = \alpha_0 + \beta t + YIND_{t-1} + d(IND_t(-1)) + \varepsilon_t \quad (8)$$

The study has also examined the co-integration with the help of (Westerlund et al., 2008) co-integration test. Finally, the study has checked the linkage among variables using the ARDL model. It is an appropriate model when the variables are stationary at the level and first difference (Ghazouani et al., 2020). In addition, the ARDL also provides the short-run and long-run linkage among variables (Qamruzzaman et al., 2018). Moreover, the ARDL model could control the autocorrelation and heteroscedasticity issues that generally exist in the secondary data (Adebayo et al., 2021). The equation for the ARDL model is given as under:

$$\begin{aligned} \Delta IR_t = & \alpha_0 + \sum \delta_1 \Delta IR_{t-1} + \sum \delta_2 \Delta ITE_{t-1} + \sum \delta_3 \Delta LITA_{t-1} + \\ & \sum \delta_4 \Delta LITD_{t-1} + \sum \delta_5 \Delta ITR_{t-1} + \sum \delta_6 \Delta IND_{t-1} + \varphi_1 IR_{t-1} + \varphi_2 ITE_{t-1} + \\ & \varphi_3 LITA_{t-1} + \varphi_4 LITD_{t-1} + \varphi_5 ITR_{t-1} + \varphi_6 IND_{t-1} + \varepsilon_1 \end{aligned} \quad (9)$$

## Research Findings

The study has checked the variables' details with the help of descriptive statistics. The results indicated that the KOF globalization index average value was 94.761, ITE average value was 7.244 percent, and the ITA mean value was 5748415.4 tourists. In addition, the findings also exposed that the ITD average value was 4483800 tourists, while ITR average value was 5.780 percent, and the IND mean value was 42.141 percent. These figures are mentioned in Table 2. In addition, the study has also examined the directional linkage among variables using a correlation matrix. The results indicated that ITR, ITE, ITA, ITD, and industrialization positively and significantly associated with international relations in Indonesia. These figures are mention in Table 3.



**Table 2** : Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
IR	35	94.761	1.433	91.028	95.842
ITE	35	7.244	1.963	1.238	10.060
ITA	35	5748415.4	4080382.2	-101793.16	16107000
ITD	35	4483800	2745551.2	2167000	11689000
ITR	35	5.780	1.347	1.980	9.198
IND	35	42.141	3.694	33.788	48.061

**Table 3:** Matrix of Correlations

Variables	IR	ITE	LITA	LITD	ITR	IND
IR	1.000					
ITE	0.438	1.000				
LITA	0.201	0.673	1.000			
LITD	0.522	0.762	0.621	1.000		
ITR	0.229	0.293	0.120	0.399	1.000	
IND	0.211	0.329	0.221	0.439	0.229	1.000

Moreover, the study has also investigated the unit root among variables with the help of the ADF test. The results indicated that the IR, LITD, and ITR are stationary at a level while ITE, LITA, and IND are stationary at first. These figures are mentioned in [Table 4](#).

**Table 4:** Unit Root Test

Augmented Dickey-Fuller Test (ADF)	Level	t-statistics	p-values
IR	I (0)	-2.563	0.022
ITE	I (1)	-5.261	0.000
LITA	I (1)	-5.552	0.000
LITD	I (0)	-7.292	0.000
ITR	I (0)	-2.667	0.018
IND	I (1)	-5.271	0.000

The study has also examined the co-integration with the help of ([Westerlund & Edgerton, 2008](#)) co-integration test. The findings indicated that the f-statistics (5.62) is larger than the critical value at a five percent significance level. These figures are mentioned in [Table 5](#)

**Table 5:** ARDL Bound Test

Model	F-statistics	Lag	Level of Significance	Bound test critical values	
				I (0)	I (1)
IR/ (ITE, LITA, LITD, ITR, IND)	5.62	4	1%	6.23	6.76
			5%	5.13`	5.57
			10%	4.34	4.62



Finally, the study has checked the linkage among variables with the help of the ARDL model. The results indicated that the ITR, ITE, ITA, ITD, and industrialization have a positive and significant association with international relations in Indonesia in the short run. These figures are mentioned in [Table 6](#).

**Table 6:** Short Run Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(ITE)	2.278	0.721	3.159	0.012
D(LITA)	0.384	0.129	2.977	0.028
D(LITD)	3.721	1.017	3.659	0.003
D(ITR)	4.722	1.719	2.747	0.033
D(IND)	3.787	1.019	3.716	0.000
Coint Eq (-1) *	-1.720	0.272	-6.324	0.000
R-squared	0.587	Mean dependent var		-0.065
Adjusted R-squared	0.572	SD dependent var		2.109

The results of the ARDL model also indicated that ITR, ITE, ITA, ITD, and industrialization positively and significantly affect international relations in Indonesia in the long run. These figures are mentioned in [Table 7](#).

**Table 7:** Long-Term Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ITE	3.291	1.202	2.738	0.022
LITA	5.372	2.625	2.046	0.029
LITD	1.893	0.723	2.618	0.027
ITR	3.972	1.109	3.582	0.015
IND	2.676	0.873	3.065	0.020
C	1.837	0.672	2.734	0.021

## Discussions

According to the study's findings, ITR has a good relationship with international relations. [Pedersen \(2020\)](#) suggests that when an economy's domestic tourism industry advances, it generates more revenue from domestic and foreign tourists. The increased revenues strengthen the firms' financial position and motivate them to expand their tourist operations to more countries. Consequently, there is an expansion of international interactions. These findings align with [Seyfi et al. \(2019\)](#) analysis of the function of ITR in developing international relations. According to the report, the increase in ITR pushes economists and the government to strengthen the nation's contacts with outsiders. According to the study's findings, ITE has a good relationship with international relations. [Shodiyev \(2021\)](#) validates the results. The study hypothesizes that the number of tourism services and the quality of tourism services depend on the expenditure propensity of tourism enterprises. When a tourism company increases its expenditures, service variety, and service quality, it attracts and engages a higher number of foreigners. So, interna; relation develop more rebust. These outcomes are also consist with [Faisal et al. \(2022\)](#) analysis of the effects of ITE on the development of international relations. The study focuses on how global tourist companies with significant expenditures can expand their services to other nations. Thus, the country's relationships with other nations improve.

According to the study, the ITA has a good relationship with international relations. The results are corroborated by [Ushakov et al. \(2021\)](#), demonstrating that international tourism provides a platform for individuals from many nations to meet and become acquainted with one another's the way of life. Therefore, the growth in international visitor arrivals fosters familiarity and strengthens the nation's international relations. These findings concur with [Piller \(2020\)](#) results regarding the role of tourist arrivals in developing international relations. With the development of ITA, the country has the opportunity to convey its culture, policies, and projects to foreigners, according to the report. International relations can therefore be improved. According to the study, international tourism departures correlate well with global connections. The results are corroborated by [Yang et al. \(2020\)](#), which demonstrate that international tourism allows many inland residents to travel abroad, meet locals, and absorb knowledge from them. When international tourist departures increase, the closeness between citizens and foreigners grows. These conclusions are also consistent with Hjorthén's findings from 2021, which indicate that a country's international standing improves as the number of tourists departs. The study's findings suggest that industrialization positively affects international relations. The results are consistent with [Koyama et al. \(2018\)](#) assertion that as industrialization increases, the country's production level rises, leading to a rise in international trade and tourism. Thus, it is expected that international relations will improve. These findings are also consistent with [Koyama et al. \(2018\)](#) analysis of the effects of industrialization on the development of international relations. The study demonstrates that in a country with extensive industrialization, there is an increase in the production of commodities, infrastructure development, and transportation operations. Therefore, expanding tourist activities improve the quality of international interactions.

## **Implications**

There are both theoretical and empirical consequences of the work. As a result of its contribution to the literature on international relations, the writers of this study will have recommendations for their future conduct after reading it. This study explores the effects of tourism on international relations in terms of ITR, ITE, ITA, ITD, and industrialization. In this study, the writers have concentrated on studying the role of ITR, ITE, ITA, and ITD in Indonesia's foreign relations. Additionally, the finding has other implications. It instructs the government to promote international tourism to enhance international ties. The report advises the government and economists that measures for growing ITR and expenditures must be developed to make international relations effective. The essay aids policymakers in formulating strategies for enhancing international relations by global tourism. With favorable legal, economic, and financial policies, the number of ITA and ITD should be expanded, according to the study. This contributes to enhancing international relations. In addition, the industrial economic sector must be bolstered to improve international ties.

## **Conclusion**

The study aimed to determine the effectiveness of the ITR, ITE, ITA, and ITD, as well as industrialization, in developing and enhancing international ties. Indonesian data on the effects of ITR, ITE, ITA, ITD, industrialization, and international relations were gathered through secondary data. The findings confirm a favorable correlation between ITR, ITE, ITA, ITD, industrialization, and international relations. According to the data, an increase in ITR leads to an improvement in tourism services and an increase in foreign exchange, improving international relations. The rise in ITE is in tandem with the expansion of tourism practices and the enhancement of the quality of tourism services. The increase in ITA allows for bringing foreigners closer and establishing solid relationships. Similarly, when the number of international tourists departing a country increases

exponentially, the government is deemed to have positive international relations. The increasing industry also stimulates tourism expansion, which is a means of enhancing international ties.

## Limitations

There are still some limitations associated with this study. Future authors must be more proactive in eliminating these constraints. This study focuses solely on the function of tourism variables such as the ITR, ITE, ITA, and ITD in international relations. Additionally, diplomatic policy, cultural similarities, and economic growth depend on international relations. These elements must also be considered for a precise examination of international tourism. In addition, this article only includes study conclusions based on actual data from Indonesia. For more validity in the future, information for the ITR, ITE, ITA, ITD, and industrialization and international relations must be collected from many nations.

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