

Strategy to Increase Tourism and Economic Growth in West Java

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Abstract

Three forces are constantly in charge of expanding output: capital growth, improvements in technology, and an increase in the number and quality of labour. Due to its multisectoral nature, tourism is today a viable alternative industry for economic growth in developing nations like Indonesia. The purpose of this study is to determine the relationship between the gross domestic product (GRDP) and the number of workers, tourists, and gross value added in the West Java Province. Five West Javan districts were included in the panel data study, which covered the years 2013–2023.

Keywords: GRD, Employment, Gross Value Added, Number Of Tourists

Introduction

Economic support and expanding at a very quick pace. According to projections from the World Tourism Organisation (UNWTO), there will be 2.1 billion foreign visitors worldwide by 2030, growing at a 3.3% yearly rate. By the conclusion of this decade, tourism destinations in the Asia Pacific region are developing quickly. As a result, there have been more tourists and investments made in the tourism sector, and the sector has grown to be a major force behind socioeconomic development through the construction of infrastructure, the creation of employment and businesses, and export earnings (Mulyadi, 2023).

Nowadays, as a multisectoral industry, tourism offers developing nations—including Indonesia—an alternate avenue for economic growth and development. With Asian nations becoming more and more well-liked as travel destinations for foreign tourists, Indonesia has a fantastic chance to grow its tourism industry. Indonesia offers a plethora of natural beauty and rich cultural diversity for tourists.

(Mulyadi, 2022) explored the moderating effect of tourism, which depends on the relationship between tourism development and economic development of countries and islands, including small island developing countries. The results show that tourism dependence has an impact on the relationship between tourism development and economic development for all

countries, especially countries that have a high level of economic development. The study was conducted in Malaysia using a multivariate model derived from Solow's theory, and the study concluded that tourism has a positive effect on the Malaysian economy, both short- and long-term.

The tourism industry plays a significant role because it can create a multiplier effect that can lead to increased employment, export revenue, the development of cross-scale business chains, particularly for Micro, Small, and Medium-Sized Enterprises (MSMEs), and the possibility of increased regional tax revenues. Political leaders all throughout the world are aware of the significance that the tourist industry plays in economic growth and advancement in contemporary society. Thus, every effort is made to grow tourism as quickly and efficiently as possible in order to produce economic benefits. In this sense, numerous academics have conducted studies with varying degrees of success about the economic impact of tourism.

The West Java Provincial Government has created a number of tourism development plans, all of which are supported by different policy tools and described in the draft development plan. An important economic indicator is the tourist sector's problems; however, TTCI data shows that Indonesia is ranked fourth in ASEAN, with West Java having the lowest investment realisation among the country's top 10 PMA and PMDN. Concretely speaking, West Java will offer a distinct vision, goal, strategy, and plan for the growth of tourist destinations—both those deserving of distinction and those with promise for the entire region. Based on this, the purpose of this study is to investigate how the tourism industry contributes to economic growth in the Province of West Java's Special Region.

Literature Riview

According to Mulyadi (2022), economic growth is characterised by a rise in either the gross domestic product or gross national income, irrespective of whether this growth is more or lower than the population growth rate or if there are any alterations in the economic structure. A

society's economic growth can be influenced by four key factors: population increase, capital accumulation, institutional resources, and growth (Mulyadi, 2021). If a specific percentage of present revenue is set aside and subsequently invested to boost future output, capital accumulation will take place.

An important driver of the economy, tourism generates income, jobs, foreign exchange, and tax revenue. Tourists, their spending, and the multiplier effect of tourism itself are the sources of economic impact for a city, nation, province, or destination area (Mulyadi, 2022).

The amount of gross added value created by business units in a domestic region, or the overall value of final goods and services produced by all economic activity in a region, is known as the gross regional domestic product, or GRDP. The gross domestic product (GDP) is a crucial measure of economic growth in a certain area and over a specific time period (a year), resulting from all economic activity within a nation or territory (BPS, 2022).

There are two components to GRDP: current prices and constant prices. When calculating a region's economic resource capacity and regional economic structure, the gross domestic product (GDP) at current prices is utilised to illustrate the added value of goods and services based on current year prices. In the meantime, GRDP based on constant prices demonstrates that real economic growth from year to year may be ascertained by computing the additional value of products and services using the base year's pricing for items. (In 2022, Bank Indonesia)

The value of a product before processing is added to the value per unit after processing to get gross value added, or WJ. The difference between the input and output values can be used to calculate added value. The product of the number of products produced and the product price of the commodities is the input value. In contrast, output value is the total worth of the goods and services generated during a specific time frame, typically a single year (Mankiw, 2003). WJ and GRDP have a substantial and positive association. Accordingly, as WJ rises, GRDP will be impacted in the same way as the value addition

Methods

Panel data regression analysis is an econometric analysis technique that was employed in this study's analytical approach. The secondary data utilised, which includes GDP figures for the tourism industry, employment figures, and travel expenditures, was acquired from BPS West Java Province. Panel data is a type of data that combines time series and cross section data (Kushendar, 2022). During the years 2013–2023, cross-section data was collected from five districts of West Java City: Bandung, Sukabumi, Cianjur, Bogor, and West Java City. The final report on the analysis of WEST JAVA tourist expenditure provided the number of tourists, the population statistics for WEST JAVA provided the number of workers, BPS provided GDP data at constant prices, and BPS provided the tourism gross value added.

Results and Discussion

Table t test results

Variable	Coef.	P>z	A
WJ Tourism (million rupiah)	8,586	0,000	0,05
Number of Workers (people)	20,383	0,008	0,05
Number of Tourists (people)	0,05	-0,435	0,000

Source: Data processed by Stata 14

WJ tourism significantly and favourably affects the GRDP. Data processing results indicate that $P > |z| < \alpha$, with a value of $0.000 < 0.05$. The GRDP is positively and significantly impacted by the quantity of workers. Data processing results indicate that $P > |z| < \alpha$, with a value of $0.008 < 0.05$. In the meanwhile, the GRDP is significantly impacted negatively by the amount of tourists. Data processing results indicate that $P > |z| < \alpha$, with a value of $0.000 < 0.05$. The influence of the independent factors on the dependent variable collectively is then examined using the Table 8 F test. The data processing results for this study demonstrate that the independent variables' combined effects on the dependent variable. This indicates that, for a value of $0.000 < 0.05$, $\text{Prob} > \chi^2 < \alpha$.

Table F Test Results

Prob > chi2	A	Description
0,0000	0,05	Significant

Source: Data processed by Stata 14

The R2 value of 0.8588 is explained in Table 8 by the data processing outcomes.

This indicates that the GRDP variable can be explained by 85.88 percent of the WJ Tourism variables, labour force, and visitor count. There are other factors influencing the remaining 14.11 percent.

The Impact of Labour Force Size on Gross Domestic Product

The findings of the study demonstrate that GRDP is positively and significantly impacted by the changing number of workers. For every additional person, the number of workers contributes 20.383 million rupiah to the GDP. This implies that the contribution to GRDP will rise in proportion to the number of workers who are absorbed or granted worker status. According to Yusuf et al. (2023), in accordance with these findings, labour absorption might happen in proportion to the availability of jobs for people who would subsequently be registered as workers.

Table The Influence of the Number of Workers on the GRDP of Each Regency/City

Regency/City	Coef	P>t
Sumedang	219,21	0,008
Bandung City	203,28	0,024
Garut	41,41	0,102
Sukabumi	53,15	0,038
Cianjur	54,25	0,144

Source: Data processed by researchers

Two of the five districts/cities in West Java, according to an analysis of each one, demonstrate that the quantity of workers has little bearing on GRDP. The statistical relationship between GRDP and Cianjur and Garut regencies is favourable, but not statistically significant. As can be observed, $P > |t|$ values for Cianjur and Garut regencies are 0.144 and 0.102, respectively.

According to the data gathered, Garut Regency and Cianjur Regency generally had oscillations with a declining tendency from 2013 to 2023. The Covid-19 epidemic and the years 2013–2023 saw the most decrease. Over those three years, Cianjur Regency saw an average drop of 24,44,158 population. In contrast, the average decline in Garut Regency was as high as 2,665,253 individuals. The other three districts, which had an average population of less than 100,000, saw a decrease in the number of workers during the pandemic in contrast to these two areas.

The Impact of Tourist Volume on Gross Domestic Product

The study's findings demonstrate that tourism has a large and detrimental impact on GRDP. This indicates that the GRDP will decrease by 0.435 million rupiah for every additional tourist. According to Mulyadi (2022), the Covid-19 epidemic had a detrimental impact on GRDP as a result of the volume of tourists. According to this research, the study's time frame, which was 2019–2021, also corresponded with the occurrence of COVID-19. Restrictions on the number of foreign visitors accessing other countries' boundaries have a negative impact on the gross domestic product (GDP) since they reduce the number of foreign tourists visiting other countries. In addition, foreign visitors did not spend much during the pandemic because they were mostly invited. Certain tourist destinations have seen an increase in the number of domestic visitors. This, however, is not consistent with the reduction that has taken place, and the low amount of money spent by domestic tourists also has an impact on the amount of money received from tourism (Adinugroho, 2015).

Table The Influence of the Number of Tourists on the GRDP of Each Regency/City

Regency/City	Coef	P>t
Sumedang	0,2064	0,655
Bandung City	-1,151	0,056
Garut	-0,008	0,858
Sukabumi	0,250	
Cianjur	-0,153	0,531

Source: Data Diolah Stata 14

Table 12 demonstrates that just two districts have a positive impact on GRDP and that all other cities and districts have no discernible impact on GRDP. This is consistent with data showing that the amount of visits from tourists, both local and foreign, has been significantly impacted by the Covid-19 outbreak. The most tourists have visited Sumedang Regency in the past ten years, with 10.35 million visiting the area in 2019. However, during the epidemic, visitor numbers sharply declined, with as few as 425,000 visitors—the lowest number of visits recorded throughout the whole research year. Cianjur District is another district that is going through the similar thing.

This is a setback for Cianjur's tourism industry, which offers a variety of travel experiences. The number of tourists who came in 2020 fell short of 1.28 million. In fact, the number of tourists fell even lower in 2021 to 156,804 from 1.88 million in 2020, following a relaxation of restrictions on communal activities. The other three districts saw a similar decline in tourists as Cianjur Regency and Sumedang Regency, with conditions essentially being the same. -a drop of 200,000 tourists on average.

Conclusion

Due to its multisectoral nature, tourism is today a viable alternative industry for economic growth in developing nations like Indonesia. In addition to the growing number of foreign travel destinations in Asia, Indonesia offers tremendous potential for tourism development. Travellers can take pleasure in Indonesia's cultural diversity and natural beauty. One of them is located in West Java and offers breathtaking views of the land, sea, and sky. Further research is necessary to identify development issues that facilitate the expansion of the tourism sector. The expansion of the tourism sector and its effects on the economy are the main topics of this study. The processing and analysis of the data reveals that the number of workers, visitors, and tourism variables all have a major impact on the gross domestic product (GRDP) from

2013 to 2023. The number of workers and tourism both positively affect GRDP, while the number of tourists negatively affects it.

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