

The Effect of Tourism Revenue on Community Welfare through Economic Growth

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ABSTRACT

This study aims to determine the direct influence of tourism income on the well-being of the population and the indirect impact of tourism income on public welfare through economic growth. The research utilizes secondary data sourced from the Central Statistical Authority of Surabaya and the Regional Revenue Authority of Surabaya, Indonesia, covering the years 2013 to 2022. The methodological approach adopted for this study is linear regression, incorporating intervening variables to assess these relationships. The analysis reveals that tourism income has a significant positive impact on the well-being of the population when considered directly. This direct influence is substantial, indicating that higher tourism revenue correlates strongly with improved living standards for the people of Surabaya. Additionally, when examining the indirect effects, the study finds that tourism income also positively impacts public welfare through the channel of economic growth. However, this indirect impact, while significant, is of lower magnitude compared to the direct influence. Overall, the findings suggest that promoting tourism can be a robust strategy for enhancing the well-being of the population in Surabaya. The dual pathways—directly through income and indirectly via economic growth—highlight the multifaceted benefits of a thriving tourism sector for public welfare.

Keywords: Tourism income; public welfare; economic growth

INTRODUCTION

Tourism is an activity that is often done by the community in filling the vacation period to be able to refresh the mind in order to improve concentration. In contrast to tourism, tourism is a place where people can do vacation activities such as parks, museums, beaches, squares, and other vacation areas. The definition of the tourism sector is a leading sector for various countries such as Indonesia, which has a factor that can increase Indonesia's foreign exchange.

Therefore, the Surabaya City government is striving for tourism to become one of the leading industries currently in the city of Surabaya in order to increase economic growth in the city of Surabaya. Therefore, the Surabaya City government is creating and improving tourist areas in Surabaya City to attract tourists to spend their free time and vacation in Surabaya City. The number of tourist attractions can increase the number of visits and automatically increase tourism revenue due to the number of local and foreign tourists. The following is data on tourism revenue from entertainment tax, hotel tax, and restaurant tax in 2019-2022, namely:





Figure 1. Entertainment, Hotel, Restaurant Tax Data of Surabaya City in 2019-2022

Source: Surabaya City Regional Revenue Agency, 2023

Tourism revenue can be obtained from entertainment tax, hotel tax, and restaurant tax. It can be seen from the figure above, that revenue in 2020 and 2021 has decreased quite a lot from the previous year. This is because in early 2020 until the end of 2021 the co-19 pandemic occurred and the government implemented a more formalized policy, namely large-scale social restrictions (PSBB) or what is usually called *lockdown*. Where from the determination of the PSBB the community is not recommended to carry out activities outside the home and many public places are closed or prohibited from serving the community by the government. And in 2021, it has entered a *new normal* period, the government has begun to try to increase tourism again to restore and increase regional economic income by building or fixing tourist attractions that are rarely visited. The economy of Surabaya City began to experience rapid growth and was even higher than the economic growth of East Java Province and the National. The increase occurred due to labor-intensive activities, cooperation between hotels and restaurants, and other programs. And the welfare of the community also increases due to the number of tourists who come to the city of Surabaya for tourism and can try and buy some culinary and work / crafts done by the community around the tourist spot.

Tourism in East Lampung has the potential to improve the welfare of the community and change the stigma that it is an area with many tourist destinations. To accelerate the desired image change, East Lampung's regional work units (SKPD) must demonstrate creativity, innovation, hard work, and collaboration with the private sector. Thus, it can be concluded that economic growth and community welfare in East Lampung are positively and significantly influenced by tourism revenue (Susi Sulastri & Eka Pariyanti, 2019).

LITERATURE REVIEW

Economic Growth

Economic growth is economic development related to the production of goods and services that are legal in the country and can be measured by the growth in real national income that has been achieved. The calculation used is per capita income in the country's own currency or in US dollars but only for comparison. Because if you use per capita in US dollars or countries that have a high nominal currency, it will be much more difficult for relatively poor countries (Sadono Sukirno, 3rd Edition, 2013).

Community Welfare

Public welfare is an effort made by an individual or institution that contributes to the welfare of society in terms of material and action, so that these activities can better direct the community to become more adequate in fulfilling life and can provide security and comfort for the community (Bentham, 1748-1832).

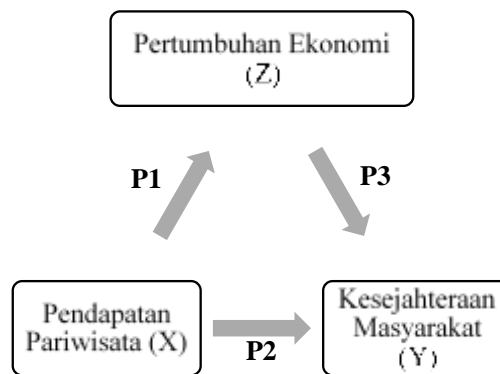
Tourism Revenue

Tourism revenue itself is taken from local taxes, therefore taxes must be paid by citizens who meet the requirements to be called taxpayers. Where people who have taxpayers must have an obligation to pay taxes in accordance with the provisions stipulated in the law which can be forceful so that it has sanctions for those who violate (Indonesian Law Number 28 of 2009).

METHODS

The method used by the author is path analysis where according to Ghozali (2018) path analysis can be done without changing the actual value and proportion even though it uses a simple unit value through the transformation of the natural logarithm form.

The following research flow can be explained as follows:



Gambar 2. Research Path Diagram

Description:

P1 : Tourism Revenue to Economic Growth

P2 : Tourism Revenue on Community Welfare

P3 : Tourism Revenue on Community Welfare through Economic Growth

There is also a sobel test which aims to determine whether the dependent variable is indirectly or through intermediate variables influenced by the independent variable (Ghozali, 2018). In this study using a sobel calculator to determine the results of the sobel test.

RESULTS AND DISCUSSION

Multicollinearity Test

Table 1. Multicollinearity Test Results

Variables	VIF
Tourism Revenue	1,012
Economic Growth	1,012

Source: SPSS data processed, 2024

In testing multicollinearity obtained tourism revenue and economic growth in testing the value of community welfare has a smaller $VIF < 10$, it is considered that tourism revenue and economic growth does not occur multicollinearity.

Normality Test

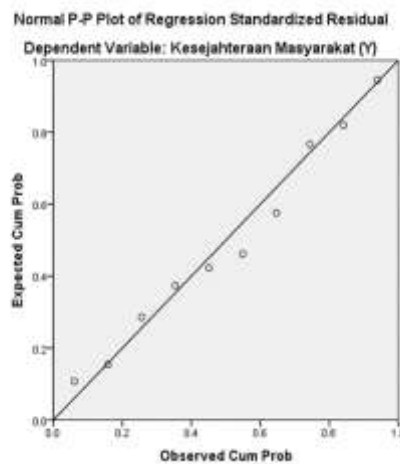


Figure 3. Normality Test Results

Source: SPSS data processed, 2024

In accordance with the analysis that has been carried out, it can be seen that the points on the p-plot graph above have a tendency to spread around the diagonal line, so the data can be said to have followed a normal distribution based on the normality test.

Heteroscedasticity Test

Table 2. Heteroscedasticity Test Results

Variabels	Sig.
Tourism Revenue	0,511
Economic Growth	0,934

Source: SPSS data processed, 2024

In testing heteroscedasticity, the Spearman correlation test was chosen for this study, namely if $\text{sig.} > 0.05$ on the independent variable, it means that the model will be free from heteroscedasticity. So in the results above, both variables have a sig. value greater than > 0.05 , so it can be concluded that the two variables do not occur heteroscedasticity.

Autocorrelation Test

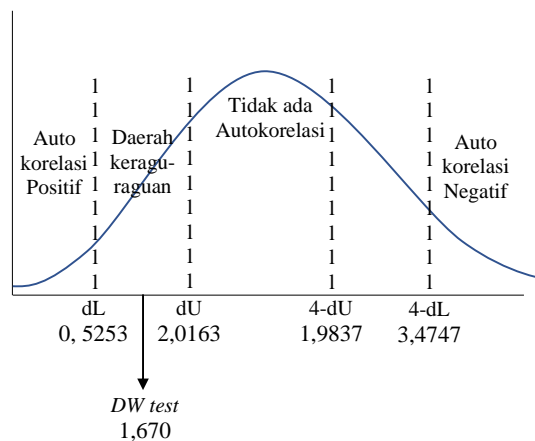


Figure 4. Autocorrelation Test Results

Source: SPSS data processed, 2024

From the results of the curve above, the location of DW is between d_L and d_U , so the data used in this study is in the doubt area. To further confirm whether or not autocorrelation occurs, the *Runs test* must be carried out.

Runs Test

	Unstandardized Residual
Test Value ^a	-.13661
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	6
Z	.000
Asymp. Sig. (2-tailed)	1.000

a. Median

Figure 5. Runs Test Results

Source: SPSS data processed, 2024

Decision making from the *Runs Test* can be seen from the Asymp. Sig. (2-tailed) < 0.05 there is autocorrelation, if the Asymp. Sig. (2-tailed) > 0.05 there is no autocorrelation. According to the results of the calculation on the *Runs Test*, the value of Asymp. Sig. (2-tailed) of $1.000 > 0.05$, there is no autocorrelation.

Hypothesis Testing

The results of the effect of tourism revenue on community welfare through economic growth in Surabaya City are as follows:

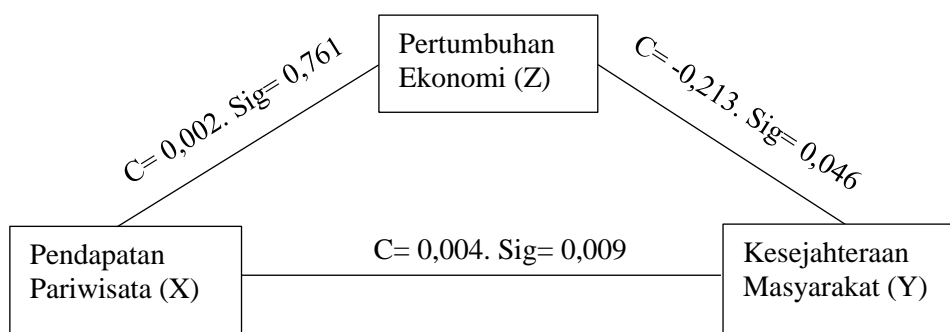


Figure 6. Results of Research Path Diagram

Source: SPSS data processed, 2024

From the results obtained we can see that tourism revenue affects the welfare of the community with a constant level of 0.004 and a significance level of 0.009 which is smaller than 0.05, this results in that tourism revenue has a direct effect on community welfare in Surabaya City with a large value.

While tourism income on community welfare through economic growth with a constant level of -0.213 and a significance level of 0.046 which is smaller than 0.05, thus tourism has an indirect effect on community welfare through economic growth in Surabaya City with a small value. This explanation is also reinforced by the results of the sobel test calculation using the sobel calculator.

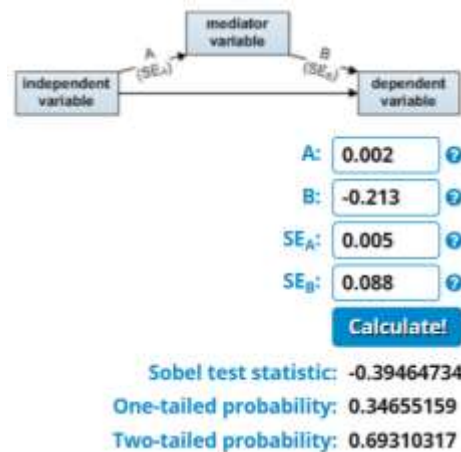


Figure 7. Sobel Calculation Results

Sumber: Output Kalkulator Sobel Test, 2024

In the sobel test, it can be seen that z count is -0.3946 and z table is - 0.3632 (negative sign is adjusted to the output of Z count). So z count is greater than z table indicating that the above statement is true that tourism revenue has an indirect effect on community welfare through economic growth in Surabaya City.

Discussion

Tourism Revenue through Economic Growth as an intervening variable has an effect on Community Welfare in Surabaya City from 2013 to 2022, but the indirect effect is smaller than the direct effect of tourism revenue on community welfare. Because tourism revenue is more able to have a direct impact on the community such as creating jobs, increasing local businesses, income distribution, improving infrastructure, educational opportunities, community participation in tourism, developing capacity to open new opportunities, promoting culture, and preserving traditions. Likewise, what can be provided from indirect impacts through economic growth such as job creation, increasing local businesses, income distribution, infrastructure development, improving public services, cultural preservation, environmental protection,

From the results of the discussion above, this research is not the same as the results of references from previous studies because in previous studies the results given were the relationship between tourism sector revenues had a positive and significant impact on community welfare and economic growth. And this study has the result that tourism revenue has a direct effect on community welfare with a considerable value and tourism revenue contributes indirectly to community welfare through economic growth with a value that tends to be smaller.

CONCLUSION

Tourism Revenue through Economic Growth as an intervening variable affects Community Welfare in Surabaya City in 2013-2022. The effect of Tourism Revenue on Community Welfare is directly caused by the impact of tourism which can be directly felt by the community in finding jobs available at existing tourist attractions. Indirectly through Economic Growth also affects Tourism Revenue on Community Welfare although the level of influence is smaller than the direct effect of Tourism Revenue on Community Welfare.

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