

## Contribution of the Tourism Sector and Economic Growth in Banyuwangi Regency

Kushariyadi<sup>1</sup>, Hadi Prayitno<sup>2</sup>, Nur Salma<sup>3</sup>, Juwita Magdalena Sitanggang<sup>4</sup>

<sup>1</sup> Politeknik Energi dan Mineral Akamigas, Indonesia

<sup>2</sup> Politeknik Penerbangan Surabaya, Indonesia

<sup>3</sup> Universitas Mitra Indonesia

<sup>4</sup> Politeknik Mandiri Bina Prestasi, Indonesia

Correspondence Authors: hariyadikus@gmail.com

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### Abstract

The purpose of this research is to determine the Contribution of the Tourism Sector to Economic Growth in Banyuwangi Regency. The method used in this research is qualitative research with field research type. Field research is one way to collect data directly from the location or object of research. This type of research is generally conducted by observing, interviewing, or measuring and sampling. The location of this research is in Banyuwangi Regency, specifically in the tourist attractions of Pulau Merah Beach and Teluk Hijau. As for the interviewees, they are employees of the Tourism Office and residents around the tourist attractions. The results of this study indicate that the tourism sector is an economic sector that has great potential in contributing to the economic growth of a country and region. Tourism can create jobs, increase foreign exchange earnings, and strengthen local economic growth. Based on the research findings, it can be concluded that the development of tourism in Banyuwangi Regency contributes to the local economy and community directly.

**Keywords:** Tourism sector, economics, Banyuwangi regency

### INTRODUCTION

The tourism sector is one of the economic sectors that has great potential in contributing to the economic growth of a country. Tourism can create jobs, increase foreign exchange earnings, and strengthen local economic growth. From existing data, the growth of the tourism sector globally continues to increase. According to data from the World Tourism Organization (UNWTO), the number of international tourists in 2019 reached 1.5 billion people, an increase of 4% compared to the previous year. Of that number, around 50% came from Asia and the Pacific. The increase in the number of international tourists has a direct impact on the growth of the tourism sector in various countries in the world (Amadea, 2019).

To see the contribution of the tourism sector to a country's economy can be seen from various aspects such as from the foreign exchange income side. Tourism is one of the sectors that can generate foreign exchange for a country. Data from UNWTO (Amanda, 2019) Showing that total international tourist spending in 2019 reached USD 1.5 trillion, an increase of 4% compared to the previous year. The increase in tourist spending has a positive impact on a country's foreign exchange earnings.

In addition, the tourism sector also has a positive impact on local economic growth. Tourism drives the growth of supporting sectors such as transportation, hospitality, food and beverages, and other sectors. For example, with tourism, the hotel and restaurant industry can grow rapidly because more tourists come to an area. Increased tourism activity also drives the growth of the service sector such as tour guides, car rentals, and other sectors (Zulfah, 2022). Tourism can also create jobs for local communities. From existing data, the tourism sector in Indonesia contributes around 13% of the

total national workforce. Jobs created by the tourism sector are not only limited to the tourism sector itself, but also to supporting sectors such as agriculture and handicrafts. In addition, tourism can also be an opportunity for local residents to earn additional income by opening businesses in tourist attractions (Yakup & Haryanto, 2021).

The positive impact of tourism for the local area is on the development of infrastructure in a region because with tourism, the government can increase accessibility by building highways or airports. In addition, the government can improve facilities and infrastructure, such as public facilities, parks, and tourist attractions. This can improve the quality of life of local people and strengthen the tourist attraction of an area. Until now, the tourism sector has been a means of promotion and branding of a country or region. With attractive tourism, countries or regions become better known and recognized internationally. Promotions carried out through the tourism sector can attract tourists to come and visit.

However, behind its positive contribution, the tourism sector also has negative impacts that need to be considered. Tourism can cause environmental degradation due to increased waste volume and greenhouse gas emissions. In addition, tourism can also cause damage to the cultural and historical heritage of an area due to irresponsible tourist activities. Therefore, sustainable tourism management is very important to maintain the environmental and cultural sustainability of an area. In this case, the role of the government is very important in developing the tourism sector. The government can develop policies that support the development of sustainable tourism, such as infrastructure development, improving the quality of human resources, developing digital tourism, and so on. In addition, the government can also collaborate with the private sector, the community, and other stakeholders to develop tourism sustainably.

In 2021-2022, the tourism sector is projected to make a significant contribution to Indonesia's income. According to data from the Central Statistics Agency (BPS), in the first quarter of 2021, the contribution of the tourism sector to Indonesia's Gross Domestic Product (GDP) reached around 4.22% or IDR 101.79 trillion. This figure shows an improvement compared to the first quarter of 2020 which only reached 2.54% due to the COVID-19 pandemic. The contribution of the tourism sector to Indonesia's GDP is influenced by the increasing number of tourists and the improving purchasing power of the community. Meanwhile, according to the Ministry of Tourism and Creative Economy (Kemenparekraf), in 2021-2022, Indonesia's tourism sector is expected to make a significant contribution to Indonesia's income. In the 2021-2025 National Tourism Action Plan, Kemenparekraf targets to increase the number of foreign tourist visits (wisman) and domestic tourists (wisnus) and increase income from the tourism sector (Taupikurrahman, 2022).

In an effort to increase the contribution of the tourism sector to Indonesia's income, the Ministry of Tourism and Creative Economy has made various efforts, including expanding the tourist market, improving the quality of services, and strengthening Indonesia's branding as a leading tourist destination in Southeast Asia. In addition, the Ministry of Tourism and Creative Economy also runs programs such as Wonderful Indonesia Go Digital, which is an effort to increase tourist access to Indonesia through digital platforms, as well as the development of tourist villages as a form of community-based tourism development (Suryani et al., 2022).

According to data from the Ministry of Tourism and Creative Economy, in 2020, Indonesia's tourism sector experienced a significant decline due to the COVID-19 pandemic. The number of foreign tourist visits only reached around 2.7 million, down around 75.88% compared to the previous year. However, despite the decline in the number of foreign tourist visits, the contribution of the tourism sector to the Indonesian economy is still quite large. The Ministry of Tourism and Creative Economy itself is targeting that in 2021-2022, the number of foreign tourist visits can reach around 4.5 million foreign tourists, while the number of domestic tourist visits will reach around 265 million. With the increasing number of foreign and domestic tourist visits, it is hoped that there will be an

increase in income from the tourism sector (Suharsono et al., 2021).

Sugita & Wisnawa (2021) explained that the Ministry of Tourism and Creative Economy is targeting to develop quality tourism products and explore new tourism potential in areas that have not been properly developed. That way, the tourism sector is expected to provide an increasing contribution to Indonesia's income. However, there are still several obstacles that need to be overcome in an effort to increase the contribution of the tourism sector to Indonesia's income. One of them is the problem of infrastructure that is still inadequate, such as limited transportation access to certain areas. In addition, there is still a lack of availability of qualified workers in the tourism sector (Sugita & Wisnawa, 2021).

To overcome these obstacles, synergy is needed between the government, private sector, and community. The government can increase investment in infrastructure development that supports tourism, such as improving roads and airports. The private sector can help improve the quality of services and develop innovative tourism products. Meanwhile, the community can help in managing and promoting tourism in their respective regions. With good cooperation between the government, private sector, and community, it is hoped that the tourism sector can continue to grow and provide greater contributions to Indonesia's income. In addition, the tourism sector can also be a major driver of Indonesia's economic growth and can have a positive impact on improving people's welfare.

This is in line with the research results (Aliansyah & Hermawan, 2021) where the research results show that the number of hotel rooms, the number of restaurants, government spending in the tourism sector, and the number of tourists have a positive effect on economic growth in West Java. While the research results (Yakup & Haryanto, 2021). That tourism has a positive effect on economic growth and vice versa economic growth has a positive effect on tourism. Other factors that influence tourism demand in Indonesia are the exchange rate and inflation.

Meanwhile, for the province of East Java In 2021, the tourism sector managed to contribute around 5.5% of the total gross regional domestic product (GRDP) of East Java province. This figure shows a significant increase compared to the previous year, where the tourism sector only contributed around 4.8% of the total GRDP of East Java. For 2022, the tourism sector in East Java is expected to continue to grow and provide an even greater contribution to regional income. The East Java government is committed to continuing to improve the quality of tourist attractions in the area and developing new, more innovative tourism products.

In addition, the government also plans to improve tourism supporting infrastructure, such as repairing damaged roads and improving existing transportation facilities. This is expected to increase tourist accessibility to various tourist attractions in East Java. In addition, the government is also trying to improve the quality of services in the tourism sector, such as improving training for workers in the tourism sector and improving the quality of accommodation and other facilities related to tourism.

With these efforts, it is hoped that the tourism sector in East Java can continue to grow and provide greater contributions to regional income. Along with the increasing contribution of the tourism sector, it is also expected to improve community welfare and open up new opportunities for economic development in the region.

## **RESEARCH METHOD**

The method used by researchers in this study is a qualitative research method with a field research type. Field research is one way to collect data directly from the location or object of research (Murdiyanto, 2020). This type of research is generally conducted by conducting observations, interviews, or taking measurements and samples (Darmawan, 2013).

The following are the stages carried out by the researcher in this research:

- Determining the objectives and research problems: Researchers must determine the objectives and research problems they want to study. This aims to give researchers direction and focus in data collection. The purpose of this study is to determine the contribution of the tourism sector and economic growth in Banyuwangi Regency.
- Determining the research location: After determining the objectives and research problems, researchers must determine the research location that is relevant to the objectives and research problems. The research location can be determined based on available data sources, characteristics of the research object, and accessibility of the location, namely in Banyuwangi Regency.
- Determining data collection techniques: After determining the research location, researchers must determine data collection techniques that are in accordance with the objectives and problems of the research. Data collection techniques can be in the form of observation, interviews, or sampling. The observations conducted by researchers were at the Tourism Office, Pulau Merah Beach and Teluk Hijau. As for interviews with subjects of the Tourism Office staff or employees and the guards of the tourist attractions.
- Data analysis: After the data is collected, the researcher conducts data analysis to find answers to the objectives and problems of the research. Data analysis can be done using statistical techniques or qualitative analysis. In this study, the researcher used qualitative analysis.
- Presenting research results: The research results are presented in the form of a research report that describes the research results in detail. This research report is in the form of a research article.

## **RESULTS AND DISCUSSIONS**

Banyuwangi Regency is one of the regencies located at the eastern tip of Java Island, in the East Java Province. This regency is known as the "sunrise of Java" because of the beauty of the sunrise that can be enjoyed from several places in Banyuwangi. With an area of 5,800 km<sup>2</sup>, Banyuwangi has potential that can be developed in the tourism sector, especially in the fields of the sea, mountains, and nature. Banyuwangi has many interesting tourist destinations and offers different experiences, such as beautiful beaches, stunning waterfalls, and pristine natural beauty. In addition, Banyuwangi also has several tribes including the Javanese, Madurese, and Osing tribes. The existence of these tribes can support the development of tourism through their respective cultures. The Banyuwangi Regency government has launched the development of the tourism sector as the leading sector of regional economic development in the last 10 years. This aims to improve community welfare and reduce poverty. Since its launch, the development of the tourism sector has continued with various efforts and programs implemented by the local government (Mukaffi & Tri Haryanto, 2022).

The development of the tourism sector requires integration of various potential resources. In Banyuwangi, the process of developing the tourism sector includes integration of natural potential, population, and culture. Natural potential in Banyuwangi has become a tourist destination by reaching 65 beach points such as Alas Purwo, G-Land, Pulau Merah, Pantai Boom and others. In addition, artificial potential is also used as a tourist destination such as AIL Tourism and others. Both of these potentials are integrated with the richness of cultural and religious treasures in Banyuwangi, such as Gandrungsewu and Kampong Osing. Culture and religion are interesting tourist attractions to visit. With this integration, tourists can experience the beauty of nature, culture, and religion in Banyuwangi as a whole

Based on data from (<https://banyuwangikab.go.id>, 2023). In recent years, Banyuwangi Regency has made tourism a leading sector in regional development. This is evident from the rapid

increase in the number of tourist visits every year. Tourist visits to Banyuwangi have increased in the last 10 years, both domestic and foreign. However, in 2020 when the pandemic emerged, tourist visits to Banyuwangi, both domestic and foreign, experienced a significant decline. Domestic tourist visits fell 76% from 5.3 million visits in 2019 to 3 million visits in 2020. Likewise, foreign tourist visits were recorded at 101 thousand visits in 2019 to drastically decrease to 27 thousand in 2020.

From the results of an interview with one of the employees of the Tourism Office in Banyuwangi Regency, information was obtained that tourism in the area has experienced rapid development in the last five years. This is evidenced by the increasing number of tourist visits in 2022 which reached 2.5 million, which indicates a significant increase compared to previous years. This phenomenon certainly has a major impact on regional revenues, especially in terms of increasing income from the tourism sector. Therefore, the Banyuwangi Regency Government continues to strive to improve the quality of tourism in this area, including through the development of supporting infrastructure, more intensive tourism promotion, and improving the quality of services for visiting tourists. That way, it is hoped that tourism in Banyuwangi Regency can continue to develop and provide greater benefits to the community and the region as a whole.

This is reinforced by research results (Ariani et al., 2020) (Ariani et al., 2020) which the results of the study show that the tourism sector of Banyuwangi Regency has good growth with competitive advantages and specialization from other sectors. This means that it increasingly strengthens that tourism is one of the important sectors in the economy of a region, especially for areas that have great tourism potential. While the results of the study (Mukaffi & Tri Haryanto, 2022) that the number of tourists, number of hotels, number of restaurants, number of tourist attractions and Purchasing Power Per Capita have a positive and significant influence on the GRDP of Banyuwangi Regency.

Meanwhile, the results of interviews with residents around tourist attractions, such as on the beaches of Pulau Merah and Teluk Hijau, found that the community was very happy and supported the Banyuwangi Regency Government to continue to improve promotion and infrastructure to tourist attractions. This is due to the positive impact felt by the community, especially in the field of economic income. The existence of these tourist attractions greatly helps increase the income of the surrounding community. This positive impact can be seen from the increase in the number of visitors coming to tourist attractions in Banyuwangi. This certainly has a positive impact on the regional economy, because the more tourists who come, the more income will be obtained by the community and the region. In addition, with the increasing number of tourist visits, it is hoped that it can also have a positive impact on the development of small and medium businesses around tourist attractions.

In terms of infrastructure, residents also strongly support the Banyuwangi Regency Government to continue to improve the quality of infrastructure leading to tourist attractions. Adequate infrastructure, such as good roads, comfortable transportation, and easy accessibility, will make it easier for tourists to come to these tourist attractions. In addition, with adequate infrastructure, it is expected to improve public services around tourist attractions, so that tourists feel more comfortable and safe during their visits.

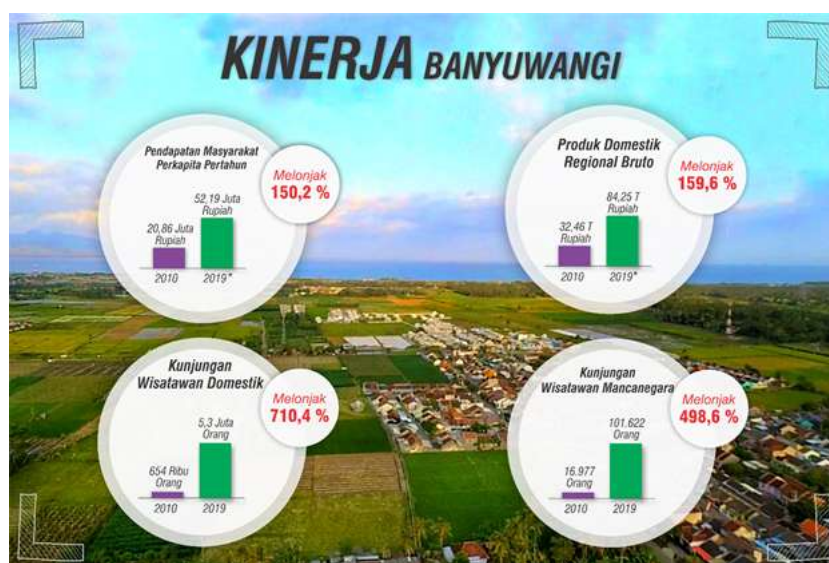
However, tourism development must be carried out by paying attention to the sustainability of the environment and local culture. The Banyuwangi Regency Government must ensure that tourism in this area is carried out in a responsible and sustainable manner, so that the existing tourism potential can continue to be maintained for the future. According to residents, to date in an effort to maintain the sustainability of tourism, the Banyuwangi Regency Government has implemented various programs and policies, such as improving waste management, developing environmentally friendly tourist areas, developing tourism products based on local culture, and so on.

The interview results above are in accordance with research findings (Putra et al., 2019) where



the results of the study show that in general the assessment of tourists, business actors, and workers on the condition of tourist attractions is ranked moderate and good except for the aspect of tourist attraction management. The results of the study also show that Watu Dodol beach has a real economic impact on the surrounding community. The economic impacts provided are direct, indirect, and induced impacts. And also the results of the study (Zulfah, 2022). That in the economic sector, the existence of tourism sites can provide benefits such as opening up employment opportunities and business fields, both directly and indirectly, both before and after tourism activities.

Meanwhile, Banyuwangi Regency performance data can be seen from the following images and tables:



Data Source: <https://banyuwangikab.go.id/profil-daerah/kinerja>

No	Indicator	Year						Data Unit	Data source
		2016	2017	2018	2019	2020	2021		
1	Human Development Index	69.00	69.64	70.06	70.06	70.62	71.38		Central Bureau of Statistics
2	Purchasing Power Index	0.74	0.74	0.75	0.76	0.76	0.76		Central Bureau of Statistics
3	Health Index	0.77	0.77	0.77	0.78	0.78	0.78		Central Bureau of Statistics
4	Education Index	0.58	0.59	0.59	0.59	0.59	0.61		Central Bureau of Statistics

5	Expenditure per Capita per Year	11,171,000	11,438,000	11,828,000	12,264,000	12,140,000	12,217,000	RP	Central Bureau of Statistics
6	Life Expectancy	70.11	70.19	70.34	70.54	70.65	70.72	Year	Central Bureau of Statistics
7	Average Years of Schooling (MYS)	6.93	7.11	7.12	7.13	7.16	7.42	Year	Central Bureau of Statistics
8	Expected Years of Schooling (EYS)	12.55	12.68	12.69	13.78	13.8	13.10	Year	Central Bureau of Statistics
9	Gender Development Index	n/a	86.20	86.44	86.81	86.66	0.78	**	Central Bureau of Statistics

The picture and table above show that development in Banyuwangi has not only had an impact on infrastructure and the economy, but also on increasing the Human Development Index (HDI). In recent years, Banyuwangi has succeeded in increasing the HDI significantly. In 2021, the HDI of Banyuwangi Regency reached 71.38, an increase of 0.76 points compared to the previous year. This increase was also followed by an increase in its constituent components such as Life Expectancy which increased from 70.65 years in 2020 to 70.72 in 2021. In addition, the average length of schooling, expected length of schooling, and per capita expenditure also increased. This increase in the HDI shows that development in Banyuwangi has succeeded in achieving its target of improving people's welfare. The Banyuwangi regional government has made various efforts to increase the HDI such as increasing access to education and health, as well as improving infrastructure and improving the economy. With the increase in the HDI, it is hoped that the quality of life of the Banyuwangi community will also increase. In addition, this increase in the HDI is also a special attraction for Banyuwangi tourism. Tourists can see firsthand how development in Banyuwangi has a positive impact on the welfare of the community and the surrounding environment. This can increase tourists' awareness to contribute to regional development when they visit Banyuwangi.

## CONCLUSION

Based on the findings and discussions above, it can be concluded that the tourism sector is an economic sector that has great potential in contributing to the economic growth of a country and region. Tourism can create jobs, increase foreign exchange earnings, and strengthen local economic growth. Based on the research findings, it can be concluded that the development of tourism in Banyuwangi Regency contributes to the regional economy and society directly. Therefore, the Banyuwangi Regency Government must continue to strive to improve the quality of tourism in a responsible and sustainable manner, so that the existing tourism potential can continue to be maintained for the future.

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