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The Influence of the Tourism Sector and the Absorption of MSMEs on Economic Growth in the Province of Bali in 2015-2019 (Case Study: 9 Regencies/Cities)

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Abstract

This study aims to determine the influence of tourism sector and absorption of MSME workforce on economic growth. The data used in each variable is secondary data on the number of foreign tourists, the number of restaurants and restaurants, the average length of stay, the absorption of MSMEs, and GDP in Bali. The data was obtained from panel data from 9 regencies/cities in Bali province namely Jembrana, Tabanan, Badung, Gianyar, Klungkung, Buleleng, Bangli, Karangasem, and Denpasar for 5 years from 2015-2019. Data analysis techniques using regression analysis using Random Effect Model based on Hausman test. The results showed that the number of foreign tourists, the number of restaurants and restaurants had a positive and significant effect on GDP. Meanwhile, for the average length of stay has a positive and insignificant effect on GDP And the absorption of msme sector labor has a negative but insignificant effect on the GDP district / city d Bali Province.

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Sektor Pariwisata dan Penyerapan Tenaga Kerja UMKM terhadap Pertumbuhan Ekonomi. Data yang digunakan pada tiap variable adalah data sekunder tentang jumlah wisatawan mancanegara, jumlah restoran dan rumah makan, rata-rata lama menginap, penyerapan tenaga kerja UMKM, dan PDRB di Bali. Data diperoleh dari data panel dari 9 Kabupaten/Kota yang ada di Provinsi Bali yaitu Jembrana, Tabanan, Badung, Gianyar, Klungkung, Buleleng, Bangli, Karangasem, dan Denpasar selama 5 tahun dari tahun 2015-2019. Teknik analisis data menggunakan analisis regresi dengan menggunakan Random Effect Model berdasarkan uji Hausman. Hasil penelitian menunjukkan bahwa jumlah wisatawan mancanegara, jumlah restoran dan rumah makan berpengaruh positif dan signifikan terhadap PDRB. Sementara itu untuk rata-rata lama menginap berpengaruh positif dan tidak signifikan terhadap PDRB. Dan penyerapan tenaga kerja sector UMKM berpengaruh negative namun tidak signifikan terhadap PDRB kabupaten/kota d Provinsi Bali.

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INTRODUCTION

Economic growth is a dynamic process of the condition of a country on an ongoing basis during a certain period. Economic growth also has another meaning, namely increasing the production capacity of an economy which can be seen from the increase in the national income of a country. In economic development, economic growth is one of the most visible indicators in analyzing economic development that occurs in a country. One way to measure economic development and growth is to look at national income. The indicator of national income that is often used in measuring economic development and growth is the Gross Domestic Product. GDP is a measure of national income and output for a particular country's economy in a given period.

The Central Statistics Agency (BPS) noted that Indonesia's economic growth rate was 5.02% throughout 2019. Although the percentage growth was at 5%, the pace of realization slowed compared to economic growth in 2018 which reached 5.17%. Several provinces, one of which is Bali, also experienced fluctuating growth rates. Table 1.1 below is the data on the GRDP growth rate of the Province of Bali by Field of Business from 2015-2019.

Table 1 GRDP Growth Quarterly Bali Province (y-o-y) By Business Field (Percent) 2015-2019

Kabupaten/Kota (Regencies/Cities)		Tahun (Year)				
	2019	2018	2017	2016	201 5	
Provinsi Bali	5,60	6,31	5,56	6,33	6.03	

Sumber: Badan Pusat Statitik Provinsi Bali

Bali's economic growth was recorded at 5.6% in the third quarter of 2019 (year-on-year), or slower than growth in 2018 which was 6.31%. It can be concluded that the level of economic growth in Bali from 2015-2019 experienced ups and downs every year. The slowdown in Bali's economic performance was mainly due to the incompatibility with the 2018 World Bank IMF Annual Meetings, and the construction project work was not as

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big as in 2018, thus hampering construction and investment performance. On the other hand, only three regencies/cities whose economic growth is above Bali Province, namely Denpasar, Badung and Gianyar. The remaining 6 other districts are still below the average economic growth of Bali Province. This means that the economic growth of Bali Province is only driven by three regencies/cities.

Currently, Indonesia's economic growth is driven by several sectors that continue to develop and show an increase in increasing Indonesia's income. One of the sectors that is the largest industry for economic growth is the tourism sector. The government implements various efforts so that the tourism sector continues to develop from time to time. This is because the tourism sector has a contribution to state/regional revenue and labor revenues. Tourism has a positive role in economic growth from several sides (Weng & Wang, 2006). First, the tourism sector plays a role in generating foreign exchange in order to obtain capital goods as the basic material for production activities. (Mckinnon, 1964). Second, tourism development can affect infrastructure whose capital comes from investment (Yakup, 2019). Third, the development of the tourism sector provides a stimulus to economic sectors outside the tourism sector through direct, indirect, or induced economic impacts (Dwyer et al., 2004). Fourth, tourism that continues to develop contributes to providing job opportunities and increasing the country's foreign exchange (Lee et al., 1996)). Fifth, the tourism sector tends to lead to positive economies of scale. Tourism can also be used as an alternative for disseminating technical knowledge, encouraging research and development, and accumulating human capital (Sugivarto et al., 2003).

It can be seen that in 2019 as many as 20 million foreign tourists (tourists) visited Indonesia with incoming foreign exchange/income of Rp. 280 trillion (15% of GDP) an increase of 1.88% from 2018. In addition, tourism also contributes to employment in 2019 which reached 12.6 million workers (10% of the total population). The contribution of the hotel and restaurant trade sector to the tourism industry is also not inferior to the country's economy because it always increases from year to year. One of the reasons for the increase in the country's economy is the tourism sector in Bali. The number of tourists visiting the province of Bali continues to increase from year to year, both foreign tourists and domestic tourists.

Table 2 Number of Foreign Tourists to Bali, 2015-2019

Tahun	Provinsi Bali		
Year	Total	Growth (%)	
2015	4.001.896	6,24	
2016	4 927 937	23,14	
2017	5 697 739	15,62	
2018	6 070 473	6,54	
2019	6 275 210	3,37	

Sumber: Badan Pusat Statistik Provinsi Bali

Based on the Central Statistics Agency (BPS) of Bali province, the number of tourist visits from 2015-2019 continues to increase. Judging from the data above, the number of tourists grew by about 23.14% in 2016 and increased by 15.62% (-7.52%) in 2017. In 2018 the number of tourist visits grew by about 6.54% and increased by around 3. 37% (-3.17%) in 2019. However, the problem in this situation is that Bali's economic growth rate is not as high as the growth rate of tourism and other supporting sectors (such as industry and transportation). The question expressed in this study is how much influence the number of foreign tourists, the number of domestic tourists, the average length of stay of foreign guests, and the hotel occupancy rate affect the economic growth of the province of Bali.

With the progress of the times, economic growth and development plays a very important role in increasing regional economic income, including community welfare. The role of micro, small and medium enterprises (MSMEs) is very important for a region. Especially as one of the areas driving economic growth. In addition, MSMEs have an important role in helping to solve the problem of unemployment, poverty alleviation

and equitable distribution of income. Given the strategic role of MSMEs and the limited ability of MSMEs to develop, currently the development of small businesses is one of the strategies taken by the Government in the context of economic growth.

The role of MSMEs is not only important for a country, but also has an important role for an area of the country, one of which is the Province of Bali with the capital city of Denpasar. The development of the tourism sector will also influence economic development, including MSMEs. Micro, Small and Medium Enterprises (MSMEs) in the Bali area have increased from year to year. The high growth of MSMEs in Bali has a positive impact in terms of employment, equitable development and its results, especially in the economic sector and increasing Gross Regional Domestic Income. The Ministry of Tourism and Creative Economy noted that the creative industry contributed around Rp. 989 trillion to the 2017 national GDP, or around 7.28 percent. The contribution of this sector actually continues to increase where in 2017 it grew 5.07 percent. In addition, the creative industry provides 17.7 million jobs or around 14.61 percent of the national employment rate. Creative industry workers receive an average salary of 2.23 million rupiah.

Table 3 Data Development of Micro, Small, Medium Enterprises (MSMEs) Based on Number of Business Units in Bali Province in 2015-2019

Kabupaten/Kota	Tahun				
	2019	2018	2017	2016	2015
Provinsi Bali	327353	325971	313787	290650	265558

Sumber: Dinas Koperasi dan UMKM Provinsi Bali

MSMEs in areas / cities in Bali the number of trade sectors is different from one another. This is because the leading sector in each district/city has various criteria and innovations. In Table I.1 it can be seen that the number of MSMEs in Bali from 2015-2019 continues to grow. Based on data from the Department of Cooperatives and MSMEs at the end

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of 2018, the number of MSMEs in Bali reached 325,971 business units (7.71% of the 4.2 million population), an increase from the previous year which amounted to 313,787, followed by an entrepreneurship ratio of 8.38% higher than the national one. only 5%. However, behind the very high growth of MSMEs in Bali, there are obstacles it faces, namely the lack of MSME capital and lack of awareness of human resources so that the level of absorption of labor in the MSME sector is still limited.

In addition, digital MSMEs in a number of areas in Bali are still lame, making it difficult for the sector to onboard or expand sales channeling to market places. Regions that have a high level of financial and digital literacy include Denpasar, Badung, and Gianyar, Meanwhile, other regions/districts/cities are still quite low. So that the employment rate is also not evenly distributed in each district/city. This makes the government continue to explore programs to improve the quality of human resources who are creative and can compete widely. With the intention of not only increasing the demand for labor in the MSME sector but also creating employment opportunities for the community.

The development of small businesses in the province of Bali has the potential to be developed into a business that has the potential to carry out economic activities in the province of Bali. The condition of local natural resources and the creativity of the community in the field of arts and crafts contribute to the development of SMEs and the improvement of the surrounding community. The development of small businesses in the province of Bali goes hand in hand with the development of the tourism industry. This combination will be able to create something new, namely in this case a small industry (crafts) which is one of the businesses of various businesses that are developing in the Bali region.

Therefore, based on the explanation above, this study aims to discuss "The Influence of the Tourism Sector and MSME Employment on Economic Growth in Bali Province in 2015-2019 (Case Study: 9 Regencies/Cities)"

METHOD

The method used in this research is a quantitative research method with a descriptive approach. Descriptive method is used to determine the value of a variable independently, either one or more variables, without making comparisons or connecting one variable to another. The data analysis technique used is panel data regression and data processing tools using the Eviews 9 program.

This data is data collected in a certain time and place. The time series data used are 2015-2019 and cross section data of 9 districts/cities in Bali Province.

This study has three variables that become the object of research where economic growth is the dependent variable (Y). While the independent variables are the Tourism Sector (X1) and MSME Employment (X2)..

RESULTS AND DISCUSSION

Based on the results of selecting the best model from panel data regression in this study, the model used is the Random Effect Model (REM). Table 4 shows the results of the Chow test and table 5 shows the results of the Hausman test.

Tabel 4. Hasil Uji Chow

	J			
Probabilitas F		Hipotesis Uji Chow	Keterangan	
0.0000		Probabilitas < alpha	Model FEM	
		(0,05)		

Based on table 4 shows that the value of Prob. F has a value of 0.0000 which means it is smaller than 0.05. This explains that the best model in this study is FEM.

Tabel 5. Hasil Uji *Hausman*

Probabilitas F	Hipotesis Uji		Uji	Keterangan
	Hausman			
0.1938	Probabilitas	>	alpha	Model REM
	(0,05)			

Based on table 5 shows that the value of Prob. F has a value of 0.1938 which means it is greater than 0.05. This explains that the best model in this study is REM.

After knowing that the best model used is the REM model, the results of the panel data estimation can be obtained as follows:

Tabel 6. Estimasi Model Regresi Dependent Variable:PDRB

Variable	Std. Coefficient Error	t-Statistic I	Prob.
C LOGWISMAN LOGRM LOGRLM LOGPTK	3.381030 0.191389 0.080068 0.025097 0.126050 0.028405 0.027486 0.079288 -0.001661 0.044455	3.190333 4.437536 0.346662	0.0000 0.0028 0.0001 0.7307 0.9704
R-squared	0.512459	-	

In table 6 above, it can be seen that the regression results for the development inequality model between regions are as follows:

LOGPDRBit = 3.381030 + 0.080068LOGWISMAN+0.126050LOGRM+0.027486LOGRLM + (-0.001661LOGPTK) + e

The results of the above equation can be concluded that foreign tourist visits to the GRDP of Bali district have a coefficient of 0.08 and a probability of 0.0028 which is smaller than 0.05 so it is significant with sig. 5%. The effect of the number of restaurants and restaurants around tourist destinations on the GRDP of Bali Regency has a coefficient of 0.126 with a probability of 0.0001 less than 0.05 so it is significant with a sig value. 5%. The effect of the average length of stay of guests on the GRDP of Bali district has a coefficient of 0.027 4 and a probability of 0.7307 greater than 0.05. The effect of PTK in the MSME sector on GRDP in Bali district has a coefficient of -0.0016 with a probability of 0.9704, so it is not significant with a sig value of 5%. This means that every 1% increase/decrease in MSME PTK does not significantly affect the increase/decrease in the GRDP figure.

Foreign Tourists

Tourists are people who carry out tourism activities (Law number 10 of 2009). So in this sense foreign tourists are all people who travel outside

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their home country. The number of foreign tourist visits is one indicator to measure the success of the tourism industry which has an impact on the community and local government.

In accordance with the TLGH theory that has been discussed previously, the indicators of the tourism sector can be measured based on the number of foreign tourist arrivals. The greater the number of tourists visiting the area, of course, during their stay/stay, tourists have to shop for goods/services as supplies and souvenirs. The greater the expenditure of tourists for goods and services in the destination country, it will certainly encourage local economic growth

The results of this study indicate that the regression coefficient is 0.08 and the probability is 0.0028 less than 0. This means that the number of foreign tourists has a positive and significant effect on the GRDP of Bali Regency. This study is in line with research conducted by Ivanov & Webster (2007) which shows that there is a positive relationship between the tourism sector and economic growth, can make a significant contribution to local economic growth because it generates income/foreign exchange that can be used to import capital goods which will produce goods and services that will later lead to economic growth. On the basis of these contributions, the tourism industry is considered to be more developed in the future as the most important factor for the acceleration and expansion of globalization.

Restaurants and Restaurants

Restaurants and restaurants are commercial companies whose field of activity is providing food and drinks for the public, especially tourists who come to the area. (Novitri, 2014). Of course, in this case, restaurants and restaurants are the main supporting factors in developing the local tourism sector.

Population growth and an increase in the number of tourists have an impact on increasing food consumption and needs. This growth provides opportunities for business stakeholders to open restaurants or places to eat and there is increasingly fierce competition marked by demand and the emergence of new competitors. Therefore, the tourism industry cannot be separated from restaurant or restaurant service providers in the formation of GRDP. A sufficient number of restaurants can provide incentives from restaurant taxes, thereby increasing regional GRDP.

The results showed that the regression coefficient of the number of restaurants and restaurants was 0.126 with a probability of 0.0001 less than 0.05 so it was significant with a sig value. 5%. ($\alpha = 0.05$ or 0.1) and has a positive effect on the GRDP of Bali Regency. The results of this study are in line with research conducted by Ni Luh Gde Ana Pertiwi (2017) and Helmi Aliansyah (2019) which states that the number of restaurants has a positive and significant effect on GRDP. Because the establishment of an adequate number of restaurants can provide benefits through hotel and restaurant taxes, of course this causes an increase in GRDP.

Length of stay

Length of stay/stay of tourists refers to the number of days or length of stay of foreign tourists outside their place of residence. The factor of length of stay/stay of tourists is one of the factors that determine the amount of foreign exchange received from the travel industry. The time a tourist spends in a tourist area will increase his consumption level. The Nawawi theory states that expenditure originating from tourism is a source of income for local governments, tourism entrepreneurs and the tourism community.

The results of this study indicate that the regression coefficient of the variable Average Length of Stay of Guests is 0.0274 and the probability is 0.7307 is greater than 0.05, so it is not significant with a sig value of 5% (a = 0.05) on the GRDP of Bali Regency. This means that the length of stay of tourists has a positive but not significant effect on GRDP. In line with research conducted by Fadhila (1967) and Aneldus & Dewi (2020) that the length of stay of tourists has a positive and insignificant effect because there is a possibility that tourists can go to relatives or close relatives and do not always stay at hotels or there are wild villas that have not been inaugurated. by the district/city government. Or this can happen because tourism in the area is monotonous so tourists only stay at hotels without doing tourism activities that can encourage economic growth.

Employment Absorption of MSMEs

MSMEs are independent productive business departments, run by individuals or business entities in various economic sectors. In principle, the difference between micro enterprises (UMI), small enterprises (UK), medium enterprises (UM) and large enterprises (UB) is usually based on the initial asset value (excluding land and buildings), on average per year. turnover, Or the number of permanent workers. However, the definition of MSMEs based on these three measuring tools varies in each country.

Absorption of labor explains the demand for labor related to the number of workers needed by certain companies or agencies, this labor demand is influenced by changes in wage levels and changes in other factors that affect demand for production products, including fluctuations in market demand for products, production of the company concerned, is reflected in the large volume of production, and the price of capital goods.

The results of this study indicate that the regression coefficient of the MSME Labor Absorption variable is -0.0016 with a probability of 0.9704 greater than 0.05, so it is not significant with a sig value of 5% ($\alpha = 0.05$)) on the GRDP of Bali Regency, negative but not significant to GRDP because the increase in the number of high MSME labor absorption, but not followed by a strong competitive ability, will not have a significant impact on local regional income...

In line with research conducted by Saefurrahman et al., (2017) that the labor absorption variable has a sig value of 0.303 which is greater than the sig value of 0.05 (5%) which means that employment in this sector has no effect on economic growth, it can be concluded that can accept Ho, and reject Ha. This explains that if there is an increase in labor absorption by 1%, it will reduce economic growth by 30.3%. This is in accordance with the classical economic theory pioneered by Adam Smith. In which, there are factors that influence economic growth, namely, total output growth and population growth. Meanwhile, human resources or labor is a passive role in the process of output growth.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the discussion of the results of the analysis regarding the number of foreign tourist visits, the number of restaurants and restaurants, the average length of stay, and the absorption of MSME workers to the GRDP of districts/cities in Bali Province, among others:

- 1. The number of foreign tourist visits has a significant influence on the GRDP of the Regency/City in the Province of Bali in 2015-2019. The results of this variable provide a positive coefficient.
- 2. The number of restaurants and restaurants has a positive and significant impact on the GRDP of the Regency/City in the Province of Bali in 2015-2019.
- 3. The average length of stay has a positive but not significant effect on the GRDP of the Regency/City in the Province of Bali in 2015-2019.
- 4. The absorption of MSME workers has a negative and insignificant effect on the GRDP of the Regency/City in the Province of Bali in 2015-2019

Suggestion

- 1. Local governments should continue to promote tourism in the surrounding area, provide guidance and communication to the tourism industry so that the contribution of the number of foreign tourists visiting continues to increase every year so that regional income from the tourism sector continues to increase.
- 2. Local governments are expected to be able to work together with restaurant and restaurant owners should increase the quantity and quality of the number of restaurants and restaurants that match the tastes of tourists because food and drinks are the main supporting factors in tourist trips to meet the basic needs of tourists who come.
- 3. The government should implement a hotel and restaurant tax collection system through an online system so that hotel managers can pay 10% tax on time to the local revenue office. In addition, the local government must also pay attention to and foster the managers of illegal hotels and villas by visiting and registering hotels and villas that have not been registered with the administration.
- 4. Local governments should pay attention to the quantity and quality of MSMEs and support the existence of MSMEs so that they continue to develop both small, medium and micro business units so that they can survive in the midst of very tight competition so that more and more workers are needed if MSME products can be of interest to the public.

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