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The Influence of the Tourism Sector and Local Economic Development on Regional Original Income (PAD) in Central Lombok Regency

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ABSTRACT

This study aims to determine the influence of the tourism sector and local economic development as seen from the number of tourist visits, the number of hotel rooms, and the number of MSMEs on the Regional Original Income (PAD) in Central Lombok Regency for the period 2002-2023. This study uses secondary data obtained from the Central Statistics Agency (BPS), the Cooperatives and SMEs Service, and regional financial reports for a certain period. The analysis method used is an associative quantitative approach using time series data. The analysis employs Multiple Linear Regression, Classical Assumption Testing, and Hypothesis Testing. The study's results indicate that the number of hotel rooms and the number of MSMEs exert a positive yet insignificant influence, however the number of tourist visits has a positive and significant impact on the regional original revenue in Central Lombok Regency. Concurrent analyses indicate that the independent variables exert a positive and significant impact on the regional original income of Central Lombok Regency, accounting for 91.38% of the variance, with the remainder attributable to other factors.

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1. INTRODUCTION

As a developing country with abundant natural resources, Indonesia should utilize this potential effectively and efficiently to improve welfare and prosperity. The optimal utilization will facilitate the attainment of national development objectives, as articulated in the Preamble to the 1945 Constitution, specifically to safeguard the nation, ensure prosperity, and enhance the quality of life for its citizens. One important aspect in supporting these goals is through the management of Regional Original Income (PAD), which provides flexibility to local governments in implementing regional autonomy. Based on Law No. 32 of 2004, local governments have the right to obtain funding from various sources, such as regional taxes, levies, results of managing regional wealth, and profit sharing from natural resources. Effective PAD reflects the ability of local governments to explore and manage local potential to support regional economic development.[1].

Central Lombok, as one of the regencies in West Nusa Tenggara (NTB) Province, has great potential to be developed, especially in the tourism sector. With its extraordinary natural and cultural wealth, as well as the Mandalika special economic zone (KEK), Central Lombok has a great opportunity to become a new center of economic growth. Its natural beauty, such as the famous Kuta Mandalika Beach, and the strong local culture, are the main attractions for domestic and foreign tourists. Therefore, the development of the tourism sector in Central Lombok is expected to contribute significantly to increasing PAD and the local economy.

Source: Directorate General of Fiscal Balance

Based on the graph shown, it can be seen that in general the realization of Local Revenue in Central Lombok Regency has developed every year, but in certain years there has been a decline which is indicated to come from the many obstacles in attracting the Local Revenue. Local Revenue in Central Lombok Regency has experienced an increasing trend from 2002-2023. The highest increase in PAD was in 2017, which was 286 billion rupiah, and from 2022 to 2023, namely from 238 billion rupiah to 262 billion rupiah. This was driven by the development of the tourism sector, especially thanks to the Mandalika Special Economic Zone (KEK) which attracts tourists through international events such as MotoGP, thus increasing revenue from hotel taxes, restaurants, and tourism levies. In addition, better infrastructure support, such as road access and public facilities, facilitates economic activities. Other sectors such as trade, agriculture, and MSMEs also contribute through more optimal management, while the effectiveness of regional tax and levy collection by the government also increases regional income.

Tourism is one sector that has great potential in exploring Regional Original Income (PAD). One way to optimize PAD is to manage the tourism sector effectively [2]. Tourism encompasses a range of operations associated with the management of tourist sites and attractions, along with many ancillary enterprises within this sector. The tourism sector not only provides economic benefits, but also social benefits for local communities. Its positive impacts can even change people's lives in various aspects [3].

The close relationship between the tourism sector and PAD lies in the sector's ability to increase regional income through various channels, such as domestic and international tourist visits. The tourism sector also drives consumption in related sectors such as hotels, restaurants, transportation, and entertainment, which can generate taxes and levies that contribute directly to PAD [4].

In Central Lombok Regency, the number of tourists visiting continues to increase, along with the development of tourism infrastructure and promotion of leading destinations such as the Mandalika Special Economic Zone (KEK).

Local Original Income (PAD) serves as a primary source of regional financing, significantly impacted by the tourism sector. Besides the volume of tourist visits, the availability of hotels in a region significantly contributes to the enhancement of PAD [5]. Hotels are the main accommodation facilities that are greatly needed by tourists during their visits, so the availability of the number of hotels and hotel rooms is an important indicator in assessing the capacity of the hotel industry in an area. The increasing number of hotel rooms is expected to create a more conducive investment environment, which in turn attracts more investors, especially in the hotel sector. Therefore, it is important for local governments to create easy procedures and reduce bureaucracy in order to facilitate incoming investment, as well as increase the contribution of the tourism sector to PAD [6].

Micro, Small and Medium Enterprises (MSMEs) make a significant contribution to Regional Original Income (PAD) in addition to the number of tourists and hotels [7]. The growth of MSMEs drives local economic activity, increases demand for products and services, and diversifies regional economies, reducing dependence on certain sectors [8].

This study seeks to ascertain the impact of tourist visits (X1), hotel room availability (X2), and the number of MSMEs (X3) on the PAD of Central Lombok Regency from 2002 to 2023.

2. LITERATURE REVIEW

2.1 Locally-Generated Revenue

Article 1, Number 18 of Law Number 33 of 2004 defines Regional Original Income (PAD) as revenue generated by regions from within their jurisdiction, collected pursuant to Regional Regulations in compliance with applicable laws, and derived from the local economy, categorized into four types of income: Regional Taxes, Regional Levies, Management of Separated Assets, and Other Legitimate Income. Regional Original Income (PAD) is defined as income obtained from taxes, levies, and other legitimate sources of income. In general, the purpose of PAD is to provide regions with access to funds used in implementing regional autonomy policies as a form of decentralization. PAD can be an indicator of the financial strength of regional governments, which functions to reduce dependence on the central government [9]. According to [10] states that Regional Original Income is "Regional original income refers to revenue derived from tax outcomes, retribution results, and other lawful regional revenues, intended to grant regions the ability to secure funds for the execution of regional autonomy, reflecting the notion of decentralization".

2.2 Tourist Visits

In the Law of the Republic of Indonesia Number 10 of 2009 concerning Tourism, it is written that tourists are people who go on tours. While tourism is a person who travels temporarily to enjoy the beauty of existing tourist attractions, both from the beauty of natural and artificial tourist attractions to have fun, relax, rest, seek peace, learn the uniqueness of tourist attractions and improve spiritual and physical freshness from the hustle and bustle of daily activities [11].

Tourist visits are the number of people who undertake tourism activities by traveling to a place with the aim of having fun, seeking a beautiful atmosphere with the beauty of the tourist attraction, seeking peace of mind, visiting relatives, attending meetings, seeking knowledge, and to learn about the culture or natural resources around.

2.3 Hotel Room

The Regional Tourism Office defines a hotel as a commercial establishment offering lodging in designated rooms within a building or section thereof, where individuals can reside, dine, and access various services daily for a fee, with the objective of generating profit.

A hotel is a place that provides various facilities for staying, resting temporarily, eating and drinking, relaxing, and other activities such as meetings and shows. Hotels have various classifications, such as starred hotels, non-starred hotels, guesthouses, guest houses, and other types of accommodation.

2.4 MSMEs

Micro, Small and Medium Enterprises (MSMEs) are one of the productive business sectors managed by individuals or business entities with certain criteria as micro, small and medium enterprises. MSMEs can be defined as companies owned and managed by individuals or small groups, with certain levels of income and assets.

In general, MSMEs still face several challenges in facing increasingly competitive business competition, such as limited capital in terms of both quantity and sources, inadequate managerial capabilities, low operational creativity, and suboptimal productivity.

3. METHODS

3.1 Types of Research and Data Sources

This study uses an associative quantitative approach with time series data with a research period from 2002 - 2023. This approach focuses on numerical data (numbers) processed using statistical methods.

This study uses secondary data obtained, either from literature, or previous related studies. The data used in this study comes from data that has been published to the public through official institutions that have been established such as the Central Statistics Agency (BPS) of Central Lombok Regency, and regional financial reports for a certain period of time and the Cooperatives and SMEs Service of Central Lombok Regency.

3.2 Multiple Linear Regression Analysis

According to [12], multiple linear regression analysis is a forecasting tool used to evaluate the impact of two or more independent variables on a dependent variable, hence determining the existence of a functional relationship among them. From the previous explanation on the grouping of research variables that have been discussed above, the following research model is made:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta 3 X3 + e}$$

Information:
Y= Local Original Income
X1= Number of Tourist Visits
X2= Number of Hotels
X3= Number of MSMEs
β_0 = Intercept or constant
β_1. β_2. $\beta 3$ = Regression coefficient
e = Error term (disturbing error)

3.3 Classical Assumption Test

The classical assumption test in time series data analysis seeks to verify that the employed regression model satisfies the validity criteria. The normality test is conducted to confirm that the residuals follow a normal distribution; the multicollinearity test seeks to ascertain the absence of a strong linear correlation among independent variables; the heteroscedasticity test is performed to validate the constancy of residual variance; and the autocorrelation test, crucial for time series data, aims to ensure that the residuals lack a serial correlation among observations.

3.4 Hypothesis Testing

Hypothesis Testing include Partial Tests, such as the t-test, simultaneous tests, including the F-test, and the Determination Coefficient, denoted as R^2. The t-test evaluates the effect of individual independent variables on the dependent variable, whereas the f-test examines the combined effect of all independent variables on the dependent variable, assuming that the f-test results in regression analysis demonstrate statistical significance. [13] and [14] indicated that the coefficient of determination measures the percentage contribution of the independent variable to the dependent variable, expressed as a percentage.

4. RESULTS AND DISCUSSION

4.1 Data Analysis Results

1. Multiple Linear Regression Analysis

Dependent Variable: Y
Method: Least Squares
Date: 12/09/24 Time: 01:48
Sample: 2002 2023
Included observations: 22

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.53E+09	1.19E+09	2.126422	0.0476
X1	55278.70	14215.85	3.888526	0.0011
X2	876689.0	2533601.	0.346025	0.7333
X3	63780.48	50939.36	1.252086	0.2266

R-squared	0.913805	Mean dependent var	1.28E+10
Adjusted R-squared	0.899439	S.D. dependent var	8.24E+09
S.E. of regression	2.61E+09	Akaike info criterion	46.36859
Sum squared resid	1.23E+20	Schwarz criterion	46.56696
Log likelihood	-506.0544	Hannan-Quinn criter.	46.41532
F-statistic	63.60956	Durbin-Watson stat	1.077002
Prob(F-statistic)	0.000000		

Source: Eviews 12, Processed

Based on the table above, the results of the multiple regression equation are:

Y = 2534535899.49 + 55278.7049367*X1 + 876689.043665*X2 + 63780.4794572*X3 + e

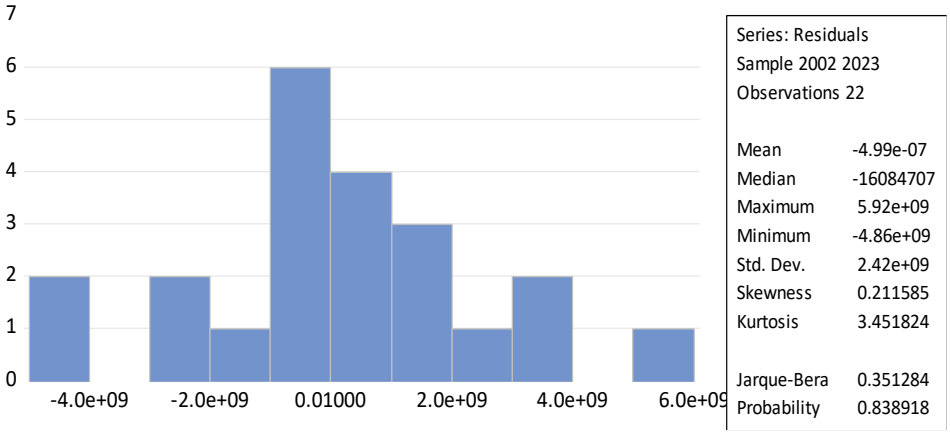
Based on the equation above, it can be explained as follows:

1. Constant (β_0) The constant value of 2534535899.49 means that if all independent variables of Number of Tourist Visits, Hotel Rooms, and MSMEs are assumed to remain constant or unchanged or equal to zero (0), then the Regional Original Income (PAD) in Central Lombok during the observation period 2002-2023 will remain at IDR 2,534,535,899.49.
2. Regression Coefficient of Number of Tourist Visits (β_1) The coefficient of Number of Tourist Visits has a value of 55278.70 with a positive regression relationship direction. If the variable Number of Tourist Visits increases by one person, then PAD will also increase by Rp55,278.70.

3. Regression Coefficient of Number of Hotel Rooms (β_2) The coefficient of the variable Number of Hotels has a value of 876689.0 with a positive regression relationship direction. If the variable Number of Hotel Rooms increases by one unit, then PAD will also increase by Rp876,689.0.
4. Regression Coefficient of the Number of MSMEs (β3) The coefficient of the variable Number of MSMEs has a value of 63780.48 with a positive regression relationship direction. If the variable Number of MSMEs increases by one unit, then PAD will also increase by Rp63,780.48.

4.2 Classical Assumption Test

1. Normality Test



Source: Eviews 12, Processed

Based on the test results table above using the Eviews 12 program, the JB probability is 0.838918, so it can be concluded that the JB probability value is greater than alpha 5% (0.8389 > 0.05), meaning that the data in this study is normally distributed and has met the Normality Test.

2. Multicollinearity Test

Variance Inflation Factors
Date: 12/09/24 Time: 02:02
Sample: 2002 2023
Included observations: 22

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	1.42E+18	4.576670	NA
X1	2.02E+08	17.92504	7.533564
X2	6.42E+12	27.90504	10.10017
X3	2.59E+09	16.89365	3.928810

Source: Eviews 12, Processed

Based on the test results above using the Eviews 12 program, it is known that the VIF value of Variable X2 (> 10) while the VIF value of Variable X1 & X3 (< 10) then it can be concluded that the model used has symptoms of multicollinearity or the assumption of the multicollinearity test is not met, because there is one of the independent variables that has a VIF value greater than 10. Therefore, a healing method is carried out using Data

Transformation on Variable X2 which experiences symptoms of multicollinearity.

After Data Transformation
Variance Inflation Factors
Date: 12/09/24 Time: 02:49
Sample: 2002 2023
Included observations: 22

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	1.43E+18	4.563813	NA
X1	82616411	7.281283	3.060189
SINX2	9.32E+17	1.304359	1.120568
X3	1.94E+09	12.58213	2.926118

Source: Eviews 12, Processed

After Data Transformation is carried out, the VIF Value of the Independent Variables entered into the model has a VIF value (<10), so it can be concluded that the data does not show symptoms of multicollinearity or the assumption of the multicollinearity test has been met.

3. Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey
Null hypothesis: Homoskedasticity

F-statistic	8.570487	Prob. F(3,18)	0.0010
Obs*R-squared	12.94059	Prob. Chi-Square(3)	0.0048
Scaled explained SS	10.61972	Prob. Chi-Square(3)	0.0140

Source: Eviews 12, Processed

The Probability Obs*R-squared value is 0.0048 (<0.05), indicating that the data exhibits signs of heteroscedasticity or that the assumptions of the heteroscedasticity test are not satisfied. Therefore, a healing method is carried out using Log Data Transformation.

After Data Transformation
Heteroskedasticity Test: Breusch-Pagan-Godfrey
Null hypothesis: Homoskedasticity

F-statistic	0.266000	Prob. F(3,18)	0.8490
Obs*R-squared	0.933930	Prob. Chi-Square(3)	0.8172
Scaled explained SS	0.755756	Prob. Chi-Square(3)	0.8600

Source: Eviews 12, Processed

After Data Transformation, the Obs*R-squared Probability Value has a value of 0.8172 (> 0.05), so it can be concluded that the data does not show symptoms of heteroscedasticity or the assumption of the heteroscedasticity test has been met.

4. Autocorrelation Test

F-statistic	2.265484	Prob. F(2,16)	0.1360
Obs*R-squared	4.855168	Prob. Chi-Square(2)	0.0882

Source: Eviews 12, Processed

Based on the test results using the Eviews 12 program, the Obs*R^2 probability value obtained in the Breusch-Godfrey method is 0.0882 which is greater than alpha 5% (0.0882 > 0.05), so there is no autocorrelation symptom in the model. The autocorrelation test is met.

4.3 Hypothesis Test

1. Partial Test (T-Test)

The partial test or t-test basically shows how far the independent variables individually explain the dependent variable [15].

a) Variable X1 has a positive coefficient with a probability value of 0.0011 < 0.05, so it can be concluded that variable X1 has a significant effect on PAD.
b) Variable X2 has a positive coefficient with a probability value of 0.7333 > 0.05, so it can be concluded that variable X2 does not have a significant effect on PAD.
c) Variable X3 has a positive coefficient with a probability value of 0.2266 > 0.05, so it can be concluded that variable X3 does not have a significant effect on PAD.

2. Simultaneous Test (F Test)

The regression analysis indicates Prob. (F-Statistic) values of 0.0000 (<0.05), allowing for the conclusion that the Independent Variables (X), specifically the Number of Tourist Visits (X1), Number of Hotel Rooms (X2), and Number of MSMEs (X3), exert a significant simultaneous effect on the Dependent Variable, Regional Original Income (Y).

3. Determinant Coefficient (R2)

Based on the regression results above, the adjusted R-Squared value was found to be 0.9138, which indicates that all independent variables have an influence of 91.38% on the dependent variable, namely Regional Original Income (PAD) and the rest is influenced by other variables.

Discussion

1. The Influence of the Number of Tourist Visits on Regional Original Income

The study's findings indicate that the volume of tourist visits to Central Lombok Regency positively and significantly influences Regional Original Income.

In line with research conducted by [16] shows that Padang City has several tourist attractions that are quite diverse so that tourists have various tourist attractions that they will visit. The data indicates that the hotel occupancy rate, tourist count, and amount of tourist attractions significantly influence Padang City's PAD from 2003 to 2012.

2. The Influence of the Number of Hotel Rooms on Regional Original Income

The study's findings indicate that the quantity of hotel rooms in Central Lombok Regency exerts a positive yet minor influence on Regional Original Income.

The findings of this study align with research by [17], indicating that the hotel occupancy rate partially demonstrates a positive and significant correlation with the increase in Regional Original Income. Additionally, research by [18] revealed that the number of hotel rooms has a positive yet insignificant impact on Local Revenue (PAD) in Magelang Regency. This is due to the low hotel occupancy rate even though the number of rooms has increased, as well as the

suboptimal management of tourism to support direct contributions to PAD.

3. The Influence of the Number of MSMEs on Regional Original Income

The study's findings indicate that the quantity of MSMEs in Central Lombok Regency exerts a positive although minor influence on Regional Original Income.

The findings align with research by [19], indicating that micro, small, and medium enterprises (MSMEs) do not significantly affect the original regional income of Malang Regency. Conversely, research by [20] demonstrates that while MSMEs contribute substantially to the local economy, their impact on Local Original Income (PAD) is frequently constrained. This is due to the lack of support from broader policies, such as infrastructure development and strong regional promotion. In addition, MSMEs often face challenges in terms of access to global markets, capital, and effective marketing, which limits their capacity to contribute more to increasing PAD.

5. CONCLUSION

According to the problem description, hypothesis, results, and discussion, it can be inferred that the extent of the impact of Regional Original Income in Central Lombok Regency from 2002 to 2023 is as follows:

1. Tourist visits have a partial positive and significant effect on Regional Original Income in Central Lombok Regency in 2002-2023.
2. Hotel rooms have a partial positive and insignificant effect on Regional Original Income in Central Lombok Regency in 2002-2023.
3. MSMEs partially have a positive and insignificant effect on Regional Original Income in Central Lombok Regency in 2002-2023.
4. Tourist Visits, Hotel Rooms, and MSMEs simultaneously have a significant influence on Local Original Income in Central Lombok Regency in 2002-2023.

SUGGESTION

This study provides strategic insights for local governments and tourism stakeholders on the steps that need to be taken to increase the contribution of the tourism sector to PAD such as identifying policy priorities, the government can focus on variables that have the most significant influence, increasing the efficiency of tax collection and developing sustainable tourism.

For further researchers, it is expected to develop the research that has been conducted, improve the quality of research and expand or add research objects to variables that are related to factors that influence economic growth.

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