

Sustainability Objective of Tourism Industry Investment in Original Income Recovery in Indonesia

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ABSTRACT

The purpose of this study is to explain whether directly or indirectly the variables of economic growth and the regional minimum wage (UMR) on original income in Indonesia (GDP) through the variable amount of investment in the tourism sector. In this study, the independent variable is the variable of economic growth and the regional minimum wage (UMR), while the dependent variable is original income in Indonesia (GDP) and the intervening variable is the variable amount of investment in the tourism sector. The data obtained in this study are data on Indonesia's economic growth, Indonesian UMR data, Indonesian GDP data and investment data in the tourism sector for 2016-2020 using the path analysis method. The research method used in this study is a quantitative descriptive research method using path analysis with Based on the results of research analysis, the conclusion of this study is that partially the economic growth and UMR variables have a significant effect on the GDP variable and the investment variable in the tourism sector. Simultaneously, the variables of economic growth and the minimum wage have an effect on the GDP variable through the investment variable in the tourism sector. Through the results of research that has been stated that good economic growth, data will increase good GDP, where economic growth and increased GDP, economic growth and increased GDP will be able to increase investment in tourism, where this investment will indirectly increase GDP in tourism and will boost economic growth. If the UMR increases, it will increase productivity, so that it will be able to increase GDP and at the same time boost economic growth, and vice versa if the UMR does not increase, then productivity will decrease and GDP will decrease and this will result in a decrease in economic growth.

Keywords: Economic Growth, Minimum Wage, Investment In Tourism, And GDP.

INTRODUCTION

Indonesia is one of the countries that have different cultures, where each region that has different cultures and cultures has an area that is prioritized to become a tourism area whose area is well prepared, so that later it can be used as terms and conditions. can be used as a priority tourism place by the Government. Priority tourism is a tourism place that will be created or managed which is a priority to be worked on, and developed appropriately, where this priority tourism must really be considered and built comprehensively, where this place to travel must be addressed in terms of place and benefits for the family who will visit a tourist place, the services provided, and the ability of these tourist attractions to become tourist attractions needed by the world(Gurtner, 2016). To become a tourist place that is known and enjoyed by the world community, a tourist site must have international class places and services, such as road facilities to tourist attractions, where the road at the tourist spot must be easily connected to visitors and the area is not difficult to access. traced by visitors, there is support from the Government of a country in supporting and developing this priority tourism industry,

where this development will spur increased visits and increase foreign exchange or state income in the form of Gross Domestic Product or Gross Regional Domestic Product(Liu-Lastres et al., 2020). In addition, to develop the priority tourism industry so that tourist attractions must improve facilities and services such as lodging services, entertainment services, such as music entertainment, facilities for vacations, as well as services for restaurants or dining areas that can be reached by visitors with different types and different incomes. , where this service becomes an important thing so that the tourist attractions that we will visit provide a more comfortable and feel, so that later visitors will return to visit the tourist site in the future.(Pan et al., 2016). To be able to further improve the quality of tourist attractions that can be known throughout the world, an investment is needed, both direct investment through domestic entrepreneurs and also through indirect investments made by foreign entrepreneurs, where this investment is also the most important supporter in improve the quality and capacity of priority tourist attractions that will be developed and worked on by the Government of a country(Casoni et al., 2020).

(Swainson & Mahanty, 2018)this investment is the most crucial thing if you want to see a tourist place can be said to want to develop and become a known tourist destination, where there are several things that make this investment smooth and can help this priority tourist destination to develop including economic growth and regional minimum wages (UMR) in an area within the country. Economic growth will make economic activity can be encouraged and increased, where the source of a country's economic growth is increased tourism, where people are willing to invest if the economic growth of a country and an area increases and tourism can also develop and contribute to increased economic growth. In addition, other factors are the regional minimum wage (UMR),(Fatimah et al., 2020). Indonesia has plans to improve and develop 5 priority tourist attractions, where these priority tourist attractions are developed not to be too dependent on Bali as a tourist spot that generates foreign exchange and national income, where in increasing an income from the 5 priority tourist destinations, Indonesia encourages to open investment in these 5 priority tourist attractions to be developed in order to increase national income or state revenue.

The problem is the condition of covid-19 and also income from tourism over the last 5 years has decreased, the tourism industry is less enthusiastic, thus affecting investment in the tourism sector to decline, where this investment is related to Indonesia's economic growth conditions for a period of 5 years experiencing fluctuations. and tends to be negative, although wages in Indonesia are still categorized as cheap, but with conditions of declining economic growth and affecting the value of GNP (GDP) which is decreasing. This can be seen in Table 1 below:

Table 1 Value of Economic Growth, GRDP, Tourism Investment and Indonesia's GNP During 2016-2020

Year	Economic growth (%)	GDP in Tourism Sector (Rp/Billion)	Investment in Tourism Sector (Rp/Billion)	Regional Minimum Wage (Rp/Million)
2016	5.02	2,385,186.80	141.461	1,997,819
2017	5.07	2,508,971.90	116,842	2,180,0005
2018	5.17	2,638,969.60	109.364	2,268,874
2019	5.02	2,769,748.10	254,072	2,455.662
2020	-2.07	2,709,740,80	112,400	2,672,371

Source : Central Bureau of Statistics (BPS), 2022

Based on Table 1 above, it can be concluded that the minimum wage has increased over the last 5 years, but the increase in the minimum wage does not guarantee that

investment will be appropriate and increase, where during 2016-2020 the amount of investment in the tourism sector has decreased and has an impact on the ability of 5 super priority tourist attractions. to be able to develop well, and have qualified facilities, so that it can be said that the development of tourism that is less developed will make these 5 tourist attractions unable to contribute to increasing Indonesia's original income (national income/GDP), so that with real investment and continues to increase number, it is expected that economic growth can also increase significantly and comprehensively. The purpose of this study is to determine the direct and indirect effect of economic growth and the regional minimum wage (UMR) on original income in Indonesia (GDP) through the variable amount of investment in the tourism sector.

LITERATURE REVIEW

Economic Growth

(Bellwood et al., 2019) Economic growth is a development of activities in the economy that causes goods and services to be produced in large and large quantities and also people's incomes also increase and increase and lead to increased community prosperity.(Lozada Ordóñez et al., 2018)Economic growth is a process of changing the economic conditions of a country on an ongoing basis to get to a state that is considered better for a certain period of time.(Kwek et al., 2019)Economic growth is seen and measured by comparing the components represented by the current state of a country's economy and in the previous period by determining the value of economic growth through GNP and GDP.(Jones & Long, 2022)The characteristics of a country's economic growth are the rate of population growth, the development of community productivity, the growth of the structural level, high urbanization, the expansion of developed countries and the increasing flow of goods and capital.(Totten, 2018)There are 4 theories of economic growth, where the theory is the classical economic growth theory proposed by Adam Smith, the neo-classical economic growth theory, and the historical economic growth theory proposed by Frederich List.(Watts et al., 2017)the factors that influence economic growth are as follows: The existence of natural resources that can meet the needs of a country, skilled and capable human resources, accumulation of capital for the production process, production processes that can produce products in large quantities, technology that can help improve the production process of goods and services

Regional Minimum Wage (UMR)

(No Name, International, nd)The UMR is the minimum wage standard imposed by a country as a benchmark for basic wages.(Setyowati, 2020)The regional minimum wage is the minimum wage standard received by employees or employees as a benchmark in determining the amount of wages or salaries that are paid regularly within a month.(Halimatussadiyah et al., 2020)there are several theories that talk about the UMR, namely the normal wage theory by David Riccardo, the theory of the iron wage law by Lassalle and the theory of the Stuart Mill Senior wage fund. (Mahadevan et al., 2017)There are two main components in determining wages for employees, namely direct wages, namely wages relating to salaries, incentives, benefits, etc. and indirect wages, namely wages relating to payments in the form of insurance, or in other forms. (Solihin et al., 2020)the process of determining wages can be done by determining internal equity, ie the amount of wages perceived is adjusted to the inputs given and compared to the same job, while the determination of wages is by external equity, ie the amount received is perceived as being compared to similar work. (Sparrow et al., 2020)The factors that influence the increase and decrease in the minimum wage are as follows: Decent living needs (KHL), inflation, Economic growth, company viability, labour market conditions.

Investment

(Pan et al., 2016) Investment in economic theory is the purchase of capital goods that are not consumed but are used for the production process of goods in the future.(Casoni et al., 2020)Investment is the placement of a number of funds in the hope of increasing, maintaining and increasing or providing a positive and valuable rate of return.(Kwek et al., 2019)Investments can be made on the stock exchange or capital market and can also be made through the money market, where this investment is one of the steps to be able to create jobs and can increase the amount of production of goods on a large scale in order to increase profits and benefit consumers.(Totten, 2018)There are 3 types of investment components, namely gross investment which is an investment to increase production capacity, investment in capital goods and buildings, and inventory investment to anticipate increasing demand.(Bellwood et al., 2019)The factors that affect the increase in investment are as follows: The expected rate of return, economic growth. Interest rates, minimum wages, state income, state conditions (security and comfort in investing)

Gross Domestic Product (GDP)

(Anwar, 2019) Gross domestic product is the amount of added value produced by all business units in a certain country during a period (within a year). (Bhati et al., 2016)Gross domestic product is the total value of production and services produced by all people or companies in a country, including added value, within a certain period of time, usually one year.(Dahliah et al., 2020)High gross domestic product does not necessarily have a good economic level, where the determination of the value of gross domestic product is determined on whether the community's economy has improved or not.(Purbadharmaja et al., 2019)the calculation of gross domestic product can be done by using the determination of GDP based on constant prices, where GDP based on constant prices can be known by determining the rate of economic growth in a sustainable manner. Meanwhile, the determination of GDP based on current prices is how much income a country can enjoy within a certain period of time. one year time.(Wood & Frazier, 2020)the formula for determining GDP is as follows:

$$\text{GDP} = \text{C} + \text{I} + \text{G} + (\text{XM})$$

$$\text{GDP} = \text{National Income}$$

$$\text{C} = \text{Household Consumption}$$

$$\text{I} = \text{Investment}$$

$$\text{G} = \text{Government Expenditure}$$

$$\text{XM} = \text{Difference between Export and Import}$$

RESEARCH METHOD

The research method used is descriptive quantitative.(Boon Liat et al., 2020)Quantitative descriptive analysis is an analysis that is used using numeric numbers, where this study seeks to answer existing problems by using existing data. For data analysis, it is done by using path analysis using the AMOS 20 program, where(Handarkho, 2020)Path analysis using AMOS is a data analysis carried out to test the extent to which the regression modality can be tested using 2 or more independent variables whether it affects directly and indirectly the dependent variable through the intervening variable. The population of this study is data on economic growth, UMR, tourism investment and quarterly GDP during the period 2016-2020, where the sampling technique in this study uses the purposive sampling method, where(Cengiz et al., 2019)sampling technique with purposive sampling method is a

sampling technique by first determining certain criteria from the sample, then selected according to the objectivity of the researcher. The number of samples in this study amounted to 80 data sourced from quarterly data on economic growth, UMR, tourism investment and GDP during the 2016-2020 period.

RESULTS

Goodness Of Test

Goodness of test is used to determine whether the distribution of the processed data from each variable is valid or not (Abu Ghazaleh et al., 2019). The results of the goodness of test can be seen in

Table 1 below:

Table 1. Goodness Of Test, Model Test and Cut Off Value

Goodness of Fit Indices	Model Test Results	Model Cut Off Value	Information
X2 Chi Square	56,221	Big	Well
Probability	3.125	Big	Well
Economic growth	0.635	Big	Well
UMR	0.762	Big	Well
Investment in Tourism	0.755	Big	Well
GDP	0.826	Big	Well

Source: Data Processing Results, 2022

In accordance with Table 1 above, it can be seen that the Chi-Square value is 56.221, where the value is greater than the significance value of 0.05, where this result can be explained that the value of the construct model resulting from the distribution of data from each variable is in accordance with DNA. can be continued for further data testing.

Univariate and Multivariate Normality Test

Normality test *univariate* and *multivariate* is one of the results of the data processing test to find out how far the results of the data distribution have met the assumption of data normality (Mohamed, 2020). as for the results of the normality test *univariate* and *multivariate* can be seen in Table 2 below:

Table 2. Univariate and Multivariate Normality Test

Variable	Minimum	Maximum	Skew	cr	Kurtosis	cr
Economic Growth (X1)	-2.07	5.17	.389	-1.032	7.435	-2.342
UMR (X2)	1,997,819	2,672,371	.351	-1.234	5.320	-1.876
GDP (Y)	2,385,186.80	2,769,748.10	.342	-1.123	5.562	-1.907
Investment in Tourism (Z)	109.364	254,072	.356	-1.323	6.250	-2.809
Multivariate	17.00	24.00	.234	-4.712	4.327	2,883

Source: Data Processing Results, 2022

Based on Table 2, the CR values are in the range of -2.58 and 2.58, where with these conditions it can be concluded that the results of the distribution of data for the economic growth variable (X1), the UMR variable (X2) and the GDP variable (Y) and the investment variable in the field (Z).) Tourism is normally distributed.

Regression Weights Analysis

Regression weight model test (Handarkho, 2020)The regression weight model test aims to determine whether the regression model is a regression for the independent variable on the dependent variable either directly or indirectly, as well as the existence of a regression between the intervening variable and the dependent variable, so that the results of data processing can be seen in Tables 3 to 6 below:

Table 3. Regression Weights Composite Model

			Estimate	SE	CR	P
Economic growth	<---	GDP	.289	.296	.335	.262
UMR	<---	GDP	.237	.265	.418	.351
Economic Growth	<---	Investment in Tourism	.295	.286	.329	.362
UMR	<---	Investment in Tourism	.396	.354	.451	.454

Source: Data Processing Results, 2022

Table 4. Composite Model Regression Weights

			Estimate	SE	CR	P
Investment in tourism	<---	GDP	.273	.294	.335	.324

Source: Data Processing Results, 2022

Table 5. Standardized Regression Weights Composite Model

			Estimate
GDP	<---	Economic Growth	.289
UMR	<---	GDP	.237
Economic growth	<---	Investment in Tourism	.295
UMR	<---	Investment in Tourism	.396

Source: Data Processing Results, 2022

Table 6. Standardized Regression Weights Composite Model

			Estimate
Investment in Tourism	<---	GDP	.273

Source: Data Processing Results, 2022

Based on the results of the Composite Model Regression Weights analysis in Tables 3 and 4, it can be explained that the economic growth and UMR variables have a significant effect on the GDP and investment variables in the tourism sector. This is indicated by the estimated value of these two variables which is greater than the 0.05 level of significance, while the investment variable in tourism has a significant effect on the GDP variable. This can be seen from the estimated value of the self-motivation variable which is greater than the 0.05 level of significance. To find out the indirect effect can be seen in Tables 7 to 10 below:

Table 7. Direct Effects

	Investment in Tourism	GDP
Economic growth	.295	.289
UMR	.296	.337

Source: Data Processing Results, 2022

Table 8. Standardized Total Effect

	Investment in Tourism	GDP
Economic growth	.286	.296
UMR	.354	.265

Source: Data Processing Results, 2022

Table 9. Direct Effects

	GDP	Self-motivation
Investment in tourism	.273	.000

Source: Data Processing Results, 2022

Table 10. Indirect Effect

	Investment in Tourism	GDP
Economic growth	.357	.459
UMR	.369	.352

Source: Data Processing Results, 2022

Based on Table 10 above, it can be concluded that the variable of economic growth has an indirect effect on the GDP variable through the intervening variable, namely the investment variable in the tourism sector, where from the output, the estimated value of 0.459 is positive. The UMR variable has an indirect effect on the GDP variable through the intervening variable, namely investment in the tourism sector, where from the output the estimated value of 0.352 is positive.

CONCLUSION

Based on the results of the research analysis, the conclusion of this study is that partially the economic growth and UMR variables have a significant effect on the GDP and investment variables in the tourism sector. Simultaneously, the variables of economic growth and the minimum wage have an effect on the GDP variable through the investment variable in the tourism sector. Through the results of research that has been stated that good economic growth, data will increase good GDP, where economic growth and increased GDP, economic growth and increased GDP will be able to increase investment in tourism, where this investment will indirectly increase GDP in tourism and will boost economic growth. If the UMR increases, it will increase productivity, so that it will be able to increase GDP and at the same time boost economic growth, and vice versa if the UMR does not increase, then productivity will decrease and GDP will decrease and this will result in a decrease in economic growth.

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