

# The Impact of Tourism Industry on Economic Growth in the Salumpat Saindege City (Padangsidimpuan, North Sumatera)

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**Abstract:** This article focused on analyze the Impact of the Tourism Industry on Economic Growth in the Salumpat Saindege City (Padangsidimpuan, North Sumatera). This article is a descriptive study with a library study approach. Data used time series of 2005 - 2017. The results of research concluded that the value of  $t_{count}$  is 0.443. By using a 95% confidence level  $\alpha = 0.05$  compared with the sig value obtained at 0.667, the sig value is greater than  $\alpha$  or  $0.667 > 0.05$ . This shows that tourism is not significantly and positive effect on the economic growth in Salumpat Saindege City and this indicates that the Economic Growth in the Salumpat Saindege City (Padangsidimpuan North Sumatera) is not determined by the Tourism sector in the same direction. Furthermore, the value of R Square in the research is 0.018 indicating that Tourism has an influence of 1.8 percent on the economic growth and the remaining 98.2 percent is influenced by other variables not examined in this study.

**Index Terms:** Economic Growth, Salumpat Saindege City, Tourism.

## I. INTRODUCTION

Economic growth is a picture of the impact of the implementation of government policies especially in the economic field. Economic growth is the growth rate that is formed from various economic sectors which indirectly illustrate the level of economic growth that occurs. For regions, this indicator is important to measure the success of development in the future. An economy is said to experience growth, if the number of products and services increases or in other words the increase in GNP in a country or region. One sector that contributes to the increase in Gross Domestic Product is the tourism sector. Where when the number of tourism increases the amount of regional income will also increase which in the end will also increase economic growth.

The city of Padangsidimpuan, also known as the City of Salumpat Saindege, is one of the regions that has a strategic geographical location and has natural potential which is the country's foreign exchange earner. Geographically, the city of Padangsidimpuan as a whole is surrounded by South Tapanuli Regency which was once its parent district. The

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city is a crossing of land routes to the cities of Medan, Sibolga, and Padang (West Sumatra) in the west Sumatra route. The topography of the area is in the form of a valley surrounded by Bukit Barisan, so that when viewed from afar, the city of Padang Sid is like a lake that resembles a lake. The highest peak of the hills and mountains surrounding this city is Mount Lubuk Raya and Bukit (Tor) Sanggarudang which are located side by side to the north of the city. One of the famous hilltops in Padangsidimpuan is Bukit (Tor) Simarsayang. Such a topographical situation clearly invites some public interest to enjoy the beautiful views of Salumpat Saindege City from several different views by making it a tourist spot. Some tourist attractions in Salumpat Saindege City with its natural panorama such as: Twin Agro Hill, Balakka Indah Nature Tourism, Silima-Lima Waterfall, Tor Simarsayang and many other tourist attractions around the City of Padangsidimpuan which offer natural scenery as the base of the tourist attraction.

This is a breath of fresh air for the Salumpat Saindege City government because the presence of several tourist attractions has caused many visitors to come from various regions around Salumpat Saindege City such as: Padang lawas Regency, North Padang Lawas, South Tapanuli, Central Tapanuli, Mandailing Natal and Sibolga City. Obviously this will increase the regional income of Salumpat Saindege City, for example from parking fees, as well as accommodation and drinking meals carried out by visitors. If this situation continues then it will clearly have an impact on increasing economic growth in Salumpat Saindege City. In other words, increasing the amount of income from tourism will also result in an increase in the economic growth of Salumpat Saindege City. The following are data on tourism income figures depicted in the number of other hotels and accommodations and the economic growth rate of Salumpat Saindege City in 2013-2017 are as follows:

**Table 1.** Number of Hotels and Other Accommodation and the Economic Growth Rate of Salumpat Saindege City in 2013-2017

Year	Hotels and other accommodations (Unit)	Growth (%)	Economic Growth (%)	Growth (%)
2013	648	-	5,80	-



2014	630	-2,78	5, 23	-9,83
2015	630	0,00	5,08	-2,87
2016	700	11,11	5, 29	4,13
2017	708	1,14	5,32	1,00

**Source:** Central Statistics and Processed Data Agency

Based on the data above, it can be seen that the number of tourism industry contributions and economic growth over the past 5 years continues to fluctuate. In 2015 tourism data shown in the number of hotels and other accommodations showed a fixed figure, but economic growth declined 5.08 percent or with a decline of 2.87 percent. This is clearly not in accordance with the theory where these two variables show a positive relationship. The highest development of tourism occurred in 2017 with a total of 708 and the lowest development occurred in 2014 and 2015 while the highest development of economic growth occurred in 2013 which was 5.80 percent and the lowest development occurred in 2014 at 5.23 or a decrease of 9.83 percent. In connection with the above phenomena between the development of economic growth and tourism, it shows conditions that are not in accordance with the theory, the researchers made both of these things the main focus of the study. Therefore, the author is interested in studying the problem in the form of research with the title "The Impact of the Tourism Industry on Economic Growth in the City of Salumpat Saindege (Padangsidimpuan City, North Sumatra)".

## II. LITERATURE REVIEW

### A. Economic Growth

Human Resources include people who are able to work in an effort to increase economic growth. An economic growth is said to experience economic growth if the amount of production of goods and services increases. The ability to work means doing an activity that can produce goods and services to meet people's needs. According to Rahardja (2008: 133) he said that "considering that humans are one of the most important factors in the production process, it can be said that employment opportunities will increase if output increases". To increase prosperity and prosperity in the community, the factors of production of goods and services must be increased. Economic growth is very important and needed because, without growth, there will be no increase in welfare, employment opportunities, productivity and income distribution. Economic growth is also important to prepare the economy for the next stage of progress. Human resources are seen from the aspect of quality, namely the ability of work that can be donated in the production process. In addition, human resources can also be seen in terms of quantity, namely the number of people who are able to work.

To increase economic growth in the community, the unemployment rate in the country or region must be suppressed. In the sense that people who are unemployed are no more than the available jobs. With human resources being utilized properly, the production of goods and services can be increased, along with the many people who work to improve the quality of their welfare and prosperity.

Many changes that occur if the economy grows, in terms of the physical aspects of the region experiencing economic growth will advance from other regions. A lot of development will happen, including high community income, and high education. These will not be separated from the many industries that will arise in the area experiencing this growth. All economic activities will be supported by facilities such as: bridges, good roads, places of worship and others.

### 1) Sources of Economic Growth

Economic growth is largely determined by the availability of production factors in a country. The basic concepts of microeconomics in production theory can be used as a basis to see the determinants of economic growth. According to Murni (2013: 174) "Based on the micro concept in the theory of production, the amount of output is largely determined by the inputs involved in the production process. In general, these production factors can be in the form of natural resources (land or nature and others), capital goods (in the form of goods, machinery or money), labor, and expertise (managerial skills or technical skills)". The relationship between input and output can be expressed in the form of the following functions:

$$Q = f ( R, K, L, S ) \quad (1)$$

Description:

Q = Output

R = Natural Resources

K = Capital Goods

L = Labor

S = Expertise

The micro concept can be developed in the analysis of economic growth. The factors that support economic growth include natural resources (R), human resources (L), capital resources (K), technology and innovation (T), expertise in the form of management and entrepreneurship (S), and information (Inf) All of these factors greatly influence the growth of a country's GNP.

### 2) Theory of Economic Growth

Economists from whose thoughts were born theories about economic growth including classical theory, neo-classical, Keynesian theory, and the theory of modern growth have a concern for economic progress in each country. Their attentions to the economy by experts, since the days before classics up to now many have produced thoughts. However, the writer in this case explained about the theory of economic growth: Murni (2013: 177) economic growth theory, among others:

1. The classical theory pioneered by Adam Smith
2. The theory of neo classical pioneered by Robert Solow
3. The Keynesian theory pioneered by J.M. Keynes
4. Modern growth theory suggested by Rostow

The theory of economic growth is the **result** of the thoughts of economists who produce ideas for

economic growth itself, which explains the long-term output of an economy in which the economy experiences growth".

### 3) *Factors affecting the economic growth*

Factors that influence economic growth in a country cannot be separated from the gaps and inequality, where the rich gets richer and the poor gets poorer. This means that those who have more capital will get a greater opportunity compared to the owners of small and medium-sized capital that are all capital deficiencies.

According to Subandi (2012: 39) economic growth factors include:

1. Factors of production must be able to utilize existing labor, and use industrial raw materials as much as possible.
2. Investment factor, namely by making investment policies that are not complicated and that are in favor of the market.
3. Factors of foreign trade and balance of payments must be surplus so that it can increase foreign exchange reserves and stabilize the value of the rupiah.
4. Factors of monetary policy and inflation, namely policies on exchange rates and interest rates must also be anticipated and acceptable to the market.
5. Factors of state financial factors, namely in the form of conducive fiscal policies and capable of financing government spending.

Factors that influence economic growth must be increased, so that economic growth develops. With the increase in production factors, the welfare in the community will be seen. All existing natural potential must be utilized to the maximum extent possible, and then the population and labor can increase production both in the form of capital goods and technological improvements.

### 4) *Economic Growth Policy*

Some countries have achieved considerable development and prosperity. However, there are also countries that have not been able to develop their economies. According to Sukirno (2010: 441) "political and economic stability is an important requirement that needs to be fulfilled to realize rapid economic growth. In addition, government development policies and development policy approaches that are in line with available resources are very important in their efforts to accelerate economic growth and development.

The economy will grow if all factors support, one of which is stability in one country, both in the form of economic stability and political stability. The next factor is another factor that will support the acceleration of economic growth is by carrying out appropriate policies, fiscal policy, namely by reducing taxes, will certainly increase people's purchasing power and encourage people to save. And monetary policy is to increase savings interest, with the increase in saving interests, of course people will be interested in saving and even increasing their savings.

## B. **Tourism**

Tourism is one of the economic sectors that can contribute to the Gross Domestic Product (GDP) figure. Tourism is a travel activity carried out by individuals or groups for the purpose of vacation or recreation. According to Law Number 10 of 2009 concerning Tourism, tourism is a variety of tourism activities and is supported by various facilities and services provided by the community, entrepreneurs, the Government, and the Regional Government.

The hustle and bustle of the world of work makes many workers need entertainment facilities as an alternative to release the boredom in work and one of the choices is to visit tourist attractions with attraction such as the beauty of natural scenery and this is a motivation for tourism entrepreneurs to continue to develop tourist attractions, so that the tourism industry from year to year can develop.

The tourism industry is a collection of tourist attractions that provide goods or services to tourists. As according to Law Number 10 of 2009 concerning Tourism, Tourism Industry is a collection of tourism businesses that are interrelated in order to produce goods and / or services for meeting tourist needs in the implementation of tourism. Tourism has an impact on both society and the environment. According to (Tandaju, Manginsela, & Waney, 2017) Tourism will have both positive and negative impacts, and those affected are society, environment, economy, and social. Furthermore, there are impacts of tourism development (Mill in Paramitasari, 2010). Environmental Impact

### **Positive:**

- a. The maintenance of natural and environmental cleanliness to attract tourists
- b. Maintaining the privilege of the environment such as forests, beaches and natural scenery.

### **Negative:**

- a. Damaged environments such as: increased pollution levels
- b. Forest clearing for agricultural land, residential land

Among the positive impacts caused by tourism, namely, the maintenance of natural and environmental cleanliness is an embodiment that tourism can actually preserve the environment if the local people are aware of the importance of environmental sustainability as assets in the future. In an effort to maintain environmental sustainability such as forests, beaches and natural scenery, at least tourism lovers start from themselves, such as not littering, because garbage can cause soil pollution by materials that are not easily decomposed. Apart from that, maintaining the preservation of the surrounding environment is also an act of preservation because if this is ignored, environmental damage will occur such as increasing levels of pollution, both soil and air.

Furthermore (Widyastuti, 2010) explains that the impact that can arise in relation to tourism development is a positive impact in the form of increasing the economy of the community around tourist sites and will also contribute to regional income (Satria, 2009). Furthermore, the

negative impacts can be caused by various pollutions, such as water, air, noise, and garbage. In addition, it will cause damage to archaeological and historical sites and land use problems. Moreover, community behavior that results in environmental damage is very influential in decreasing people's welfare (Pinto, 2015).

Based on the explanation by the experts above, there are a lot of impacts that arise with tourism, because most tourism will be related to nature. Positive impact greatly affects the community, especially strong economy for both the community and the government because if the tourism sector develops, at least the surrounding area will share the success. But if it is not managed properly, this can be something that can bring harm to both the community and the government, for example by the occurrence of soil pollution which will reduce the level of soil fertility. In addition, improper management will also cause water, air, noise pollution and also land use problems.

### III. METHODOLOGY

This type of research is quantitative research using descriptive methods. This study describes a situation and the causes of a particular phenomenon as it is. The type of data used in this study is documentary data while the data source is secondary data which is data that is not obtained directly but through intermediary media (obtained and recorded by other parties). The data source of this study is the Statistics of the City of Padangsidimpuan published by the Padangsidimpuan City BPS. The variable data to be investigated starts from 2005 to 2017 with the number of data (n) being 13 periods, considering that the City of Padangsidimpuan was only established on its own about 15 years after it was expanded from South Tapanuli Regency.

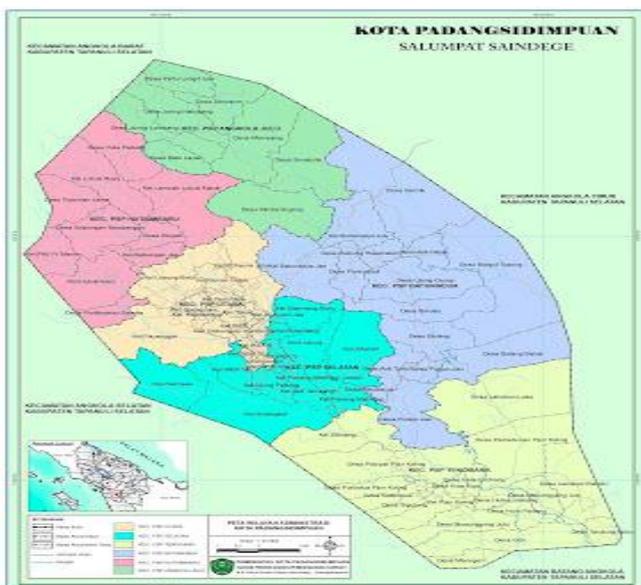


Fig.1: The Map of The Salumpat Saindege City (Padangsidimpuan City)

### IV. RESULTS AND FINDINGS

Tourism in the City of Salumpat Saindege (Padangsidimpuan) continues to develop from year to year.

This can be seen from the number of tourism spots that continue to grow and increasingly vary. Here are some tourist attractions in the City of Salumpat Saindege (Padangsidimpuan).



Fig. 2: Kembar Agro Padangsidimpuan



Fig. 3 : Tor Simarsayang Padangsidimpuan



Fig. 4: Dragon fruit Park Tourism of Padangsidimpuan

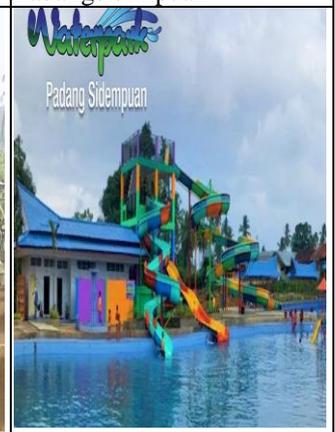


Fig. 5: Kaisar Waterpark Padangsidimpuan



Fig. 6: Balakka Indah Padangsidimpuan Panorama

From the data obtained, the analysis and data processed using SPSS Software version 2.0 can be seen in table 2, and then the economic growth equation obtained in this study is as follows:

$$PE = -3,257 + 0,011 (P) \quad (2)$$

**Description:**

PE : Tourism Growth

P : Tourism

**Table 2.** Testing Result t Tourism and Economic Growth

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1 (Constant)	-3.257	16.344			-.199	.846
Tourism	.011	.025	.132		.443	.667

a. Dependent Variable: Economic Growth

Source: Processed Data SPSS 2.0 Version

Model Summary				
Model	R	Adjusted R Square	Std. Error of the Estimate	
1	.132 <sup>a</sup>	.018	3.36430	

a. Predictors: (Constant), Tourism

Source: Processed Data SPSS, 2.0 version

Based on the results of processed data with SPSS software in the above equation, it can be seen that the constant obtained is -3.257. This shows that if the Tourism variable (P) value is constant or constant, the rate of economic growth will decrease by 3.257 percent. Furthermore, it can also be seen in table 2 that Estimating the Economic Growth equation above that Tourism has a coefficient value of 0.011. This shows that if the increase in Tourism is one percent, then the economic growth rate will rise by 0.011 percent assuming *ceteris paribus* (other variables are considered constant or constant).

The alternative hypothesis in the economic growth equation in this study states that tourism has a positive effect on Economic Growth in the City of Salumpat Saindege (Padangsidimpuan). From the estimation results in the economic growth equation, the tcount is 0.443. By using a 95% confidence level  $\alpha = 0.05$  compared with the sig value obtained at 0.667, the sig value is greater than  $\alpha$  or  $0.667 > 0.05$ . This shows that there is no significant influence between Tourism on the level of economic growth and this indicates that the level of economic growth in the city of Salumpat Saindege (Padangsidimpuan) is not determined by the tourism sector in the same direction. If the number of tourism has increased, it is not certain that economic growth will also increase. Likewise, vice versa, if tourism declines then the level of economic growth will not necessarily decline. Furthermore, the value of R Square in the study was 0.018 indicating that tourism has an influence of 1.8 percent on the level of economic growth and the remaining 98.2 percent is influenced by other variables not examined in this

study.

The results of the above study have explained that there is no positive significant effect between Tourism on Economic Growth in the City of Salumpat Saindege (Padangsidimpuan). According to the theory of economic growth, the factors that can influence the increase in Gross Domestic Product (GDP) can come from several factors including Production, Trade, Policy, and Finance. This means that the city government of Padangsidimpuan can strive for a number of things such as increasing the production of goods and services so that the trade sector will increase and this will simultaneously increase the amount of GDP in Padangsidimpuan City and ultimately increase economic growth in Padangsidimpuan City. This is in line with the statement According to Subandi (2012: 39) economic growth factors include: factors of production, factors of investment, factors of foreign trade and balance of payments, factors of monetary policy and inflation, and factors of state finances.

The results of this study are also in line with the research conducted by (Hermawan, 2016) which states that the development of tourism villages has a positive impact on the economic development of local communities in Nglanggeran Village, including: increasing community income, increasing employment opportunities and business, increasing ownership and control local communities, increasing government revenues through tourism fees while indications of a negative impact on the local economy are in the forms of increases in prices of goods

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