Investigating the impact of tourism on gross regional domestic product growth in Batu City

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Abstract

Batu City is a tourism city that has great potential in East Java Province. However, based on existing data, the Gross Regional Domestic Product of Batu City's tourism sector in 2020 has decreased significantly compared to other cities in East Java. This research aims to examine the influence of the number of tourist attractions, number of tourists, number of hotels, and number of restaurants on Gross Regional Domestic Product in Batu City. This research uses secondary data in the form of a time series covering 12 years, from 2011 to 2022. Data analysis was carried out using the multiple linear regression method using SPSS 27 software. Based on the results of the analysis, overall, the independent variables such as the number of tourist attractions, number of tourists, number of hotels, and number of restaurants have a positive influence on GRDP. However, partially the number of tourist attractions, the number of tourists, and the number of restaurants have an insignificant positive influence on GRDP, while the number of hotels has a positive and significant influence on GRDP in Batu City.

Keywords: Gross Regional Domestic Product, Attractions, Tourists Hotel, Restaurants

Introduction

Indonesia, being a maritime country, naturally possesses a diverse array of breathtaking natural beauty. One of the most significant attractions for tourists is this natural beauty, which can be leveraged as a tourist destination to help improve the welfare of the local community and reduce poverty. This can also stimulate economic growth and increase income in a region. In the context of tourism sector development, including the development of tourist attractions and general tourist appeal, it is a good strategy to enhance, transform, and strengthen the real conditions in the area. This will eventually lead to better changes and benefits for the local community, the local government, and the tourists.
Investigating the impact of tourism on gross regional domestic product growth in Batu City

Bank Indonesia stated that the tourism sector is one of the most effective sectors in increasing the country's foreign exchange levels (Hidayah, 2021). This sector also makes the largest contribution and acts as a catalyst for development in many areas, such as regional income. One of the main reasons is that Indonesia itself already has assets that can be used to develop tourism. In addition to the much-needed human resources factor, geographical factors such as vast land areas and diverse natural factors, the uniqueness of local cultural factors, a variety of culinary offerings, and other wealth owned by Indonesia are also important factors. These resources are a special attraction for both local and international tourists. Indonesia has long been known for its many exotic and enchanting tourist attractions. Not only does it have a diversity of natural attractions, but Indonesia also offers a variety of impressive cultural and historical tourism supported by the country's diverse and widespread cultural tribes throughout Indonesia (Rahma, 2020).

In line with this, with the abundant tourism potential in Indonesia, it is hoped that each region in Indonesia can maximize its use so that economic growth in each region can also increase, ensuring the welfare of the residents. Economic growth can be observed through the increase in Gross Regional Domestic Product (GRDP) in a region. This increase indicates significant economic growth in the area. An increase in GRDP can be interpreted as an increase in the gross added value generated by the economic sectors in the region, which in turn increases the income of the people and the region's ability to develop infrastructure and other facilities. The increase in GRDP also indicates that the region has the capability to improve the quality of life of its people, increase income, and enhance overall welfare. Therefore, this expected increase is a desired outcome for every region (Syam & Zulfikar, 2022).

According to data from the Central Bureau of Statistics (BPS) of East Java, Batu City ranks among the top three cities in East Java with the highest total Gross Regional Domestic Product in the tourism sector, holding the third position.

Table 1. GRDP of the Tourism Sector by City in East Java Province

<table>
<thead>
<tr>
<th>City</th>
<th>GRDP of the Tourism Sector in 2021 (Million Rupiah)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surabaya</td>
<td>113.385.551,76</td>
</tr>
<tr>
<td>Malang</td>
<td>8.060.513,69</td>
</tr>
<tr>
<td>Batu</td>
<td>4.043.882,68</td>
</tr>
<tr>
<td>Kediri</td>
<td>3.758.065,50</td>
</tr>
<tr>
<td>Madiun</td>
<td>3.269.810,00</td>
</tr>
<tr>
<td>Probolinggo</td>
<td>2.357.652,52</td>
</tr>
<tr>
<td>Pasuruan</td>
<td>1.444.163,53</td>
</tr>
<tr>
<td>Mojokerto</td>
<td>1.435.334,20</td>
</tr>
<tr>
<td>Blitar</td>
<td>1.372.452,03</td>
</tr>
</tbody>
</table>

Source: Badan Pusat Statistik (BPS) Jawa Timur 2021

In Table 1, it can be directly observed from the data taken from the Central Bureau of Statistics (BPS) in 2021 that Batu City had a total Gross Regional Domestic Product of Rp 4,043,882.68 in 2021. This data indicates that Batu City indeed has high potential in the tourism sector.
sector due to its excellent tourism field. However, when compared to the cities ranked above it, namely Surabaya and Malang, Batu City's Gross Regional Domestic Product shows a significant difference, with Malang City having twice the total GRDP of the tourism sector compared to Batu City. Moreover, the annual growth of Batu City's Gross Regional Domestic Product can be considered less significant.

**Figure 1.** GRDP Development of Surabaya City, Malang City, and Batu City 2019-2022

![GDP Growth in the Tourism Sector](image)

*Source: Badan Pusat Statistik (BPS) Provinsi Jawa Timur.*

Figure 1 shows that in 2020, Batu City experienced the highest decline in Gross Regional Domestic Product (GRDP), while Surabaya and Malang managed to endure somewhat amidst the COVID-19 pandemic. Therefore, the GRDP of Batu City is expected to show a larger amount compared to the existing data.

According to the development plan of Batu City for 2005-2025 (RPJPD), especially in the sections concerning hospitality, restaurants, and trade, these sectors contribute significantly to the economic structure of Batu City, reaching 46.32% of the Gross Regional Domestic Product (GRDP) growth. This aligns with Batu City's role as a major tourist destination, stimulating the development of other sectors.

Previous research by (Mukaffi & Haryanto, 2022) on the influence of the tourism sector on Gross Regional Domestic Product in Banyuwangi Regency indicates that factors such as the number of hotels, tourist visits, restaurants, and tourist attractions influence GRDP in the region. As a tourism area, the tourism sector significantly contributes to GRDP growth, which in turn has a positive impact on economic growth in Batu City. Furthermore, research by (Eperna et al., 2021) concludes that variables such as the number of foreign tourist visits have a positive but not significant correlation, while the occupancy rate of star-rated hotel rooms has a significant positive correlation with Gross Regional Domestic Product in East Java Province. However, (Agni, 2024) study shows different results, indicating that variables such as the number of tourist attractions, tourism sector workforce, and the number of restaurants do not significantly affect real GRDP in Central Java. This is influenced by the local government's insufficient development of tourist attractions and urban facilities, affecting tourist interest and,
Investigating the impact of tourism on gross regional domestic product growth in Batu City

consequently, the tourism sector's ability to boost Gross Regional Domestic Product in the region.

Literature Review

Economic Growth

According to Keynes, to ensure strong economic growth, it is necessary to implement monetary policies (such as setting interest rates and controlling the money supply) and fiscal policies (including tax policies and government spending). Managing the economy requires government involvement. Keynes viewed government intervention as essential, especially when the economy does not perform as expected. In other words, the government is responsible for controlling the economy to align with desired outcomes. (Hasan et al., 2020)

Gross Domestic Product

One indicator used to measure the level of prosperity and wealth of a country from its development outcomes is national income depicted against the country's economic growth as a result of its development and implementation. By (Sukirno, 2019) Gross Domestic Product (GDP) is a country's total income and expenditure on the production of goods and services, based on market values or prices during a specific period. GDP can reflect the economy's performance, as the value of goods and services produced within a country increases, indicating better economic performance for that country.

Pariwisata

Tourism refers to various types of travel activities supported by facilities and services provided by city governments, central governments, entrepreneurs, and local governments. Meyers explains that tourism is a travel activity undertaken during holidays, typically driven by curiosity or a desire to gain knowledge, as outlined in Law No. 10 of 2009 concerning Tourism (Ashoer et al., 2021).

Objek Wisata

The location that tourists visit as a destination due to its attractions, whether natural or man-made resources, constitutes a tourist attraction. These attractions come in various forms depending on the interests of the tourists, ranging from natural beauty that can be enjoyed visually like beaches, monuments, mountains, zoos, temples, historical monuments, and others (Pariyanti & Buchori, 2020).

Tourist

A tourist is an individual engaged in tourism activities. For tourists, traveling involves experiencing, anticipating, and cherishing moments during their journeys. Someone who travels individually or in groups over distances exceeding 80 kilometers, with a journey duration of over 24 hours, and aims to have fun can be referred to as a tourist (Sugiarto et al., 2023).
Hotel

A hotel is a building that offers business services and also provides F&B services and other facilities for overnight guests. These services are designed for customers arriving to stay overnight. Moreover, hotels are typically chosen as accommodation options for guests or tourists traveling to specific destinations (Mularsari, 2022).

Restaurant

A restaurant is a facility that is essential during tourism, focusing on culinary business, including food and beverage services. Various culinary products of quality are sold and served in different restaurants, allowing tourists to enjoy them while at the tourist location. Restaurants are designed to meet the needs and desires of tourists, providing experiences that they may not encounter in their home country (Kade et al., 2021). Restaurants provide essential services for tourists during their travels, namely food and beverages. When tourists travel, having meals and drinks is a necessity that must be fulfilled.

Research Method

This research employs a quantitative research method, which analyzes data using statistical formulas to obtain objective, measurable, rational, and systematic facts, adhering to specific scientific and empirical principles. In this study, the quantitative approach collects and analyzes numerical data to explain, predict, and control relevant phenomena (Nurdin & Hartati, 2019). The approach that focuses on analyzing numerical data processed using statistical methods is called the quantitative approach, aimed at understanding relationships between variables. This research aims to evaluate the impact of various tourism sectors on the Regional Gross Domestic Product focused in the city of Batu. The researcher focuses the study on one city in East Java Province, specifically Batu City, during the period from 2011 to 2022.

The variables number of tourist attractions, number of tourists, number of hotels, and number of restaurants are independent variables in this study, while GDP (Gross Domestic Product) is the dependent variable. To test the influence in this research, the method used is multiple linear regression analysis. This method is typically employed in research to determine the impact of one variable on another. The influencing variable is usually considered the independent variable, while the influenced variable is the dependent variable (Ghozali, 2021). Multiple linear regression analysis uses OLS (Ordinary Least Squares) with the data processing program SPSS 27.0.1.0.
Result

A. Normality Test

**Figure 2. Normality Test (P-P Plot) Results**

Figure 2 shows that in the normality test using the P-P Plot, where the distribution of data points is clustered near the diagonal line and follows along that line. Therefore, it can be concluded that the regression model used satisfies the assumption of normality test.

B. Autocorrelation Test

To examine whether there is correlation between residual errors in period t with residual errors in period t-1 (previous period) is the purpose of detecting autocorrelation (Ghozali, 2021). A good regression result should exhibit no signs of autocorrelation. The following test uses 4 independent variables \((k)\) and a sample size \((n)\) of 12, so according to the Durbin-Watson (DW) table, \(d_L = 0.512\) and \(d_U = 2.177\). Therefore, \(4-d_L = 3.488\) and \(4-d_U = 1.823\). However, the calculated DW value for autocorrelation in this study is 1.591. Thus, the DW value indicates that it falls between \(d_L\) and \(d_U\), suggesting uncertainty.

C. Multicollinearity Test

**Table 2. Multicollinearity Test Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1816612.175</td>
<td>331332.219</td>
<td>5.483</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>Objek Wisata</td>
<td>12455.483</td>
<td>12129.961</td>
<td>.263</td>
<td>1.027</td>
<td>.339</td>
</tr>
<tr>
<td>Wisatawan</td>
<td>.044</td>
<td>.067</td>
<td>.125</td>
<td>.660</td>
<td>.530</td>
</tr>
<tr>
<td>Hotel</td>
<td>1486.353</td>
<td>507.659</td>
<td>.589</td>
<td>2.928</td>
<td>.022</td>
</tr>
<tr>
<td>Restoran</td>
<td>2454.559</td>
<td>13413.813</td>
<td>.045</td>
<td>.183</td>
<td>.860</td>
</tr>
</tbody>
</table>

\(a.\) Dependent Variable: PDRB Sektor Pariwisata

*Source: SPSS 27*
Table 2 shows that all variables have Tolerance values > 0.1 and VIF values < 10. Therefore, it can be said that there are no symptoms of multicollinearity.

D. Heteroscedasticity Test

Table 3 shows that all variables have sig (2-tailed) values less than 0.05. Thus, it can be concluded that there are no symptoms of heteroskedasticity. Furthermore, in the correlation coefficients, as shown in the table above, all variables exhibit high positive correlations, indicating that they are positively correlated with each other.

E. Multiple Linear Regression Analysis

Table 4. Regression Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Sig.</th>
<th>Collinearity Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>T</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1816612.175</td>
<td>331332.219</td>
<td>5.483</td>
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<tr>
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<td>Objek Wisata</td>
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<td></td>
<td>Restoran</td>
<td>2454.559</td>
<td>13413.813</td>
<td>.045</td>
</tr>
</tbody>
</table>

*Source: SPSS 27*
In the regression results shown in Table 4, the multiple linear regression equation model is as follows:

Regional Gross Domestic Product = 1816612.175 + 12455.483 X1 + 0.044 X2 + 1486.353 X3 + 2454.559 X4

From the above regression model, it can be explained as follows:

β0 = The constant value of 1816612.175 indicates that if the Number of Tourist Attractions (X1), Number of Tourists (X2), Number of Hotels (X3), and Number of Restaurants (X4) are held constant, the Regional Gross Domestic Product (Y) will increase by Rp 1,816,612.175.

B1 = 12455.483 indicates that the Number of Tourist Attractions (X1) has an effect. This means that the Regional Gross Domestic Product will increase by Rp 12,455.483 when the Number of Tourist Attractions increases by 1 unit.

B2 = 0.044 indicates that the Number of Tourists (X2) has a positive effect. This means that the Regional Gross Domestic Product will increase by Rp 0.044 when the Number of Tourists increases by 1 person.

B3 = 1486.353 indicates that the Number of Hotels (X3) has a positive effect. This means that the Regional Gross Domestic Product will increase by Rp 1,486.353 when the Number of Hotels increases by 1 unit.

B4 = 2454.559 indicates that the Number of Restaurants (X4) has a positive effect. This means that the Regional Gross Domestic Product will increase by Rp 2,454.559 when the Number of Restaurants increases by 1 unit.

F. Coefficient of Determination

Table 5. Regression Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.957a</td>
<td>.915</td>
<td>.867</td>
<td>243200.07989</td>
<td>1.591</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Restoran, Wisatawan, Hotel, Objek Wisata
b. Dependent Variable: PDRB Sektor Pariwisata

Source: SPSS 27

The $R^2$ value in Table 5 shows that $R^2$ is 0.957, indicating that Tourist Attractions, Tourists, Hotels, and Restaurants collectively explain 95.7% of the variability in Regional Gross Domestic Product (GDP). Meanwhile, the remaining 4.3% is influenced by other variables outside Tourist Attractions, Tourists, Hotels, and Restaurants.
G. F-Test

**Table 6. F-Test Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>447852275998.1600</td>
<td>4</td>
<td>1119630689995.400</td>
<td>18.930</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>414023951993.143</td>
<td>7</td>
<td>59146278856.163</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4892546711974.742</td>
<td>11</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: PDRB Sektor Pariwisata  
b. Predictors: (Constant), Restoran, Wisatawan, Hotel, Objek Wisata  

*Source: SPSS 27*

Table 6 shows that the results of the Anova indicate an F value of 18.930, while the critical F value (F tabel) is 4.120. Therefore, the calculated F value exceeds the critical F value. Consequently, it can be concluded that all independent variables (Tourist Attractions, Tourists, Hotels, Restaurants) have a significant influence on the dependent variable (Regional Gross Domestic Product).

H. T-Test

**Table 7. T-Test Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
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<td>Restoran</td>
<td>2454.559</td>
<td>13413.813</td>
<td>.045</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PDRB Sektor Pariwisata  

*Source: SPSS 27*

Table 7 shows that the calculated t-values for each independent variable are as follows: Number of Tourist Attractions is 1.027; Number of Tourists is 0.660; Number of Hotels is 2.928; Number of Restaurants is 0.183. It is also noted that the critical t-value at a significance level of 0.05 is 2.365.

To determine the influence of each variable on its independent variable, the findings are explained as follows:

1. Influence of Number of Tourist Attractions on Regional Gross Domestic Product

   The calculated t-value is 1.027 < critical t-value of 2.365, with a significance level of 0.339 > 0.05. Therefore, it can be concluded that the Number of Tourist Attractions does not have a significant partial effect on Regional Gross Domestic Product in Batu City.

2. Influence of Number of Tourists on Regional Gross Domestic Product
The calculated t-value is 0.660 < critical t-value of 2.365, with a significance level of 0.165 > 0.05. Hence, it can be concluded that the Number of Tourists does not have a significant partial effect on Regional Gross Domestic Product in Batu City.

3. Influence of Number of Hotels on Regional Gross Domestic Product

The calculated t-value is 2.928 > critical t-value of 2.365, with a significance level of 0.017 < 0.05. Therefore, it can be concluded that the Number of Hotels has a significant partial effect on Regional Gross Domestic Product in Batu City.

4. Influence of Number of Restaurants on Regional Gross Domestic Product

The calculated t-value is 0.183 < critical t-value of 2.365, with a significance level of 0.957 > 0.05. Thus, it can be concluded that the Number of Restaurants does not have a significant partial effect on Regional Gross Domestic Product in Batu City.

Discussion

Based on the results of the testing conducted in this study, it can be determined that simultaneously, the variables of Number of Tourist Attractions, Number of Tourists, Number of Hotels, and Number of Restaurants affect the Gross Regional Domestic Product (GRDP). This means that collectively, these four independent variables can influence the Gross Regional Domestic Product in Kota Batu from 2011 to 2022. However, upon partial t-test analysis, not all independent variables significantly affect the dependent variable.

According to the research findings, it is evident that the variable Number of Tourist Attractions does not significantly influence the Gross Regional Domestic Product in Kota Batu from 2011 to 2022. Consequently, this study does not align with the hypothesis or assumptions made in the preceding chapter. These results are consistent with Nurmazeli, (2022) results which indicates that the number of tourist attractions does not have a significant impact on the Gross Regional Domestic Product (GRDP). This is because enhancing the economy of an area requires more than just constructing and providing facilities at tourist attractions. If development and provision of facilities at tourist attractions are not accompanied by demand and supply that align with tourists' preferences, these attractions may fail to attract visitors or encourage return visits. This is due to the mismatch between the developing tourist attractions in Kota Batu and their quality, with many attractions lacking effective promotion, resulting in decreased tourist interest and awareness about some attractions. For instance, rural tourist villages often lag behind artificial attractions in terms of quality due to deficiencies in facilities and access to the location.

According to the research findings, it is evident that the variable Number of Tourists does not significantly influence the Gross Regional Domestic Product in Kota Batu from 2011 to 2022. Consequently, this study does not align with the hypothesis or assumptions made in the preceding chapter. This finding is consistent with Nurmazeli's research (2022), which indicates that while the number of tourists correlates positively, it does not significantly affect the Gross Regional Domestic Product. An increase in the number of tourists impacts the Gross Regional
Domestic Product, especially when accompanied by positive responses from private and governmental bodies involved in tourism management, by improving and developing the tourism sector. This will maximize the number of tourists and their expenditure within the destination city, thereby increasing the Gross Regional Domestic Product. This finding is also supported by Mas & Pratiwi (2024) research, which found that the number of tourists does not significantly affect the Gross Regional Domestic Product.

Based on the research findings, it is evident that the variable Number of Restaurants does not significantly influence the Gross Regional Domestic Product in Kota Batu from 2011 to 2022. Consequently, this study does not align with the hypothesis or assumptions made in the preceding chapter. This finding is consistent with Agni, (2024) research, which also states that the variable of Restaurants and Eateries does not significantly affect the Gross Regional Domestic Product. Despite the increasing number of restaurants, there is no guarantee that this will significantly contribute to the Gross Regional Domestic Product of a region as it must be accompanied by other factors. Alongside the growth of tourism, the restaurant industry in Kota Batu has also experienced rapid growth. Competition among restaurants has intensified. Restaurants must compete in terms of food quality, pricing, service, and innovation to survive and thrive. A large number of restaurants in an area can lead to fierce competition among them. This can cause food prices to decrease due to price competition, ultimately reducing the income generated by each restaurant individually. Furthermore, the diversity of restaurant types can lead to a broader market share distribution, contributing to each restaurant being less significant to the Gross Regional Domestic Product.

**Conclusion**

This study has found that the variables Number of Tourist Attractions, Number of Tourists, and Number of Restaurants in Kota Batu directly have a positive but non-significant impact on the Gross Regional Domestic Product (GRDP) in Kota Batu. Meanwhile, the variable Number of Hotels directly has a positive and significant impact on the Gross Regional Domestic Product in Kota Batu, so an increase in the Number of Hotels will also increase the GRDP in Kota Batu. The scope of this study is limited to the selected variables, consisting of four variables: Number of Tourist Attractions, Number of Tourists, Number of Hotels, and Number of Restaurants. This study has not fully considered other factors within the tourism sector that may have significant effects or relationships with the regional gross domestic product, especially in the tourism sector. This research employs quantitative data; future research is encouraged to explore qualitative data. The analysis in this study is also confined to the years 2011 to 2022.

**Suggestion**

In the future, it is hoped that the Batu City Government will pay more attention to improving the quality of existing tourist attractions in Batu City. Given its advantageous highland geographical location, Batu City should maximize this potential by continuously
exploring opportunities. It is not just about increasing the number of tourist attractions but also enhancing their quality, focusing on unique characteristics in tourist villages to attract visitors due to their distinctiveness compared to other attractions.

For future research, it would be beneficial for researchers to include different or additional independent variables. Additionally, conducting studies over a longer and more recent period would provide insights into other factors influencing the increase in Gross Regional Domestic Product in Batu City, leading to more robust research findings and conclusions.

References


