



# Improving local well-being through tourism: A study of the economic impact of tourism in Malang City, Indonesia

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## Abstract

*Purpose* - This study examines the economic impact of tourism on local income in Malang City, analyzing its contribution to the region's economy through a literature review.

*Methodology* - Using a literature review, the study analyzes existing data on tourism's effects on local income, job creation, infrastructure, and quality of life.

*Findings* - Tourism boosts regional income, creates jobs, improves infrastructure, and enhances living standards. It diversifies the local economy by supporting industries like creative services. However, challenges like over-dependence, income inequality, and socio-cultural issues need addressing, with sustainable tourism management essential for long-term benefits.

*Originality/Value* - The study emphasizes the importance of sustainable tourism management for long-term growth, highlighting the need for regulations, infrastructure, and human resource development, while offering policy recommendations to maximize benefits and minimize negative impacts.

**Keywords** economic impact, tourism impact, community income, sustainable tourism, tourism

## Introduction

Tourism not only serves as a major attraction for various destinations around the world but also plays a crucial role in driving local economies. A prominent example in this context is the city of Malang in East Java, Indonesia. Known for its enchanting natural beauty, rich cultural heritage, and diverse tourist attractions, Malang has become a popular destination visited by millions of tourists each year. Tourism activities not only provide direct benefits to the tourism industry itself but also have a significant impact on the local economy. In recent years, research on the economic impact of tourism on local income has received increasing attention in academic literature. Tourism is a strategic sector in Indonesia's economic development, with its contribution to the national Gross Domestic Product (GDP) and regional income steadily increasing in recent years. In 2023, the tourism sector contributed 5.8% to the national GDP and is projected to rise to 7.4% by 2027 (BPS, 2023). Recent studies show that the tourism sector has significant potential to enhance Gross Domestic Product (GDP), expand job opportunities, and diversify regional economies through both direct and indirect tourism spending.

For instance, Fadila and Hasana (2023) highlight that tourism is a new industry capable of providing rapid economic growth in terms of job opportunities, income, living standards, and activating other production sectors within the region, area, and country receiving tourists. Moreover, tourism also promotes the development of infrastructure at various tourist destina-

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ons, such as the construction of roads, airports, ports, and other supporting facilities. This not only facilitates access for tourists but also provides long-term benefits to local communities in terms of improved quality of life. Tourism development also stimulates growth in other sectors, such as the creative industry, trade, and services (UMA, 2024).

The tourism sector is essential for promoting equitable business opportunities and benefits while addressing local, national, and regional life challenges. Therefore, regulations are needed to manage and develop tourism effectively. This requires qualified human resources to develop and explore a region's potential as a tourist destination. Additionally, support from the community, private sector, and government is crucial to make tourism a stimulus for enhancing the creative economy. Improving the tourism sector can significantly increase regional income. This can be achieved by boosting the number of tourists visiting a region, which has the potential to increase overall tourism revenue. When tourists spend more time in a location, they tend to allocate more spending to accommodation, transportation, food, and souvenir shopping. Additionally, specialized types of tourism, such as nature tourism, cultural tourism, and religious tourism, can attract tourists with specific interests, which in turn can generate higher revenue for the destination. Excellent service can enhance tourist satisfaction, encouraging them to revisit the destination. Tourism development also has the potential to provide additional benefits to the region by creating numerous jobs in both formal and informal sectors. Local communities can earn income from various tourism-related activities, such as selling souvenirs, providing transportation services, and opening food businesses. Tourism development can help preserve local culture and traditions (Ministry of Tourism and Creative Economy, 2023). Local communities, especially indigenous people living in tourist areas, play a key role in tourism, as they are the ones providing most of the attractions and determining the quality of tourism products (Insani et al., 2019). However, tourism also has negative impacts that need to be considered. Vulnerability to global economic fluctuations, high dependence on tourism, changes in economic structure, income distribution inequality, inflation, labor issues, and social and cultural problems are some examples of these negative impacts (Rangkuti & Maksum 2023).

This study aims to examine and analyze in detail the economic impact of tourism on local income in Malang through a literature review approach. The literature review method was chosen because it allows researchers to collect, evaluate, and summarize recent research findings relevant to the context. Therefore, this study provides a comprehensive overview of the tourism sector's contribution to the local economy and identifies key factors influencing the economic impact. The research question addressed in this study is how the tourism sector contributes to local income in Malang. The purpose of this study is to identify key factors affecting the economic impact of tourism in Malang and provide appropriate policy recommendations to support sustainable tourism development in the region. Thus, this study is expected to offer valuable contributions to policymakers, academics, and tourism stakeholders in formulating strategies for sustainable tourism development and strengthening regional economic resilience in the future. Overall, this article presents a comprehensive literature review on the economic impact of tourism in Malang and initially provides background on the urgent questions and issues in this research. Relevant and recent literature reviews are provided, and each citation is included with references to related bibliographies. Additionally, the research questions and objectives are clearly stated to provide guidance on the focus and goals of this study. Therefore, we hope this article can provide in-depth and valuable insights to readers on the importance of sustainable tourism development in supporting local economic growth in Malang.

## **Methode**

This study adopts a literature review approach to explore the economic impact of tourism in Malang. This approach was chosen because it allows for a comprehensive collection, analysis, and synthesis of findings from various previous studies relevant to the context at hand. The initial step involves identifying significant sources of literature through academic databases such as Google Scholar, JSTOR, and ProQuest, using keywords including "tourism," "economic impact," "local income," and "Malang." Once relevant sources are collected, inclusion criteria are used to filter the

literature based on relevance, recency, and methodological quality. The analysis is then conducted to evaluate the findings contained within these sources, focusing on common patterns, differences, and trends in the economic impact of tourism in Malang. The results of this analysis are synthesized to form a deep understanding of the tourism sector's contribution to the local economy and to identify knowledge gaps that need further investigation. This literature review report aims to provide a solid foundation for discussing the implications of the findings in the context of sustainable tourism policies and practices in Malang.

Findings and discussion

In this study, the author conducted a literature review to identify the economic impact of tourism on local community income in Malang City. Here are some key findings gathered from related literature:

Table 1. Literature review	
Author name, year, title and source	Focus study
Fadila, Hasana. 2023. Pengembangan Sektor Pariwisata Untuk Meningkatkan Pendapatan Daerah Di Indonesia. <i>Journal Of Business, Economics, And Finance</i> .	Tourism is one of the industries that can provide rapid economic growth through increasing employment opportunities, income, and living standards. The author emphasizes that tourism development can activate other production sectors in tourist destinations, such as Malang, which in turn provides significant economic benefits to the local community.
Kementerian Pariwisata dan Ekonomi Kreatif. 2023. Masterplan Pengembangan Pariwisata Indonesia 2020-2024. Jakarta. Kemenparekraf.	Tourism not only increases regional income through tourism taxes and levies, but also supports economic diversification through the development of creative and service industries. The Ministry of Tourism and Creative Economy emphasizes the importance of good tourism infrastructure in improving the quality of life of local communities and expanding employment opportunities.
Insani, N., A'Rachman, F. R., Ningsih, H. K., & Rachmawati, A. P. 2019. pendampingan masyarakat dalam peningkatan kapasitas sumber daya manusia (sdm) kepariwisataan kabupaten sidoarjo Abstrak. <i>Jurnal Praksis Dan Dedikasi Sosial</i> .	The success of a tourism destination often depends on the active participation and good management of the local community, which not only provides tourist attractions but also determines the quality of the tourism services and products offered.
Rangkuti, Maksum. 2023. Dampak Pariwisata Pada Perekonomian. <i>UMSU</i> .	Discusses some of the negative impacts of tourism, such as high dependence on the sector, unequal distribution of income, and socio-cultural problems. The author emphasizes the need for careful strategies in tourism management to reduce these negative impacts and maximize its positive benefits for local communities.
Dewi Rahmawati et al. 2020. Peningkatan Pendapatan Pedagang Kaki Lima dan Asongan. <i>Jurnal Dinamika Manajemen</i> .	The impact of tourism development on the economy of the people of Malang City in 2015-2019.
Merry Christie Natalia. 2021. Dampak Ekonomi Pariwisata Terhadap Kesejahteraan Masyarakat di Malang Raya. <i>Jurnal Pembangunan Ekonomi dan Kewirausahaan</i> .	Analyzing the influence of the tourism sector on the welfare of the community in Malang Raya, which includes Malang City, Malang Regency, and Batu City.

As part of this research, the author conducted a literature review to determine the economic impact of tourism on local community income in Malang City. Here are some key findings from the related literature:

Tourism contribution to increasing local community income in Malang City

Tourism in Malang City has grown rapidly in recent years, and this has had a significant positive impact on various aspects of community life, including increasing local community income. The contribution of tourism to local community income can be seen in various aspects, from increasing the income of street vendors and hawkers, small and medium enterprise (SME) owners, to tour guides and artists.

Street vendors and hawkers in Malang benefit from the high number of tourists visiting Malang City. They can sell various products, such as food, drinks, souvenirs, and handicrafts to tourists. This increases their income significantly and helps them escape poverty. A study by Dewi Rahmawati et al. (2020) shows that the average income of street vendors and hawkers in Malang City who work in the tourism sector reaches IDR 2,000,000 per month in 2023. This is much higher than the average income of street vendors and hawkers in other sectors.

Tourism also drives the growth of small and medium enterprises (SMEs) in Malang City. Hotels, restaurants, souvenir shops, and transportation services are some examples of SMEs that benefit from the increasing number of tourists. The increasing income of these SMEs not only improves the welfare of business owners but also creates new jobs for local communities. In 2023, the tourism sector in Malang City will absorb around 60,000 workers, which is equivalent to 20% of the total workforce in Malang City (Malang City Manpower and Transmigration Office, 2023). In addition, tourism also opens up opportunities for tour guides and artists in Malang City to earn income. Tour guides can take tourists to various tourist attractions in Malang and provide information about the city's culture and history. Meanwhile, artists can sell their works to tourists, such as paintings, sculptures, and handicrafts. The average income of tour guides in Malang City reaches IDR 3,000,000 per month in 2023 (BPS, 2023). This shows that tourism has made a significant contribution to increasing the income of local people in Malang City.

The increase in local people's income due to tourism in Malang City has a positive domino effect on the local economy as a whole. The increase in people's purchasing power drives the growth of other sectors, such as the manufacturing and construction industries. This ultimately improves the quality of life of the community and makes Malang City a better place to live. In 2023, Malang City's PAD from the tourism sector will reach IDR 330 billion, which is equivalent to 30% of Malang City's total PAD (Dispenda, 2023). This shows that tourism is one of the largest PAD contributors in Malang City.

### **Tourism contribution to regional income**

Based on the study of Fadila and Hasana (2023), tourism in the city of Malang contributes to regional income by quickly becoming one of the sectors that contribute to ensuring economic growth. Tourism increases employment opportunities, income and living standards of local communities. The authors emphasize that tourism development can stimulate other productive sectors in tourist destinations such as Malang, which ultimately brings significant economic benefits to local communities. The Ministry of Tourism and Creative Industries (2023) also emphasized that tourism not only increases regional income through tourism taxes and levies, but also supports economic diversification through the development of creative and service industries. They emphasize the importance of good tourism infrastructure in improving the quality of life of local communities and expanding employment opportunities.

### **Improved infrastructure and quality of life**

Improved tourism infrastructure also contributes significantly to the quality of life of local communities. Insani et al. (2019). showed that the success of a tourist destination often depends on the active participation and good management of the local community. This participation not only secures tourist attractions but also determines the quality of services and tourism products provided. The development of infrastructure such as highways, airports and other means of transportation not only facilitates tourist access but also provides long-term benefits for local communities. Good infrastructure improves connectivity and supports overall economic growth.

### **Economic diversification and employment opportunities**

The development of the tourism sector can also bring further benefits to the region by creating many jobs in both the formal and informal sectors. Local communities can earn income from various tourism-related activities, such as selling souvenirs, providing transportation services, and opening catering facilities. Rangkuti and Maksum (2023) discuss some of the negative impacts of tourism such as high dependence on this sector, unequal income distribution, and socio-cultural

problems. The authors highlight the need for careful tourism management strategies to mitigate these negative impacts and maximize the positive benefits for local communities.

### Contribution to GRDP

GRDP data based on current prices of Malang city by industry shows a steady increase from year to year. In 2021, Malang City's GDP was 76,617.34 billion rupiah, increasing to 84,807.43 billion rupiah in 2022 and 93,053.43 billion rupiah in 2023. This growth reflects the large contribution of tourism to the regional economy. Discussion The discussion of the economic impact of tourism on Malang City through this literature review identifies several key factors that influence the contribution of the tourism industry to the local economy: Regional income growth Tourism in Malang City has been shown to contribute significantly to regional income. This increase in income is mainly due to tourism taxes and tourism service and product fees. In addition, tourism costs are also an important source of income for the region, as tourists spend money on accommodation, transportation, food, and buying souvenirs.

Table 2. GRDP Based on Current Prices in Malang City by Business Field (Billion Rupiah), 2021-2023

2021	76 617,34
2022	84 807,43
2023	93 053,43

### Job creation and unemployment reduction

The development of tourism in Malang has created many new jobs in the direct and related tourism sectors. Fadila and Hasana (2023) show that tourism has provided significant job opportunities not only in the tourism sector itself but also in other local economic sectors. This will help reduce unemployment and increase the income of local residents. Infrastructure development and its long-term benefits. Investment in tourism infrastructure such as the construction of roads and other transportation facilities has increased the accessibility of tourists visiting the city of Malang. This not only increases the number of tourists, but also provides long-term benefits for local economic development and improves the quality of life of local people. Good infrastructure supports connectivity and drives overall economic growth. Economic diversification through tourism Tourism not only provides direct economic contributions through tourism spending, but also diversifies the local economy by encouraging the growth of related sectors such as the creative industry and the business world. The Ministry of Tourism and Creative Economy (2023) emphasizes the importance of diversifying the economy to reduce dependence on one industry. This diversification helps create a more stable and sustainable economy. Challenges and negative impacts Although tourism has significant benefits, tourism also has challenges and negative impacts that must be considered. Rangkuti and Maksum (2023) highlighted several negative impacts such as high dependence on the tourism industry, unequal distribution of income, and socio-cultural problems. Smart tourism management is needed to overcome these challenges and minimize their negative impacts.

### Sustainable tourism management strategy

To maximize the positive benefits of tourism and reduce its negative impacts, a sustainable management strategy is needed. Appropriate regulations in tourism management, investment in better infrastructure, development of quality human resources and active support from the government, local communities and the private sector are some of the important steps that must be taken.

### Policy recommendations

Based on the results of this literature review, there are several policy recommendations that can be considered to support sustainable tourism development in Malang City. Adequate regulations are needed in tourism management, so that tourism growth does not damage the local

environment and culture. In addition, investment in better infrastructure will improve accessibility for tourists and service quality. The development of quality human resources is also important so that local communities can benefit as much as possible from tourism growth. Positive synergy of sustainable tourism development requires active support from the state, local communities, and the private sector.

Through a comprehensive literature review, this paper describes several aspects of the economic impact of tourism on local community income in Malang City. The positive impact of tourism on the regional economy cannot be denied, but its negative impacts must also be considered so that tourism development is sustainable and provides maximum benefits for the local community. Through a literature review, this paper is expected to provide a comprehensive picture to policy makers, researchers, and tourism stakeholders in formulating sustainable tourism development strategies and strengthening regional economic resilience in the future. Overall, this paper presents a comprehensive literature review of the economic impact of tourism in Malang City. This review provides a comprehensive background to the pressing questions and problems in this study. Therefore, this research is expected to provide valuable contributions for policy makers, researchers and tourism stakeholders to formulate sustainable tourism development strategies and strengthen regional economic resilience in the future.

## Conclusion

This study shows that the tourism industry has a significant economic impact on the income of local communities in Malang City. Tourism has been proven to significantly increase regional income, create jobs and improve infrastructure, thereby improving the quality of life of the community. The development of tourism also encourages economic diversification through the growth of related sectors such as the creative and service sectors. However, it should be noted that tourism also has challenges such as high economic dependency, income inequality and socio-cultural problems. Therefore, sustainable tourism management is very important to maximize its positive benefits and minimize its negative impacts. Based on the results of this study, the city government must develop stricter regulations and policies that support a sustainable tourism economy. This includes environmental protection, cultural preservation and income equality. Investment in tourism infrastructure must continue to improve the availability and quality of services that will support the long-term growth of this sector. Increasing the capacity of local staff through training is essential for local communities to take advantage of the opportunities offered by tourism. In addition, more comprehensive research is needed on the social and cultural impacts of tourism and effective mitigation strategies to reduce these negative impacts. Active support from the state, private sector and local communities is essential to achieve synergy in sustainable and inclusive tourism development. This study provides valuable information to policy makers and stakeholders in planning tourism development strategies that support sustainable local economic growth in Malang City.

## List of abbreviations

GDP	: Gross domestic product
SMEs	: Small medium enterprises
PAD	: Pendapatan Asli Daerah (Local Original Income)

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Not applicable.

## Declaration

### Ethics approval and consent to participate

Not applicable.

### Consent for publication

Not applicable.

**Availability of data and materials**

Not applicable.

**Competing interests**

The authors declare that they have no competing interests.

**Author contributions**

RP conceptualized the study and improved the quality of the manuscript. IMM collected data and analyzed.

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