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Nomor: 001/penerimaan/at-tasyri'/08/2025

Lampiran :-

Hal : Surat Penerimaan Naskah Publikasi Artikel Ilmiah

Kepada yth.

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di

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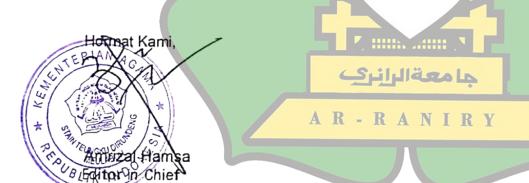
Terima kasih telah mengirimkan artikel ilmiah untuk diterbitkan pada jurnal at-Tasyri': Jurnal Ilmiah Prodi Muamalah, STAIN Teungku Dirundeng Meulaboh, (e-ISSN: 2715-7865) dengan judul:

"The Effect of Tourism Sector Revenue Contribution and The Number of Tourist Arrivals on Economic Growth in The Province of Aceh"

Berdasarkan hasil review editor, artikel tersebut dinyatakan **DITERIMA** untuk dipublikasikan di jurnal kami pada Volume 17 Nomor 2 Desember 2025.

Sesuai dengan time line pada setiap pemrosesan naskah, jurnal akan dipublikasikan pada akhir bulan penerbitan. Artikel ini akan tersedia secara online pada link https://ejournal.staindirundeng.ao.id/index.php/tasyri/.

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At-Tasyri': Jurnal Ilmiah Prodi Muamalah.



AT-TASYRI' Jurnal Ilmiah Prodi Muamalah

P-ISSN: 2085-2541, E-ISSN: 2715-7865 Volume 11, Number 2, December 2022 https://ejournal.staindirundeng.ac.id/index.php/Tasvri

The Effect of Tourism Sector Revenue Contribution and The Number of Tourist Arrivals on Economic Growth in The Province of Aceh

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Abstract

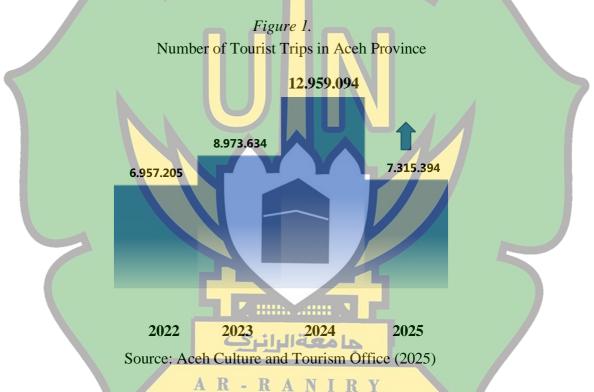
This study aims to analyse the influence of the tourism sector's Gross Regional Domestic Product (PDRB) contribution and the number of tourist visits on economic growth in Aceh Province. The data used covers the period 2005 to 2024 from 23 districts/cities in Aceh. The method used is panel regression analysis with a fixed effect approach, which was selected based on the Chow and Hausman tests to obtain the most accurate estimates. The results show that the number of tourist visits has a positive but insignificant relationship with economic growth, while the tourism sector's PDRB contribution has a negative but significant effect. On the other hand, the overall contribution of the tourism sector in the form of spending or investment shows a positive and significant influence on regional economic growth. These findings indicate that the quality of tourism sector spending plays a more important role in driving economic growth than simply increasing the number of tourist visits. This study provides important implications for the development of tourism strategies that focus on improving the quality of investment and tourist spending to accelerate economic growth in Aceh Province.

Keywords: Tourism, PDRB., Tourist Visit, Economic Growth, Aceh

A. INTRODUCTION

Economic growth is the main indicator in assessing the success of a region's development (Basorudin, 2021). In the context of regional development, the role of leading sectors is important in encouraging increased economic output. Aceh Province, as one of the regions in Indonesia, has great potential in regional economic development, especially through the number of tourist visits (Wadjaudje, 2018). In the last four years, attention to the tourism sector in Aceh Province has increased along with the government's efforts to develop leading tourist destinations based on local wisdom, natural beauty, and cultural wealth, as a strategic step in driving regional economic growth (Saputra *et al.*, 2022).

Although the growth of the tourism sector in Aceh has not been as fast as in other regions such as Bali or Yogyakarta, Aceh's tourism sector still shows a positive trend every year (See Figure 1). In an effort to increase the number of tourist visits, the Aceh government began to realise various development and promotion programs, such as introducing leading destinations such as Sabang, Takengon, and the southwest coast with marine tourism and ecotourism potential (Supriyanti, 2024).



The government's efforts to increase tourist arrivals in Aceh show a real contribution to PDRB through the provision of accommodation, food, and beverages ("The Dynamic Effects of Hospitality on the Tourism in Aceh: The International Community Services," 2024). Figure 2 shows the trend of the contribution of the tourism sector to PDRB from 2005 to 2024 with a very significant increasing trend every year. The initial period, 2005-2009, experienced a slow increase from 0.46 per cent (2005) to 0.66 per cent (2009). In the following period, the contribution to PDRB increased rapidly, reaching its first peak in 2018 (1.69 per cent). After that, there was a slight decline in 2019 (1.59 per cent) and 2020 (1.37 per cent) due to the COVID-19 pandemic. After that, there was a rapid rebound in 2023 (1.77 per cent.

This pattern shows strong growth potential but vulnerability to external shocks, with a rapid rebound after the pandemic (Asnidar *et al.*,c2022).

Figure 2.
Contribution of Tourism Sector to PDRB (Percent)



Source: Opendata (2025)

In regional economic analysis, the sector contribution approach to PDRB is an important instrument to measure development effectiveness (Rifa'ini & Rizali, 2024). Through this approach, it can be seen which sectors have a major influence on economic growth and which sectors need to be encouraged to increase their contribution (Juhandi *et al.*, 2022).

The influence of the tourism sector on economic growth cannot be separated from the role of the government in creating a healthy tourism ecosystem. Local governments need to play an active role in building supporting infrastructure, creating supportive regulations, and conducting consistent tourism promotions. The involvement of local communities in the management of tourist destinations also needs to be increased so that the economic impact of this sector can be felt equally (Shafwah, 2024).

Research on the influence of the contribution of tourism and investment to economic growth in Aceh Province aims to provide an empirical picture of the role of the two sectors in regional development. The results of the study are expected to be the basis for policy-making based on accurate data and analyses. Targeted development policies will accelerate economic growth and encourage the structural transformation needed by regions such as Aceh (Akbar, 2025).

In response to the potential economic growth of Aceh province, this study was conducted with the following objectives: (1) Exploring the contribution of PDRB to economic growth in Aceh Province, (2) Analyzing how the tourism sector contributes to economic growth in Aceh Province, (3) Exploring how the number of tourist visits affects economic growth in Aceh Province, (4) Explaining how much economic growth in Aceh Province is influenced by the tourism and investment sectors.

B. LITERATURE REVIEW

Definition of Gross Regional Domestic Product (PDRB)

Gross Regional Domestic Product or PDRB is an indicator used to measure the total gross value added of all economic activities that occur in a region in a certain period (Setianingsih, 2017). This gross value added includes the value of output or production minus the value of inputs or intermediate costs used in the production process. PDRB reflects the economic ability of a region to produce goods and services.

PDRB is an important benchmark in analysing regional development. The value of PDRB shows how productive a region is in processing natural resources, utilising labour, capital, and technology (Hartanto, 2016). By using PDRB comparatively between time or between regions, economic development, growth intensity, and various dynamics of the economic structure can be seen. The increase in PDRB from time to time reflects economic growth, which in turn is an indicator of improving people's welfare (Sulistriani, 2025). Based on this, the research hypothesis is stated as follows.

H1: The contribution of PDRB has a significant effect on Economic Growth in Aceh province.

Definition of Tourism Sector

The tourism sector encompasses the activities of travelling tourists, providing services, and supporting the local economy. The scope of this sector includes the provision of accommodation such as hotels and homestays, food and beverage services, transport and travel services, entertainment, and local guide services. In addition to creating a direct economy, this sector encourages cultural interaction, preserves traditions, and increases environmental awareness. The implementation of the tourism sector also encourages MSME players such as handicrafts, culinary, and souvenirs, thus increasing community participation in local economic development (Yakup, 2019).

Digitalization and online marketing are also expanding the reach of destinations. Promotion through social media and reservation platforms allows travellers to more easily access information and plan visits, including to Aceh. Tourism development is now part of a strategy to improve the quality of life of local communities. Based on this, the research hypothesis is stated as follows.

- H2 Tourism sector has a significant influence on economic growth in Aceh province.
- Ho The number of tourist visits has no effect on economic growth in Aceh province.

Definition of Economic Growth

Economic growth is an increase in a region's ability to produce goods and services over time. Classical theory views economic growth as a process of capital accumulation and labour expansion. Adam Smith and David Ricardo emphasised the importance of the efficiency of the division of labour, the savings invested, and the availability of resources to drive the process. In the classical framework, economic growth depends on exogenous factors such as capital accumulation and population (Anggarini, 2018).

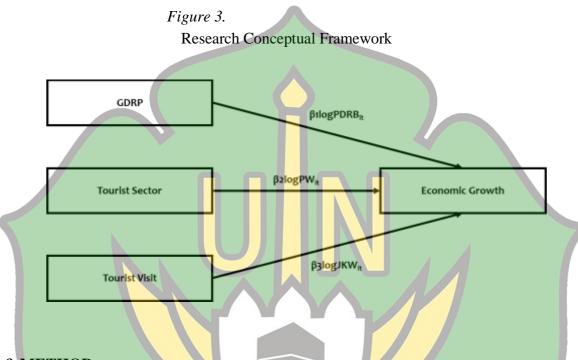
The neoclassical theory developed by Robert Solow introduced technological variables as a key factor in the long run. According to the neoclassical approach, economic growth depends not only on the amount of capital and labour, but also on technological progress and the efficient use of resources. With technological progress, regions are able to increase output without the need to increase the same input.

The modern, endogenous approach as proposed by Paul Romer and Robert Lucas highlights that economic growth is also determined by human investment. Education, research, and development are important factors to create innovation and increase productivity. The modern approach also links growth to synergies between economic sectors, industry players, and the role of government in providing a conducive environment (Yakup, 2019).

In the context of regional development, economic growth means a long-term increase in GRDP that reflects the region's ability to provide employment opportunities, better public services, and improved living standards. This process includes increasing production capacity, shifting economic structure, and expanding people's access to income and service facilities. Based on this, the research hypothesis is stated as follows.

H3: The contribution of GRDP and the Tourism Sector has a significant influence on Economic Growth in Aceh province.

The research conceptual framework that explains the direction of the relationship between variables is visualised in Figure 3 as follows.



C. DATA & METHOD

The data used in this study is secondary data. The data is in the form of panel data that combines time series data over the time period 2005-2024 (n=20) to provide an adequate time span for trend analysis and robust regression coefficients. Taken from 23 districts/cities in Aceh Province. The variables used include the contribution of Gross Regional Domestic Product (PDRB) to the tourism sector, the number of tourist visits and economic growth. For Gross Regional Domestic Product (PDRB), Tourism Sector, Economic growth is calculated in units of percent, while the number of tourist visits is calculated in units of souls.

This research—uses quantitative methods with secondary data obtained from publications of official government agencies such as the Central Bureau of Statistics (BPS) of Aceh Province, the Investment Coordinating Board (BKPM) and the Regional Finance Agency. The regression model used in this study is a panel data regression model, which can handle data consisting of several districts/cities observed over a period of time. This model allows the analysis of variables that vary both temporally (between time) and spatially (between regions). There are three main approaches in panel data regression, namely common effect, fixed effect, and random effect. The selection of the most appropriate model is determined based on the results of the Hausman test, which aims to determine whether the fixed effect or random effect model is more appropriate. If the

Hausman test results show a correlation between individual effects and independent variables, then the *fixed effect* model is more appropriate. Conversely, if there is no correlation, then the random effect model can be applied. Meanwhile, the *common effect* model is used as a basic approach without considering individual and time differences.

D. RESULT & DISCUSSION

As explained earlier, the level of tourist arrivals in the districts/cities in Aceh province is relatively different from one another. On the one hand, there are districts/cities with relatively higher levels of tourist arrivals, and on the other hand, there are a number of districts/cities that have relatively low levels of tourist arrivals. Similarly, the contribution of the tourism sector to PDRB and tourist arrivals to economic growth is also different in each district/city in Aceh. Using data from 23 districts/municipalities in Aceh over the period 2005-2024, the results of descriptive statistics on the number of tourist visits in terms of (people), and three variables of expenditure by function in the region are shown in Table 1.

Descriptive Statistics Statistical Parameters **Economic Growth (%) Gross Regional Domestic Product Growth (%)** Tourism (%) Number of Tourist Visit (Soul) Mean 7.843 5480.864 226.853 493218.0 3669.876 Maximum 187.469 30083.73 1520664. Minimum 165.165 3.478 9464.000 -45.131 Std. Dev. 5143.990 460 342516.8 15.933 417.459 460 Obs 460 460 Correlation Coefficient LPE 1.000 **LPDRB** 1.000 -0.242 **LPW** -0.157 0.060 0.855 1.000 LJKW 0.561 1.000 0.471

Table 1. Descriptive and correlation statistics

Based on Table 1, it can be seen that the number of tourist visits in each district/city in Aceh shows a significant variation over the period 2005-2024. The difference is reflected in the value of the number of tourist visits, where the region with the highest number of tourist visits reached 9464,000 people, while the region with the lowest level of tourist visits was recorded at 1520664 people. On average, the level of tourist visits in all districts/cities during the period was 493218.0 people.

Furthermore, based on the results of descriptive statistics from panel data during the period 2005-2024, the average economic growth was 7.843 per cent, gross regional domestic product was 5480.864 per cent, and tourism was 226.853 per cent.

Furthermore, the results of the analysis show that there is a negative relationship between the variable percentage level of economic growth and the variable contribution of the tourism sector to PDRB and the number of tourist visits. This is indicated by the correlation coefficient (r) value of each variable of 0.060, 0.561, and -0.471. The coefficient indicates that there is an inverse relationship between gross domestic product growth in the tourism sector and the percentage of economic growth. Which means, when there is an increase in gross domestic product growth in the tourism sector and the number of tourist visits in general, it can reduce the percentage level of economic growth.

Selection of Panel Regression Approach

As explained earlier, the use of panel regression to estimate the functional relationship between variables whose data is in the form of panel data, using three approaches, namely common effect, fixed effect, and random effect. Determining which approach to use is based on the *p-value*. If the *p-value* > 0.05, then the approach used is the *fixed effect approach*. The *Chow* test results are shown in Table 2, as follows.

Table 2. Panel Regression Results

		effect specification of panel regression									
		Common Effec	<u></u>		Fixed Effect		R	andom Effect			
		Coefficien t Estimatio n	T Stat	P- Value	Coeffici ent estimati on	T Stat	P- Value	Coefficient estimation	T Stat	P- Value	
	C LPDRB LPW	1.033 -0.586 0.169	1.317 -6.056 2.213	0.189 0.000 0.028	6.436 -0.848 0.206	4.030 -6.710 1.968	0.000 0.000 0.050	2.420 -0.694 0.173	2.248 -6.386 1.927	0.025 0.000 0.055	
	LJKW	0.362	5.205	0.000	0.092	0.835	0.404	0.321	3.912	0.000	
:	R ² Adjusted R ²	0.125 0.118			0.308 0.265			0.166 0.160			
	F-stat Prob(F- stat)	19.793 0.000			7.043 0.000			27.730 0.000			
	DW-stat	0.545			0.852			0.678			
					Chow-test			Hausman Test			
					Effects Test Cross-section F	stat 4.768	P- Value	Test Sum mary Cross-secti	X2 Sta	t P- Val ue	
			N		Cross-section X ²	99.147	0.000	random n	20.121	0.000	
				Residual Cross-Section							
						1	Depende	nce Test			
					Breusch-Pagan LM	2985. <mark>75</mark>	0.000	Breusch-Pagan LM	3099.388	0.000	
					Pesaran scaled	121.4856	0.000 L	Order scaled LM	126.5374	0.000	
				A	Bias-corrected CD Order A N	120.8803	0.000	Order CD	44.28434	0.000	
					CD Order	44.13077	o.geale	d LM			

Based on Table 2 above, it can be seen that the *p-value* of Cross Section F is 0.000

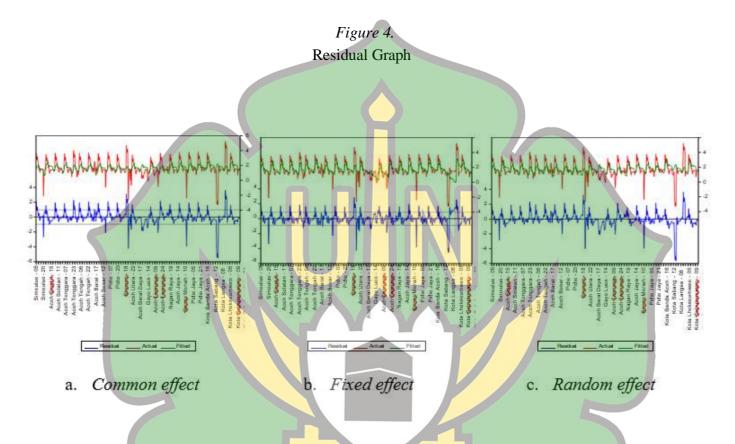
<0.05. Thus, it can be concluded that, based on the Chow *test*, the chosen approach is *fixed effect*. Then, the *Hausman* test is used to determine whether the selected model is *fixed effect* or *random effect*. The selection of one of the two approaches is based on the Cross-Section Random p-value, with the condition that if the p-value> 0.05, then the selected model is a *random effect*. Conversely, if the *p-value* <0.05, then the approach taken is *fixed effect*.

Based on the X^2 -Statistic value of 0.308 with a *p-value* of 0.000, it can be concluded that the *fixed effect is* better than using the *random effect* approach. Previous *Chow test* results can also indicate that the best model is the *fixed effect* approach.

Statistical justification also concludes that the *fixed effect* approach is better than the *random effect* and *common effect*. This is based on the comparison of residual graphs that have

been produced by the three methods. The information can be described in Figures 4a, 4b, and 4c as follows.

I will schedule some time for us to connect.



In Figure 1a and Figure 1c above are the residual graphs that have been generated from the *common* effect & random effect approaches. In the residual graph, it can be seen that the variation/fluctuation of the actual line tends to be different from the fluctuation of the fitted line. Then, Figure 1b shows the panel regression residuals that have been generated by the fixed effect approach. In the graph, it can also be concluded that the fixed effect approach can produce more accurate estimates compared to the random effect and common effect. Therefore, the panel regression selected and then used for analysis purposes in this study is the panel regression with the fixed effect approach.

The contribution of Gross Regional Domestic Expenditure (PDRB) of the Tourism Sector and the Number of Tourist Visits has different influences on Economic Growth in Aceh Province. The Gross Regional Domestic Product (GDP) and the Tourism Sector (LPW) are also significant to the percentage of economic growth. The Number of Tourist Visits (LJKW) has a negative and insignificant influence on the percentage of economic growth. This finding can be seen based on Table 2. Based on Table 2, the panel regression model that shows a functional relationship between the contribution of the tourism sector GDP and the number of tourist visits, with the percentage of economic growth, can be expressed in equation 1.

$$LPE_{it} = 6.436-0.848 LPDRB_{it} + 0.206 LPW (it) 0.092 LJKW_{it} + eit$$
 (1)

The contribution of PDRB has a negative effect and also has a significant impact on the percentage of economic growth. This is shown by research that finds a negative relationship between the contribution of PDRB to economic growth, such as Rachmawati (2019) in her research in East Nusa Tenggara Province, assessing the contribution of the tourism sector to PDRB. By using the fixed effects model in panel data regression analysis, the results showed that the number of hotels, restaurants, and

investment value were significant to PDRB, while the variables of the number of tourists and tourism objects had no significant contribution or effect. However, it was also found by I n t a n Tursina Yogaswara *et al.* (2024) that the tourism sector has a positive and significant contribution to PDRB. Variables such as hotel tax, entertainment tax, and tourism levy partially or simultaneously proved to significantly increase the contribution of the tourism sector to PDRB. Then, according to (Aswan et al, 2023), the results of the analysis show that the five variables

simultaneously have a significant effect on economic growth (0.042 < 0.05) with a correlation level of 84.2%. In particular, the manufacturing sector shows a positive and significant influence on economic growth, while the agriculture, forestry and fisheries sector; mining and quarrying sector; construction sector; and the trade, car repair and motorbike sector contribute positively but not significantly.

This also indicates an inversely proportional relationship. Which means that the higher the contribution of PDRB, the lower the percentage of economic growth. Conversely, the lower the contribution of PDRB, the higher the percentage of economic growth. Given that the contribution of gross regional domestic product (PDRB) is an important benchmark in the analysis of regional development, the existence of a negative and significant influence on this variable on the percentage of economic growth originating from the contribution of gross regional domestic product (PDRB) can be realised in reducing the percentage of economic growth rate in Aceh province.

Similarly, the tourism sector also has a positive and significant effect on the percentage of economic growth. This can be seen from the estimated coefficient of 0.206 with a *p-value* of 0.050 <0.05. This finding is consistent with the results of a study conducted by Basorudin, Afifah, Rizqi, Yusuf, Humairo, and Nugraheni (2021) discussing *location quotient* analysis and *shift share of the* tourism sector to identify leading sectors in Indonesia. The results showed that, based on DLQ analysis, Aceh Province is one of the areas that has potential in developing the tourism sector. This study is relevant because it directly discusses the strategic position of the tourism sector as a regional economic driver, although it does not explicitly assess its influence on economic growth.

This research approach focuses more on sectoral analysis with descriptive quantitative methods using national secondary data. The similarity with this study lies in the focus on the tourism sector and the significance of its contribution to the regional economy. The difference is that the study has not measured the relationship between tourism and investment in the rate of economic growth directly. Similarly, research conducted by Ayu & Destiningsih (2022) showed that the number of hotels and tourists had a significant effect on economic growth, while the number of tourist attractions had no significant effect. This research has a high level of relevance to the research being conducted because both use tourism variables as determinants of economic growth.

This shows that the higher the contribution of PDRB based on the tourism sector, the lower the percentage of economic growth. Vice versa, the lower the contribution of PDRB based on the tourism sector, the higher the percentage of economic growth. As a form of PDRB contribution, the positive and significant effect of this variable on economic growth statistically informs that local government efforts in the form of PDRB contributions based on the tourism sector can be realized in reducing the percentage of economic growth in districts/cities in Aceh province.

In contrast to the number of tourist visits to economic growth in the Regency / City of Aceh province shows a positive relationship but does not show significance. This can be seen from the estimated coefficient of 0.092 with a *p-value of* 0.404. These findings are consistent with the results of studies based on Muni Febrianti (2022). The number of domestic tourist visits has a positive but insignificant effect on economic growth (PDRB). (Sugiarto *et al*, 2023) The study results show that directly the number of tourist visits has a negative and insignificant effect on local revenue. Directly, the number of tourist visits has a negative but insignificant effect on regional economic growth (Pontonuwu, Masinambow & Niode, 2024) explained that tourist visits have a positive but insignificant effect on economic growth. Together, both have a positive but still insignificant effect on economic growth.

This suggests that although there is a positive relationship between the number of tourist arrivals and a decrease in economic growth, the effect is not strong or consistent enough to be considered statistically significant. In other words, an increase in the number of tourist arrivals in the area may not necessarily directly and significantly contribute to a reduction in economic growth.

Relationship between Research Variables

The Effect of GDP Contribution of the Tourism Sector on Economic Growth

The results of the analysis show that the contribution of PDRB in the tourism sector has a positive and significant influence on economic growth in Aceh Province. This reflects that the greater the proportion of output generated by the tourism sector to total PDRB, the higher the rate of regional economic growth. The tourism sector is a driver of local economic activity, especially because it is able to create jobs and increase the income of communities around tourist destinations.

In addition, the contribution of the tourism sector to PDRB shows that the regional economic structure has begun to shift from the primary sector to the tertiary sector (services). Aceh as a province with strong natural, cultural and religious tourism potential, can make the tourism sector the main pillar of long-term economic growth. Therefore, an increase in the contribution of this sector is directly proportional to the increase in regional economic competitiveness.

Effect of Tourism Sector on Economic Growth

The tourism sector in general has a broad economic impact through multiplier effects. When this sector grows, other sectors such as trade, transport, hospitality, culinary, and folk crafts are also boosted. Growth in these supporting sectors in aggregate drives an increase in regional gross value added, which directly increases the rate of economic growth. In other words, the more active and productive the tourism sector is, the greater its effect on increasing Aceh's overall economic output.

In addition, the tourism sector has labour-intensive characteristics, so growth in this sector tends to create new jobs, both formal and informal. The increase in community income due to involvement in the tourism value chain then increases purchasing power, household consumption, and local investment. All these factors contribute positively to economic growth. Therefore, the tourism sector is not only important as a source of local revenue, but also as a driver of sustainable economic development.

Effect of Number of Tourist Visits on Economic Growth

The number of tourist arrivals has a significant positive relationship with economic growth in Aceh Province. The higher the number of tourists, both domestic and foreign, the higher the demand for local products and services, which in turn boosts overall economic activity. Tourists bring foreign exchange and money to the region, which directly affects the service sector, such as transportation, lodging, restaurants, and micro-enterprises around the destination.

Tourist visits also have an impact on increasing the income of small and medium enterprises as well as local own-source revenues (PAD) through tourist attraction levies and local taxes. This contributes to better infrastructure development and improved public services, which in turn strengthens the competitiveness of the regional economy. Therefore, increased tourist arrivals can be considered a direct indicator of the productivity of the tourism sector and its contribution to Aceh's economic growth.

E. CONCLUSION AND SUGGESTION

Research on the contribution of the tourism sector and the number of tourist arrivals to economic growth in 23 districts/cities in Aceh Province during the period 2005- 2024 shows that the number of tourist arrivals shows large variations between regions, with an average value of 493,218 people. However, empirical data show that the number of tourist arrivals does not have a significant effect on economic growth, although the direction of the relationship is positive. The contribution of Gross Regional Domestic Product (PDRB) in the tourism sector shows a negative but significant influence on regional economic growth. This indicates that an increase in the contribution of PDRB in the tourism sector is not always followed by an increase in economic growth. Meanwhile, the contribution of the tourism sector in general (in the form of expenditure or investment) has a positive and significant influence on economic growth, indicating that the quality of tourism sector expenditure plays a role rather than the quantity of tourist visits alone. Based on the panel regression analysis, the *fixed effect* approach was chosen as the best model because it provides the most accurate estimation compared to the *common effect* and *random effect* approaches. This is supported by the Chow and Hausman test results, as well as the residual graph.

Focus on Improving the Quality of the Tourism Sector:

As the contribution of the tourism sector in the form of spending or investment is proven to have a positive and significant influence on economic growth, local governments and tourism industry players are advised to improve the quality of services, infrastructure, and tourist attractions so that tourist spending increases and has more impact on the local economy.

Evaluation of the Effectiveness of Tourism PDRB Contribution:

The finding that an increase in the tourism sector's PDRB contribution has a negative effect on economic growth needs to be followed up with a thorough evaluation. Local governments need to explore the factors that cause inefficiency or economic leakage in this sector, such as dependence on the informal sector, lack of involvement of local MSMEs, or the dominance of businesses from outside the region.

More Precise Tourist Segmentation and Targeting:

Given that the number of tourist visits does not significantly affect economic growth, tourism promotion strategies need to shift from a quantitative approach (increasing the number of visits) to a qualitative approach, i.e. attracting tourists who have high purchasing power and interest in making larger expenditures.

Strengthening Regional Planning and Investment: A N I R Y

Local governments need to formulate more targeted tourism investment policies, with incentives for sectors that have a high multiplier effect on the local economy, such as community-owned homestays, local culinary, handicrafts, and ecotourism.

Data Utilisation and Sustainable Research:

Local governments are advised to continue to update and utilise accurate data on tourist arrivals and sectoral contributions to PDRB. In addition, further research is needed to identify the most productive types of tourist expenditure, as well as the sectors that have the strongest linkages with economic growth.

Inter-District/City Coordination:

Given the large variation between regions in terms of the number of tourist arrivals, it is important to strengthen cross-regional coordination to build a network of tourist destinations that support each other and promote equitable economic growth between regions.

F. Acknowledgments

The author expresses his deepest gratitude to all those who have provided support in the implementation and completion of this research. Special thanks go to Ar-Raniry State Islamic University Banda Aceh, Faculty of Economics and Islamic Business, Economics Study Programme, which has provided facilities and academic support during the research process. The author would also like to thank the Central Bureau of Statistics (BPS) of Aceh Province and the Aceh Provincial Tourism Office for the availability of data that is very helpful in analyzing this research.

Thank you also to my beloved parents, Bapak Saifullah, and Ibu Zahara Kumar, who always pray and advise with all their hearts and provide both moral and material support. Thank you also to M. Haikal Zikrillah, as my beloved brother, and Luthfi Al-Farisyi, as my beloved younger sibling, then to the extended Basyah family, who always encourage researchers to complete this final project on time, so that researchers can complete this college education level and obtain a bachelor's degree in Economics.

In addition, the author would like to express his appreciation to the supervisors, Dr Hendra Syahputra, M.M., Mr Hafiizh Maulana, S.P., S.H.I., M.E., who have provided valuable input, as well as colleagues and all parties who cannot be mentioned one by one, who have provided moral and technical support during the process of writing this journal. All shortcomings in this research are the sole responsibility of the author.



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