The effect of urban tourism on an urban economy (the case of Malang Municipality)

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Abstract. As the economy of cities grew at unprecedented rate, urbanites’ changing perceptions of the way they see urban space – the city as an entertainment machine – creates a challenge that becomes the background for this study. Malang urbanized area is chosen as the unit of observation due to its potentials as the site for urban tourism development. New tourism icons and economic activities continue to emerge which begs the question as to why such things exist in Malang. Primary and secondary data are garnered through field observation, in-depth interview and from government policy related to tourism development. Mixed method is employed to reveal the effects of tourism sector development on the economic growth of the city. The findings indicate strong correlation between the two; however, cautionary note should be taken as there are many external factors beyond tourism sector development which affect the economic growth of Malang urban area during the observed period. Culinary activities create direct impact as seen through the increase of locally-owned revenues while thematic neighbourhood tourism development affects the local economy and informal sector.

1. Introduction

Urban tourism is one of the activities which potentially increase the additional income of the community [1]. The city as an Entertainment Machine to improve economic welfare with the city's entertainment component where it is actively and strategically produced through political and economic activities and is one of the jobs for many urban actors [2]. The city's economic development is no longer encourage the development of entertainment and entertainment attractions. The city's economic development is currently driven by the entertainment sector and entertainment attractions which are the economic base of the city. The existence of entertainment attractions or consumptive activities attracts investment into the city which can encourage the economic development of the city. Urban public officials, business, and non-profit leaders are using culture, entertainment and urban amenities to (seek to) enhance their locations for present and future residents, tourists, conventioneers, and shoppers. They are making investments in amenities [3].

Over time, people's preferences for the functions of the city that had been used as workspaces turned into entertainment spaces. The city's entertainment activities are one of the sectors considered to be the sector base. This change of view towards the city's entertainment activities has caused the city tourism sector to be developed and examined for its impact on a region, especially the economic growth of the region.
Malang City is a city that develops tourism as one of the sectors to improve people's welfare and increase the city's economic growth. However, the growth of the contribution of the tourism support sector to the GDP has fluctuated. This is in contrast to the increasing growth in the number of tourists and increased contribution from the tourism sector to GDP. The contribution of the tourism sector to the GRDP of Malang City decreased in 2015.

World Tourism Organization considers that urban tourism refers to travels inside cities or areas with a high population density [4]. Urban tourism can be a vital role in urban regeneration, so urban tourism development contributes to increasing urbanization, improving city image, new investment and employment opportunities [1]. Therefore, in this study, we examined about the effect of urban tourism activities on regional growth such as increasing regional income, increasing employment opportunities, equitable development, and business opportunities.

2. Methods
Malang urbanized area is chosen as the unit of observation due to its potentials as the site for urban tourism development. New tourism icons and economic activities continue to emerge which begs the question as to why such things exist in Malang. Primary and secondary data are garnered through field observation, in-depth interview from communities, tourist and from government policy related to tourism development and the distribution of 100 questionnaires to the public. The variable used in this study are spatial characteristics of tourism facilities, regional income, employment opportunities, urban development and business opportunities for local community. Mixed method is employed to reveal the effects of tourism sector development on the economic growth of the city.

3. Results
The results of this study are 3 viz.urban tourism development, economic growth of the city and the effects of tourism sector development on the economic growth of the city.

3.1. Urban Tourism Development
3.1.1. Number of tourists. The development of the number of tourists visiting Malang City from 2010 to 2017 fluctuated tended to increase both domestic and foreign tourists. While for the past 4 (four) years the number of domestic tourists has increased quite rapidly with several almost 2 (two) times.

![Figure 1. The number of tourists visiting Malang City (2010-2017)](source: BPS Malang, 2011-2018 (processed by the author))

The increase in tourist visit's reason is the government's active promotion on social media, namely Instagram, websites, and tourism applications in Malang. The number of tourists increased began in 2015 along with the promotion of the "Beautiful Malang". While the increase in domestic tourists in 2014 continued to increase by 2 (two) times in 2017.
3.1.2 Hotel tourism services. The development of the number of hotels shows a fairly rapid increase from year to year. As for the development of room occupancy rates for the period of 2010 to 2017, fluctuations tend to decline, especially in the last 2 (two) years, both starred and non-starred hotels, where the highest peak occurred in 2010 and gradually declined until 2017. Besides the length of stay tourists in star hotels and non-star hotels also experience fluctuations but tend to decline where foreign tourists spend more time staying at hotels than domestic tourists. In 2011 foreign tourists spent the night in Malang at the most, namely 5.56 days or 6 days. Whereas in 2017 tourists staying in Malang City only range from 1 to 1.5 days.

![Figure 2](image2.png)

Figure 2. The number of hotel in Malang City (2010-2017)
Source: BPS Malang, 2011-2018 (processed by the author)

3.1.3 Tourism sector workforce. The growth of the employment sector in the tourism sector is seen from the average percentage of the workforce in the trade, restaurants and hotels sectors which has become the most sector in employment from 2010 to 2017. However, the employment of the tourism sector during that period fluctuated tends to decrease.

![Figure 3](image3.png)

Figure 3. The number of tourism workers in Malang City (2010-2017)
Source: BPS Malang, 2011-2018 (processed by the author)

The growth of employment in tourism employment has fluctuated because of the large number of workers in the informal sector such as household services, washer washers, gardeners, housekeepers, baby sitters, recreation services and so on which are continuously increasing.

3.2 Economic Growth of The City

3.2.1 Gross Regional Domestic Product. The development of tourism towards GRDP from the contribution of sector contributions (i) large & retail trade, (ii) provision of accommodation and food to drink and (iii) transportation and warehousing which have the highest contribution from 2010 to 2017, but when viewed from the sector of providing accommodation, eating and drinking have low sector contribution around 4 to 5% per year.
3.2.2. **Workers.** The percentage of the workers in 2017 is 65 percent compared to unemployment as much as 35 percent where the workers consist of two types of activities namely the working population and unemployment.

| Years | The number of workers | The number of population | Workers percentage |
|-------|------------------------|--------------------------|-------------------|
| 2010  | 358,415                | 820,243                  | 43.7              |
| 2011  | 404,992                | 828,491                  | 48.9              |
| 2012  | 382,126                | 834,527                  | 45.8              |
| 2013  | 398,094                | 840,803                  | 47.3              |
| 2014  | 393,050                | 845,973                  | 46.5              |
| 2015  | 377,329                | 851,298                  | 44.3              |
| 2017  | 411,042                | 861,414                  | 47.7              |
| Average | 389,292              | 840,392                  | 46.3              |

Source: BPS Malang, 2011-2018 (processed by the author)

Based on the percentage of the number of workers from the population of Malang City has the largest proportion in 2012 which is as much as 48.9 percent. Then in the following years, it fluctuated, but in the last three years, it increased significantly.

3.2.3. **Spatial Land Cover.** In 2013 trade and service activities in Malang City were only located in the center of the city. Then in 2014 began to build shophouses along Veteran street where the area is an Educational Zone. In 2015 there was a change in the residential area around Taman Kunang-Kunang to become a commercial area with the construction of cafés and restaurants. In 2016 there began to be a change in slum areas to become Thematic Villages, namely Jodipan Tourism Village which greatly affected the income and employment of the villagers. The success of the village triggered the development of other thematic villages so that most of the thematic villages which initially only served as dwellings became an area with economic activities of the local community.

3.3. **Effects of tourism sector development on the economic Growth of The City**

3.3.1. **Gross Regional Domestic Product.** The contribution of the tourism sector increase in 2014. the category of providing accommodation and drinking meals contributed to the GDP of Malang City in 2016 of 4.9 percent, an increase compared to 2015 which was 4.79%. The subcategory of providing food and drink is the biggest contributor to the formation of added value in this business field compared to providing accommodation. The role of providing drinking food is 60.62 percent while the provision of accommodation is 39.38 percent. In the past 5 (five) years providing drinking, food has always contributed more than providing accommodation. It is because the development of the culinary business in Malang City is faster than the hotel and lodging business.

3.3.2. **Spatial Local Economic.** One of the most visible influences is the influence on the economic activities of street vendors around Malang City tourism objects. Heritage tourism have the greatest influence compared to other attractions to the activities of street vendors. generally, heritage sites are located in strategic locations and become a landmark for the community. Street vendors are more in demand at night, this is due to a large number of young people in this education city. In addition to heritage tourism, park tourism activities also affect the activities of street vendors. Generally, around public parks, there are culinary centers as the supporters.
3.3.3. Cultural tourism also influences the economic activities of street vendors because the locations are often held city events and individual events such as weddings, performing arts and so on so that people are more known and supported by conditions of adequate accessibility. Sports tourism is not too influential on the activities of street vendors because the location is within the campus area where street vendors are not allowed to be in the area.
3.3.4. Culinary centers are not only near one type of tourist attraction but also some of the other attractions. Some tourism objects become one of the main attractions for visitors and spend more time on these locations. Generally, locations with several types of tourism objects are more crowded and are well known than one type of tourist attraction, such as “Sentra Kuliner Sriwijaya” which is near parks and monuments. This is evidenced by the results of questionnaires to 100 tourists randomly obtained results that 65 of the 100 people said “know” and had visited the culinary center. While the Merjosari culinary tourism area is known by 51 people. It because Sriwijaya culinary center locates in the center of the city, while the Merjosari culinary area is on the North side of Malang City. The map of street vendor analysis on tourism objects in Malang City can be seen on figure 4.

**Figure 5. Map of street vendor analysis at Cultural Tourism Malang City**

Source: Analysis, 2019
Figure 6. Map of street vendor analysis at tourism objects in Malang City
Source: Analysis, 2019

4. Discussion
As can be seen from the abovementioned data, tourism development in Malang city between 2010 and 2017 exhibited a significant increase and improvement. These can be indicated through the development of cafés, restaurants, hotels and urban parks. These phenomena are akin to Elena’s argument where the city gradually changes into an entertainment machine indicated by the increasing number of cultural centers and amenities where people can shop and enjoy their leisure time. The contributing factor is the increase of the educational sector which gradually becomes the economic base of Malang city and stimulates the economic structural transformation in the city.

This fact aligns with Lloyd’s argument concerning the City as an Entertainment Machine that concludes that a city is an economic machine that distills entertainment and other service-related activities which in turn could propel the economy of the city. However, the Entertainment Machine is characterized by more than the quantitative increase in restaurants, shops, and other cultural offerings. Increasingly elements of the city whose functions were considered instrumental (use-value) are being valorized. This has changed people’s “quality of life” to be higher so that the city is not only a working place but also a place to live and play where important local facilities are not only schools and churches but also entertainment facilities. The increasing role of service and technology-related
activities in big cities stimulates the emergence of the elite class consisted of skilled and educated workers in finance, insurance, information technology, and media. These people are called “Yuppies” which denote young urbanites who consume nightlife and follow trend.

![Figure 7. The Nightlife of “Yuppies”](image)
Source: Observation, 2019

Moreover, Elena also points out the impact of urban tourism on urban development leads to cultural resources exploitation which could also bring positive impact (flows of financial resources to facilities and infrastructure development, increased quality of life) also bring unintended consequences (changes of socio-economic characteristics of urban dwellers and spatial & social segregation)[4]. This argument has the same fact with the development of Malang city tourism influences the face of the city such as revitalizing city parks, procuring events in the heritage area and physical changes to slum settlements into "Kampong Tematik". The physical change of the "Kampong Tematik" has become the main attraction that can improve the local economy and the social conditions of the community.

![Figure 8. Example of Kampong Tematik “Kampung Warna Warni Jodipan”](image)
Source: Observation, 2019

5. Conclusion
Spatial expansion of Malang city as the result of tourism development influence can be seen through the land use conversion and densification. The increasing utilization of parks adjacent to the culinary centers induces the local community’s economic activities. Moreover, the emergence of café, restaurant, shopping malls, and centers affected job creation and local taxes. Furthermore, the contribution of accommodation, foods, and beverages to the GRDP is appeared not too significant as urban tourism in Malang is mostly felt through the socio-economic conditions of the local community within the proximity of tourist destinations and not through the retribution which contributes to the development of locally-owned revenues of Malang city. Further research is required as this study did not take into account other aspects of urban tourism such as the effect of promotion and the local community participation in developing tourism, as well as financial and economic benefits accrued from the development of urban parks and tourism activities surrounding educational areas.
6. References

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