
ANALYSIS OF FOREIGN EXCHANGE GRDP IN THE TOURISM SECTOR ON INCOME IN BATAM CITY

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ABSTRACT

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Batam City has a strategic location that makes tourists stop by either its business related or travelling. For that reason, Batam City built a lot of beautiful tourism places with affordable price. The tourism sector has an important role in improving the economy of Batam City. However, Covid-19 pandemic impacted negatively towards the sector for almost 2 years. The aim of this research is to see how different the tourism sector in Batam City is before and after the pandemic hits. And own known that research take a result the economic batam has been decrease during several year, and the problem has explain with many indicator hypotasis. This study uses qualitative analysis which will be explained descriptively, the things listed are local income, GRDP, data for foreign tourists in Batam, and graphs as an illustration in the study. From the results of the study, it can be concluded that the development and decline in the GRDP of Batam City through the tourism sector industry which is expected to continue to print foreign exchange for the country continues to experience ups and downs. Conditions can affect the level of income of a region. In terms of tourism in attracting foreign tourists into the country with an increasing number in the previous year, Batam City has a positive GRDP figure so that it continues to experience regional growth.

KEYWORDS

tourism sector, Covid-19, Batam City, tourists, Foreign Exchange

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INTRODUCTION

The tourism sector is one sector that greatly affects the economy in the largest city in the Riau Islands, Indonesia, namely Batam City (Lubis, 2019). This is because Batam City has many tourist attractions that attract tourists to visit every year (Harefa, 2013). Batam city also has a strategic location because it is on international shipping lanes and borders Singapore, Malaysia, Vietnam, Thailand, Brunei, and Cambodia. So it is not uncommon for residents to find foreigners relaxing or working in Batam cafes. Although some of them only stop for a while in Batam City, they admit that Batam City is a beautiful city with very friendly residents. The prices of products sold in Batam are very cheap for them so that a stopover in Batam is considered a temporary vacation from their work (Wiwik, 2015).

Tourism is a paradigm that characterizes the future of the sector and is reflected in various practices such as ecotourism, nature-based tourism, heritage tourism, community tourism, and rural tourism (Grilli, Tyllianakis, Luisetti, Ferrini, & Turner, 2021).

Batam City is one of the cities in the Riau Archipelago which consists of 12 islands such as Batam Island, Galang Island, Nongsa Island, Rempang Island, and many more (Nadjmi & Prayitno, 2013). Each island has its charm that fosters the interest of tourists to come to visit (Rizaldy & Supriono, 2018). The attractions are in the form of nature reserve tourism, culinary tourism, historical tourism, shopping tourism, marine tourism, and resort tourism. Not only tourist destinations, but Batam City also has unique and affordable culinary tours (Supriono, n.d.). This city is surrounded by the sea so there are lots of places to eat freshly served seafood (Hanisah & Achnes, 2017). Most of these places to eat are located directly beside the sea, so there is no doubt about the quality of the seafood.

Gross domestic product (GDP), as one of the most significant macroeconomic indicators, is an important factor for measuring the level of economic development of a country or region. This has a major influence on the future determination of macroeconomic objectives and economic regulatory policies (Wu, Zhang, Chang, & Huang, 2021).

According to (Amalia & Bendesa, n.d.) the tourism sector can directly contribute to foreign countries with many foreign tourists coming. The growth of foreign exchange reserves will make the tourism development process run more smoothly (Luturlean & SE, 2019). A country's foreign exchange reserves can describe how the economic situation in a country is. This is because foreign exchange reserves are part of a country's development factor. Foreign exchange reserves have a very important function for a country to finance international trade and to increase funds for the country's development (Antania, 2020).

The condition of foreign exchange reserves must be maintained so that international transactions can continue stably and smoothly. We also need to know the factors that affect foreign exchange reserves to carry out efforts to maintain foreign exchange reserves at a safe level (Agustina, 2014).

However, in mid-2020 the entry and exit routes between Batam and foreign countries were forced to close to avoid the wider spread of the Covid-19 virus. In 2020, 300,288 tourists were coming to Batam. However, due to the Covid-19 pandemic, this number fell by 68.10% when compared to 2019 which reached 1.13 million. In 2019, Batam became one of the cities in the Riau Archipelago which was designated as a

contributing city for tourists ranked second nationally, after Bali (Rizki, 2016). The government hopes that in 2021 with the Covid-19 vaccine, conditions in the tourism sector will run normally again (Purwahita, Wardhana, Ardiasa, & Winia, 2021). This expectation came from the end of 2019 where Batam's economic growth exceeded the national

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economic growth rate, reaching 5.9%. The government admitted that before the lockdown or entry barriers from foreign countries due to the Covid-19 virus, millions of tourists could enter and leave Batam.

Therefore, researchers feel the need to research the tourism sector of Batam City. The research will be carried out by collecting data from the last few years until 2021 for analysis. What are the factors that cause changes in the tourism sector in positive and negative terms? The data that has been collected will then generate an idea that can be a solution to current problems or help the tourism sector in the future.

This study aims to analyze how much of an increase or decrease occurred in the city of Batam in foreign exchange earnings that focus on tourism. With all the backgrounds that Batam City has experienced as a leading center of the tourism economy, the author would like to examine and explain that all sectors related to tourism can explain the situation and concrete data that can be accepted by many things.

RESEARCH METHODS

This study uses qualitative analysis which will be explained descriptively, the things listed are local income, GRDP, data for foreign tourists in Batam, and graphs as an illustration in the study. The approach used in this research is a rationalism approach that is based on empirical theory and truth. The data collected is primary and secondary data which will then be analyzed according to the research objectives. The primary data own collect from information update about tourism during 2017 until 2019 by BPS Indonesian Company and secondary data from journal. Analyze data own used by compared visitor tourism between year to year and make a conclusion with a rational statement by data. As a reference in the study, the author gives two indications of variables, namely the independent and dependent variables. The dependent variable will lead to GRDP. Then for the independent variables, namely the tourism sector, foreign exchange, and regional budgets. The existence of these variables will have relations and compression that produces research data, then will be analyzed in such a way as to describe the results of the GRDP in Batam City. The applicable hypothesis will be as follows:

1. How does Batam tourism affect the GRDP of the Batam area
2. How Batam's foreign exchange can have an impact on Batam's GDP
3. Regional budgets affect the performance of increasing tourism to Batam's GDP
4. Some of the impacts that can be found that can affect Batam's GRDP.

RESULTS AND DISCUSSION

As a free trade area and port, Batam utilizes these ports as entry gates for tourists. These ports also always have developments in terms of their facilities to be more adequate in line with changing times. This change is made so that the transportation of passengers and goods runs effectively and efficiently

Several explanations that can be described in the research involve a number of research variables that have been determined. All variables have a positive relationship to the results obtained. So that impact and outcome have a positive relationship in correlation. When examining variable (1) where a tourism has a large influence on regional income, it becomes something that brings tourists in. So that the positive relationship is the result of the object variable.

Hypothesis (2) confirms that foreign exchange earnings have a direct relationship with Batam's GDP. As the number two contributor to income in Indonesia, Batam has the power to attract foreign tourists into the country. A positive relationship that is able to

produce a large influence on the lowest to the smallest scale of the correlation. In accordance with (Amalia & Bendesa, 2021) quoting from Afdi Nazir (2011) It is stated that the growth of the country's foreign exchange reserves will increase Indonesia's economic growth in the coming year

Hypothesis (3) the regional budget determined by the regional government is a forecasting or design. The design is the main point of focus for the allocation of funds to be distributed. The regional budget is also the main provider of funds in improving existing facilities in the city of Batam. The complete and well-maintained modernity has triggered foreign tourists to come to Batam, thereby increasing the existing foreign exchange and income.

Hypothesis (4) national income is not only through one source such as the tourism sector, many sources can increase national GDP starting from cities to each region. National income supported by foreign exchange for each region is able to have a good effect on the development of a country. When there is foreign exchange, it means the country is also developing. The willingness of investors to invest in regions in Indonesia is also something that can be welcomed for an increase in the GDP of each city, this is an attempt to reduce the inflation rate in Indonesia. The more the number of people who work, the level of work income increases and the unemployment rate can be reduced.

Therefore, a positive correlation relationship can provide a clear approach that each variable allows to encourage an economy in several areas including Batam City to increase.

Pertumbuhan Wisman (persen)		
2017 ↑↓	2018 ↑↓	2019 ↑↓
-18,55	-40,07	-44,81
-26,72	34,72	22,86
33,92	12,54	10,03
5,43	-17,75	-10,54
-16,31	-1,35	-
12,02	17,76	-
-5,86	-13,84	-
1,34	10,39	-
-1,24	-3,31	-
-4,89	-8,19	-
6,51	9,87	-
60,52	50,15	-

Figure 1. Number of foreign tourist visits in 2017 – 2019
Source: BPS, 2021

Based on data obtained through BPS (Central Statistics Agency) there is an increase in the number of foreign tourists when visiting Batam City. It can be seen that some data show negative results, this means that there was a decrease in foreign tourists in the previous month. When the number is positive, foreign tourists arriving are greater than the previous month. Factors that influence the rise and fall of foreign tourists visiting Batam City are climatic conditions, holiday atmosphere, and promos that take place in

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several

interesting places in Batam. However, when entering 2020, the Covid-19 outbreak had an impact from early 2020 until now, turning the situation that Batam city should be filled with foreign tourists until now it is very rare to find. So that it hampers the decline in regional income, which is basically obtained through the tourism sector so that it is able to generate foreign exchange for a place.

Tourists who enter Batam City from year to year almost always break the one million visitor mark, no wonder every month there are around hundreds of thousands of foreign tourists who always come to Batam City, both for vacation and to invest. There is continuity between sources of income and foreign investment, resulting in changes in GRDP (Gross Regional Domestic Product) in Batam City. GRDP here describes the situation of the development of income that can be obtained every year, with the possibility of decreasing or increasing. So that it becomes a consideration and benchmark in making the right policies for the future.

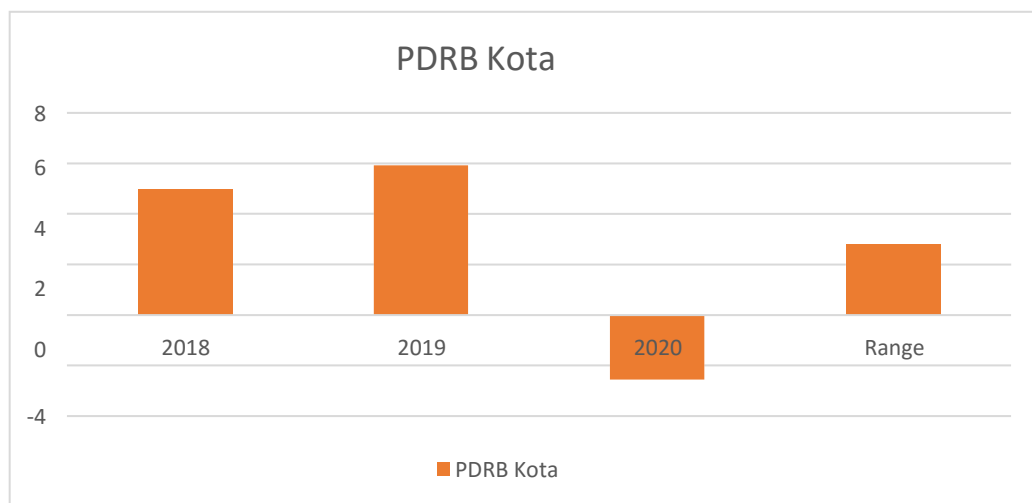


Figure 2: GRDP of Batam City 2018-2020

The data source comes from BPS which is updated by displaying GRDP data that occurred in Batam City in the period 2018 to 2020. In 2018 Batam City's GRDP was at a value of 4.96, then followed by the following year which increased to 5.92 due to global problems experienced in the world in 2020, the GRDP of Batam City experienced a drastic decline towards minus -2.55 so that this decline experienced a felt impact for the City of Batam. Because the biggest source of income is not only through exports but comes from the tourism sector which was blocked some time ago.

CONCLUSION

From the results of the study, it can be concluded that the development and decline in the GRDP of Batam City through the tourism sector industry which is expected to continue to print foreign exchange for the country continues to experience ups and downs. Conditions can affect the level of income of a region. In terms of tourism in attracting foreign tourists into the country with an increasing number in the previous year, Batam City has a positive GRDP figure so that it continues to experience regional growth. Then the condition of self-closure from foreign tourist visits resulted in reduced foreign exchange generated, as a result the contribution of the Batam City area to create profits through foreign exchange continued to decrease with the lack of foreign tourists visiting.

In the allocated regional budget, it is used for the development and completeness of facilities to build good visibility in preparation for opening up later. So that the cause of the decline in Batam's GRDP is not only through the locking of the port as a liaison medium between countries, but also the export-import process which makes it difficult for the two countries to run properly.

Overall GRDP Batam by sector tourism has been impacted by COVID-19. So that, decrease economic local make too much unemployment and any industrial down temporary exactly tourism. Government have decided with clearly for anticipate this moment to build and growth this economic Batam with responsible nearly as soon.

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