

## THE DEVELOPMENT OF TOURISM TOWARDS POVERTY ALLEVIATION IN BATU CITY

Yeni Astiyanti<sup>1</sup>, Candra Fajri Ananda<sup>2</sup>, Moh. Khusaini<sup>3</sup>

<sup>1,2,3</sup> Faculty of Economic and Business, Brawijaya University  
Email: <sup>1</sup>astiyantiyeni@gmail.com

### Abstract

*The purpose of the tourism development is to reduce poverty and unemployment. Tourism sector in Batu City is increasingly characterized by an increasing the number of tourism destinations and the tourists. Tourism in Batu City is developed through capital and community base have some impacts to the development. In 2014, there was a decrease in poverty rate by 12,28%, while the amount of unemployment in Batu City increased by 0,11%. The due to aims of this research are to analyze the development of tourism in Batu City so did how its impact to the poverty in this city is using Partial Least Square Analysis. Based on the result of the analysis is known that the development of tourism in Batu City categorized as consolidation phase. The other result is tourism development due to both capital and community based is still not able to reduce poverty significantly. The development has provided more benefit is creating employment and higher impact comes from community-based tourism. The development of tourism in Batu City to further prioritize community-based tourism so that people can directly get the impact of tourism development.*

**Keywords:** *tourism, poverty reduction, economic benefit*

### 1. INTRODUCTION

Tourism development is directed as a reliable sector. In UU no. 10/2009 about Tourism states that tourism has an important role in national development as a producer of foreign exchange and increase employment opportunities and increase revenue. The importance of tourism development which is also described in this regulation is to encourage equal opportunity and benefit and be able to face the challenges of changing local, national, and global life and eliminate poverty.

Poverty is one of the social issues that is a top priority in development across countries including Indonesia. The problem of poverty in Indonesia has been going on for quite a while. Based on data obtained from BPS and World Bank, the poverty rate in Indonesia in recent years (2006-2014) has decreased. Although based on the data of poverty reduction in Indonesia, the poor people in Indonesia are still high.

One of the area in Indonesia that have highest potency of tourism is Batu City. Batu City as a tourist and agropolitan city in East Java (RTRW Batu in 2010-2030) has a very big

attraction because the region is in the mountainous area and also has a beautiful panorama. The tourist destinations in Batu City are based on RIPPDA Batu City, consisting of nature mountain tourism, ecotourism, artificial tourism, and cultural tourism. There are 49 tourist destinations in Batu City, which are 21 destinations in Batu Sub-District, 21 destinations, Bumiaji Subdistrict, 17 destinations and Junrejo Sub-district (BPS, 2016). Tourism development in recent years is quite rapid in Batu City has caused an increase in the number of tourists since 2012, as in Figure 1;

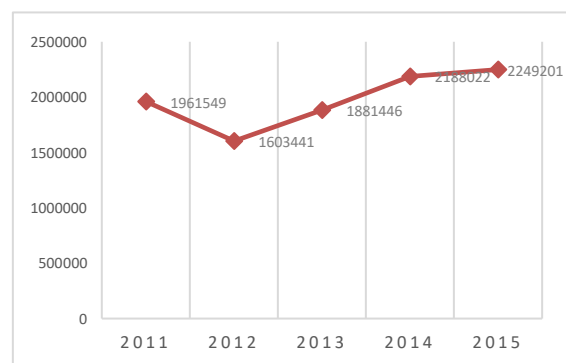


Figure 1. Tourists Number Is Batu City From 2010 – 2014 In Million

Tourism in Batu City is divided into two, there are capital and community based tourism. Capital based tourism or capital intensive is tourist destinations that utilize large capital in the development of these tourist destinations. Community based tourism that local people have great control, and deeper on development and management and most of the fixed benefits in society. The tourism development in Batu City certainly has an impact on poverty. Based on data from BPS that the poverty rate in the Batu City in 2014 the number decreased 12.28%. But the figure is still high enough that planning to reduce poverty in Batu City must always be done. Development has a positive impact on the economy of the region. This can be seen from the increase of Batu City GRDP especially from tourism-related sectors, such as hotel and restaurant Trade Sector, transportation and communications sector, and service sector.

Unemployment rate in Batu City In 2014 increased by 0.11% and increased again in 2015 at 1.86%. This is certainly very contrast with the development of tourism is very high in Batu City. Tourism is a labor intensive sector that should absorb enormous labor. Unemployment is closely related to poverty. Unemployment signifies a low level of productivity so that income levels are also low. Based on this matter, this research will be done with the aim to know the development of tourism in Batu City and its influence to poverty. The analysis used to determine the effect of tourism on poverty using *Partial Least Square* (PLS) analysis.

**2. RESEARCH CONCEPT**

The conceptual framework in this study originated from tourism being a major source of growth, employment, income and income for many developing countries in the world. Tourism is the link of a series of components that are intertwined and mutually interconnected (Sammeng, 2000). This causes tourism to have a multiplier is very large which certainly affects the poor who are in the tourist destination. The purpose of Indonesian tourism development based on UU No. 10 / 2009 one of which is to eliminate poverty. The relationship between tourism and poverty has been widely evidenced by several studies. DFID (1999) has launched a tourism development approach with Pro Poor Tourism, a tourism development strategy directed towards generating net impacts / benefits for the poor. The tourism sector is

closely related to the poor, this is because the tourism sector can provide jobs for all levels of education. For the poor, generally low-educated people can participate in the tourism sector by working in tourism support facilities such as hotels and restaurants or can participate by selling souvenirs, food and tourist needs around the tourist sites. Increasing the number of tourist visits on tourist destinations will also benefit the poor who work around tourist destinations and tourism facilities.

In this study wanted to know the effect due to the tourism development in Batu City is assessed based on the number of tourists, natural tourist attraction, artificial tourist attraction, hotel facilities and restaurant / restaurant facilities. The development of tourism will be assessed whether it has a direct effect on poverty or not, or actually the development of tourism can have an effect on poverty but not directly but through economic variables assessed by employment, livelihood diversification, price of goods and infrastructure.

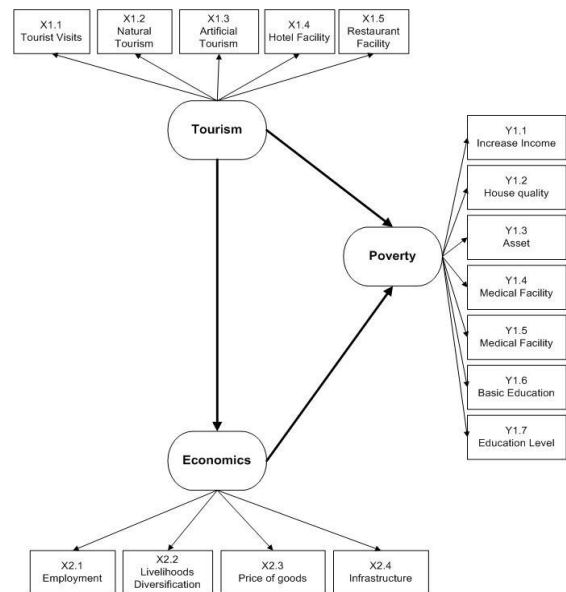


Figure 1. Research Model

Based on background and literature, the hypothesis can be formulated;

1. Tourism development is expected to affect the economy in Batu City
2. The economy is thought to have an effect on poverty in Batu City
3. Tourism development is thought to have an effect on poverty in Batu City

### 3. METHOD OF RESEARCH

#### 3.1. Types and Data Sources

The data used in this research is secondary and primary data. Secondary data used in this research are Batu City in last 10-year, City Long Term Plan and master plan documents are analyzed and also Study of Tourism and Agriculture Potency in Batu City. Primary data used are data of observation result and respondent's answer.

#### 3.2. Population and Sample

The sample used in the research is purposive sampling, where the population used as the respondent is a productive age population in this study population aged over 15 years to 75 years who assumed to have understood about the tourism development in Batu City. Respondent residents are livelihood residents that are directly and indirectly related to tourism sector such as traders around tourist destinations, entrepreneurs such as gifts producers and tour & travel, farmers, drivers / transportation, industry, employees in tourist destinations and supporting facilities Tourism such as hotels and restaurants.

$$n = \frac{N}{1 + N\alpha^2} \quad (1)$$

Information:

n : sample size

N : population size

$\alpha$  : inaccuracy tolerance (in percent)

With a tolerance value of 5% then the sample used in this study can be determined as follows:

$$n = \frac{152.462}{1 + 152.462(0,05)^2}$$

$$n = \frac{152.462}{382,15} = 398,95 \approx 399$$

The number of respondents is then divided into each sub-district by considering the types of tourist destinations based on capital and community-based tourist destinations.

#### 3.3. Research Variable

Variable used in this study;

Table 2. Research Variable

Variable	Indicator	Scale
<b>Tourism (X1)</b>	Tourist visits	Interval
	Natural tourism	
	Artificial tourism	
	Hotel facility Restaurant facility	
<b>Economic (X2)</b>	Employment	Interval
	Livelihoods	
	Diversification	
	Price of goods – essential goods Infrastructure	
<b>Poverty (Y)</b>	Increase income	Interval
	House quality	
	Asset	
	Medical Facility	
	Medical service	
	Basic education (Wajib Belajar 9 Tahun)	
	higher education level	

#### 3.4. Data Analysis

##### 3.4.1. Descriptive Analysis

Descriptive analysis in this study is used to provide an overview of tourism development in Batu City, that is by combining secondary data related to tourism in Batu City and data results of respondents' answers are then presented into the form of tables and graphs. Descriptive analysis is used to analyze data by way of describing or describing the data that has been collected as it is without intending to make a conclusion (Sugiyono, 2012).

##### 3.4.2. Partial Least Square (PLS)

This research uses Partial Least Square (PLS) analysis method with the help of SmartPLS software to see the effect of tourism development on poverty alleviation in Batu City. Partial Least Square (PLS) is a variance based structural equation analysis (SEM) that can simultaneously perform measurement models as well as structural model testing. The measurement model is used for validity and reliability test, while the structural model is used

for causality test (hypothesis testing prediction model). According to Ghozali (2005) PLS is an analytical method with soft modeling since it

There are several reasons for the use of PLS in a study. For this study, the use of PLS is caused by; (1) Partial Least Square (PLS) is a method of data analysis based on the assumption of the sample should not be large, is the number of samples less than 100 can be analyzed and residual distribution. (2) Partial Least Square (PLS) can be used to analyze theories that are still said to be weak. Tourism theory in poverty alleviation is still included in the weak category because there are some researchers who argue that tourism can play a role in alleviating poverty but there are also who say the opposite. (3) Partial Least Square (PLS) allows algorithms by using ordinary least square series (OLS) to obtain an algorithm calculation efficiency (Ghozali, 2005). (4) in the Partial Least Square (PLS) approach it is assumed that all variance measures can be used to explain. Stages of PLS analysis include;

- A. Measure outer model
- B. Evaluation structural model (*Inner Model*)
- C. Structural analysis model

#### 4. RESULT

##### 4.1. Tourism Development

Tourism development is a long process, starting from planning, physical development, to providing various services required by tourists. According to Butler (Pitana, 2005) there are 7 phases of tourism development or Destination Area Lifecycle. Batu City destination area lifecycle in table 3

Table 3. Destination Area Lifecycle

No	Phase	Existing	Analysis
1	Exploration Phase	Several tourist destinations in Batu City have always been even when Batu City is still a part of Malang Regency	Batu City officially became a tourist destination in 2001. Natural tourist destination in Batu City such as Coban Rais, 'Banyak' Mountain, panderman mountain, songgoriti have been known to tourists even before Batu City officially become autonomous region. This means that tourism development in Batu City has

does not assume that data must be measured by a certain scale, which means that the sample size can be very small (under 100 samples).

No	Phase	Existing	Analysis
2	Involvement Phase	Tourists who come to Batu City increase almost every year. There are villas owned by the community around Batu City that can be used by tourists to stay	passed the exploration phase. Tourism development in Batu City has passed the involvement phase. Although some urban community still rent their house to be a villa, but in Batu City have been built inn that starred and non star. Provision of facilities is not only done by the surrounding community but already there is interference from other parties
3	Development Phase	Since its official Batu City as an autonomous region in 2001, tourism development has been intensified. This is evidenced by the inclusion of investors Jatim Park Group in 2002 which until now built various tourist destinations in the Batu City	The development phase for tourism in Batu has been done since 2002 until 2017. Batu City Promotion as a City Tour is always done until now. In 2013 government conducted City Branding strategy with the name "Shining Batu" and this strategy proved to increase the number of tourists to Batu City. Construction of new tourist destinations is also still done, one of the tourism destinations that are still in development stage is Jatim Park 3 in Junrejo District.
4	Consolidation Phase	The economic development of Batu City in macro is reflected on the magnitude of GRDB which reached 10,250.3 M at current prices. The main supporters of the GDRB Batu City in 2015 are trade, agriculture and services sectors reaching 5.6 M (BPS, 2016)	Tourism development in Batu City has entered a consolidation phase. Tourism is the base sector when assessed from the LQ value of sectors related to tourism such as hotel sector, trade, and services. The contribution to GRDP is also derived from sectors closely related to tourism.

No	Phase	Existing	Analysis
			This means that the current development of tourism in Batu City is categorized consolidation phase
5	Stagnation Phase	There are tourist destinations made with each tourist attraction and the number increases each year, but tourist visits to natural tourist destinations remain high	Tourism development has not yet begun to enter the phase of stagnation (stability). This is because the level of natural tourist visit is still quite high
6	Decline Phase	The level of tourist visits has increased since 2012 - 2015. Old tourist destinations such as selecta is still a favorite for tourists.	Tourism in Batu City has not been in the decline phase. Proven with old tourist destinations like selecta not abandoned by tourists. In 2015 the number of tourists visiting the highest selecta compared to other tourist destinations in the Batu City
7	Rejuvenation Phase	There are no tourist destinations in Batu City that have changed significantly	In several tourist destinations in Batu City do the addition of tourist attractions, based on survey results there has been no tourist destinations in Batu City that experienced significant changes.

Based on the seven phases of tourism development or Destination Area Lifecycle which is then compared with the existing condition of Batu City in 2017, tourism development is **consolidation phase**. Although in the year 2017 there is still development of tourist destinations in Batu City, but if reviewed based on economic structure and level of visits, development of Batu City tourism more precisely in the consolidation phase. The level of tourist visits to Batu City since 2012 has always increased but the number of increases decreased. The increase in tourist numbers in 2015 from 2014 number is lower which only increased by 61,179 tourists compared to the increase in the year 2013 from the year of 278,005 tourists.

#### 4.2. Partial Least Square Analysis Community Based Tourism Destination

The Outer model or measurement model defines how each indicator block corresponds to

its latent variable (Ghozali, 2008). The following analysis of the model of the development of tourism on economic benefits and poverty alleviation in community-based tourism shown in Figure 5.

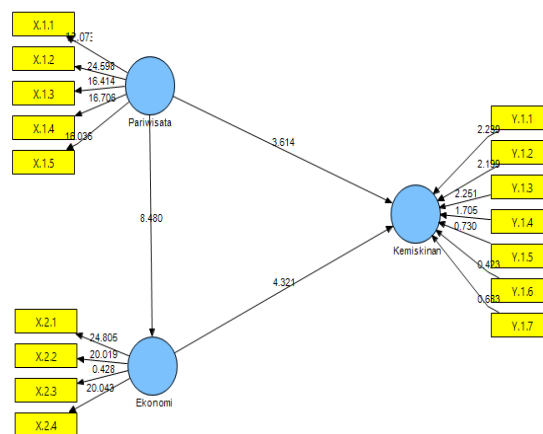


Figure 2. Relationship Between Variables and Indicator

The measurement scale in this research is the loading factor value is greater than 0.5. Based on the calculation, for price goods indicator (X2.3) has a loading factor value less than 0.5 that is (0.48 < 0.5). This means the indicator must be removed from the model.

Evaluate the formative construct by looking at the value of the regression coefficient and the significance of the regression coefficient in poverty variable which is variable with formative construct, the outer weight value in the medical facility indicator (Y.4) is 1.706, medical quality indicator (Y.5) is 0.730, basic education indicator (Y.6) of 0.423 and the Improvement of education level indicator (Y.7) of 0.683 is not greater than the value of 1.96. This indicates that these four indicators are insignificant and should be excluded from the model. Analysis of the model of tourism development on poverty alleviation in community-based tourism will be conducted without these five indicators. Here is the result of calculation after the indicator is issued;

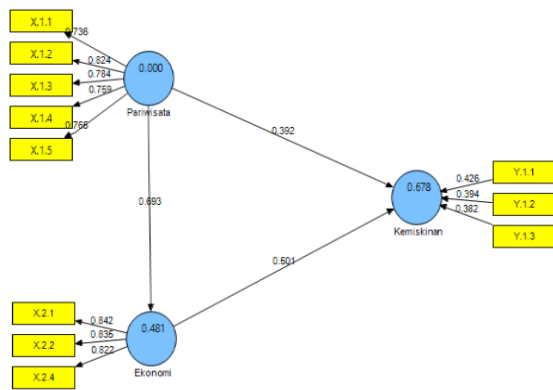


Figure 3. Relationship Between Variables and Indicator

In the variable of tourism, value loading factor of natural destination (X1.2) equal to 0,824 give highest contribution to explain variable of tourism compared with another indicator. Natural tourist destination in Batu City with different tourist attractions as well as beautiful tourist destinations become the main attraction so that there are always tourists visiting dating, even at some natural tourist destinations have increased the number of tourist visits.

In the economic variable, the value of employment factor (X2.1) of 0.842 gives the highest contribution to explain the economic benefit variable compared to other indicators. This shows that the economic benefits of the development of tourism in Batu City in the form of labor absorption that comes from Batu City so as to help reduce unemployment. In community-based tourism, people can be directly involved in tourism activities so that the workforce is absorbed quite a lot.

In the poverty variable, the value of increase income factor loading (Y1.1) of 0.206 gives the highest contribution to explain the poverty variable compared to other indicators. This shows that the level of people's income due to tourism activities affect the level of poverty in Batu City.

### 4.3. Partial Least Square Analysis Capital based Tourism Destination

The result of model analysis of the influence of tourism development on poverty alleviation in capital-based tourism is shown in figure;

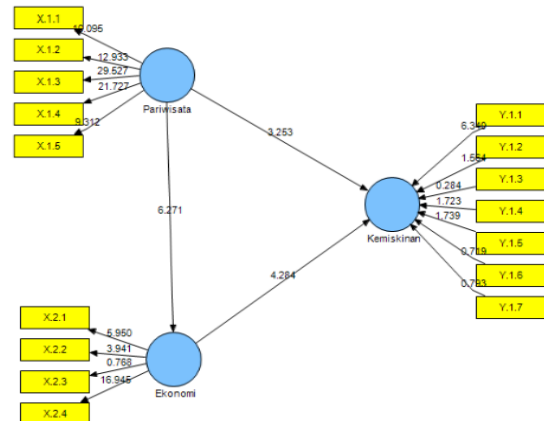


Figure 4. Relationship Between Variables and Indicator

The measurement scale in this research is the value of loading factor > 0.5. Based on the calculation, for goods price indicator (X2.3) has a loading factor value less than 0.5 that is (0.35 < 0.5) thus the indicator must be removed.

For variables with formative constructs do not perform all three assessments such as reflexive constructs. How to evaluate the formative construct by looking at the value of the regression coefficient and the significance of the regression coefficient In poverty variable which is variable with formative construct, the outer weight value in the house quality indicator (Y.1.2) is 1.564, the addition of asset (Y.1.3) is 0.284, the medical facility (Y.1.4) of 1,723, medical service indicator (Y.1.5) of 1.739, basic education indicator (Y.1.6) of 0.719 and higher education level indicator (Y.1.7) of 0.793 is no greater than the value 1.96. This indicates that these six indicators are insignificant and should be excluded from the model. Analysis of the model of tourism development on poverty in Batu City on community-based tourism will be conducted without these seven indicators.

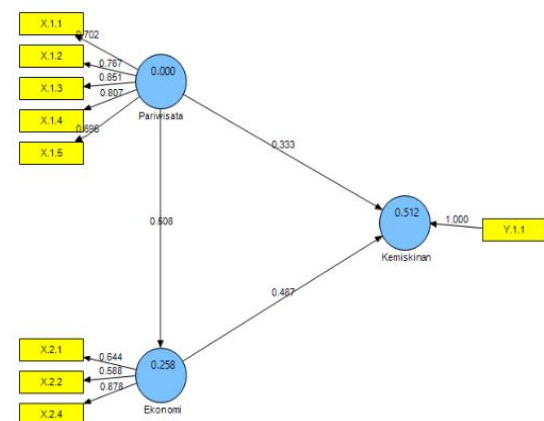


Figure 5. Relationship Between Variables and Indicator

In the tourism variable, the value of loading factor of artificial destination (X1.3) of 0.851 gives the highest contribution to explain the variable of tourism compared with other indicators. Artificial Destinations in Batu City scattered throughout them has different tourist attractions between one tourist destination with another. The development of artificial tourism destinations in Batu City has made the tourism sector in this region more developed. The number of artificial tourist destinations in Batu City increases almost every year. Various types of tourist destinations made into a special attraction for tourists who visit Batu City.

In the economic variable, the loading factor of infrastructure (X2.4) of 0.878 gives the highest contribution to explain the economic benefit variable compared to other indicators. This shows that the economic benefits of the development of tourism in Batu City is the improvement of road infrastructure, both the main road and the road that connects between tourist destinations. Improving the quality of road infrastructure to be better does not provide benefits for the perpetrators of tourism but also for all communities in Batu City.

In the poverty variable, the value of income factor loading (Y1.1) of 1.00 gives the highest contribution to explain the poverty variable compared to other indicators. This shows that the income level of the community is closely related to poverty. Increasing people's income in Batu City will make people out of poverty. The higher the income then the quality of life of the community can be better.

#### 4.4. Comparing Between Capital Based Tourism Destination and Community based Tourism Destination

The results of hypothesis testing are shown by the coefficient of path and t test results on each latent variable. If the t value generated for each variable relationship has a t value greater than t table of 1.96 then the relationship is significant. In this study there are three hypotheses to be tested. The comparison of coefficient value of path and t value is shown in table 4.

Table 4. Comparating Between Capital Based Tourism Destination and Community based Tourism Destination

Hypothesis	Relationship Variable	Coefficients Path		t value	
		BK	BM	BK	BM
H1	Tourism -> Economics	0.69	0.5	8,34	3,56
		3	07	8	3
H2	Economics -> Poverty	0.50	0.4	4.72	5,52
		1	97	6	8
H3	Tourism -> Poverty	0.39	0.3	3,61	3,56
		2	23	1	3

Information:

BK : Community Based

BM : Capital Based

Based on the table can be seen that the value of path coefficient in community-based tourism is higher. This could mean that the impact of community-based tourism for the people of Batu is higher than capital-based tourism.

#### 4.5. Tourism Development and Economic

The relationship of tourism and economy development on community-based tourism resulted in a path coefficient of 0.693 while capital-based tourism resulted in a path coefficient of 0,507. This indicates that the effect due to the development of greater tourism is felt by people who live around community-based tourist destinations. The higher the development of tourism will be the higher chance to give impact to the economy in Batu City.

The development of tourism in Batu City, both community and capital-based tourism has a positive influence on the economy in Batu, this is one of them because of the development of tourism in Batu City increase the absorption of workers, especially the community-based tourism. The results of this hypothesis are in line with the view (Theobald, 2005) which states that tourism contributes to an increase in the economy, especially foreign exchange earnings, increasing investment, taxation and employment. People can work on tourist destinations or can also open businesses around tourist destinations as well as around tourism facilities such as hotels and restaurants. Ever since tourism in Batu has developed, more and more sellers are gifts in Batu City. The public



can sell souvenirs in front of the hotel in the morning then in the day they can work as a motorcycle taxi driver or guide. Higher employment is found in community-based tourism. In community based, people can participate directly in tourism activities. Poor people who generally have low levels of education can participate because the community-based tourism is managed by community groups or by private parties but with the community.

The economics of this research are assessed from the economic benefits derived by the community due to tourism activities in Batu City with indicators of job opportunities, livelihood diversification, local product prices and infrastructure. On community based, the economic benefits that receive the highest value are increased employment opportunities. This is due to the community-based tourism, there can be directly involved in tourism activities both as a manager of tourist destinations and tourism facilities providers. One of the community-based tourism is “petik apel” tour in Tulungrejo village or called pick apple tour of smallholder plantation. Since the development of this tourism destination, the people who are around the apple garden claim to be able to work as a seller of souvenirs and food and drink around tourist destinations and in the rest area where tourism bus stops. In addition, the community also works as a ticket seller entrance tourist destinations and guides to deliver tourists to tourist destinations.

The results of this hypothesis are also in line with the results of research conducted by Moses Njole (2011) with the research title Tourism for Sustainable Local Livelihood and Nature Conservation (a case of Lake Manyara Park). The study found that tourism in Lake Manyara contributed positively to the economy by increasing the livelihoods of local communities. The existence of tourism development also has a positive impact for the farmers who are the majority of the livelihood of the people of Batu City. Farmers can participate in tourism activities by renting their land to tourists to be apple picking tours. The development of tourism also adds to the livelihood of public transportation modes of transportation in Batu City. The rise of the mode of transportation by using the online system reduces the number of passenger city transportation, but the development of tourism with tourists continues to increase in the Batu

City to make passenger city transportation remains high because the city transport mode is transporting tourists who come from out of town using bus to tourist destinations Which cannot be by passed by tour buses.

One of the tourist destinations managed by private parties but also involves the community is Selecta. Share ownership of this community-based destination is 75% owned by people living around selecta. Employees working in this destination should be residents around the selecta, and do not accept workers domiciled outside Batu City. The number of workers in Selecta Park in 2017 reached 210 workers consisting of 40 workers for hotels, 12 for offices and 158 workers in the park and waterpark section. Not only the monthly salary that has been above the standard, but at the time of pension the park selecta tourist officials can choose to get severance pay or pension every month. During work their health has also been guaranteed by health insurance. The management system of choicest tourist destinations can be an example for other tourist destinations in Batu City, especially new tourist destinations, so that the economic benefits due to the tourism development can be directly perceived by the poor society.

#### **4.6. Economic and Poverty Alleviation**

The economy has a positive effect on poverty in Batu City, with the value of path coefficient on community-based tourism that is 0.501 and for capital-based tourism produces a path coefficient value of 0.497. This shows that the higher or rising economy hence the standard of living of society also higher so that can poverty in Batu City can be lifted. A higher impact is given by community-based tourism.

Job opportunities due to the development of tourism in Batu City felt one of the respondents named Mr Wiyoto. Beginning to work as a merchant souvenir in front of the hotel located in Batu City. According to the theory of vicious circle of poverty, productivity increase will increase income which then increases saving and capital. After selling souvenirs and owning capital, Mr. Wiyoto currently manages one of the community-based tourism that is “apple picking” tour in Tulungrejo village. Not only the income is increased, but the quality of his dwelling and assets has increased and provides employment opportunities to the people of Batu City to help him manage the



apple tour. This is one example of the economic benefits derived from tourism can have an impact on poverty alleviation.

Based on the vicious circle theory proposed by Nurkse in Kuncoro (2006), that lack of capital can lead to low productivity which will then impact on low income. Based on calculations that have been done, the tourism sector in Batu City resulted in an increase in labor absorption which means that people's productivity increases. Job opportunities in Batu are big enough to be proven with one family head having more than one job. This increase in productivity will certainly increase the income received by the community. This revenue increase can then increase the savings which then also impact on the increase of investment. But the increase in income gained by most of the poor in Batu City due to the development of tourism has not been able to get them directly out of the vicious cycle of poverty.

According to Krongkaew et al (2006), which examines the economic growth, employment and poverty reduction relationship in Thailand, states that economic growth is likely to have an impact on rising incomes, leading to a reduction in poverty. Increasing employment opportunities in Batu City will improve the ability of the poor to escape poverty.

#### **4.7. Tourism Development and Poverty Alleviation**

The development of tourism has a positive effect on poverty in Batu City, with coefficient value of path on community-based tourism that is 0,392 and for capital-based tourism value of path coefficient 0,323. This shows that the development of tourism in Batu City, the standard of living of the community is also increasing so that it can improve the ability of Batu people to eradicate themselves from poverty. The coefficient value of paths is higher in community-based tourism, meaning that tourism can reduce poverty directly higher in community-based tourism. The community can participate directly in community-based tourism, so that when they develop, the community will directly impact. But the resulting impact is still relatively small.

The indicators of poverty used in this study are income, house quality, asset, medical facilities, medical quality, basic education and higher education level. In community-based tourism destinations, only income indicators, house quality, and asset are positively impacted by the tourism development while in capital-based tourism only income indicator significant impacts. This is because in community based, people with all aspects of education can participate in tourism activities directly so that their impact is greater. In capital-based tourism, only people with a certain level of education can be involved. Poor people who are generally only junior high school graduates can engage in capital-based tourism but work only as cleaning service.

The results of this study are in line with Anwar (2012) research results; which examines community based pro-poor tourism can reduce poverty. Pro-poor tourism can be a strategy for developing community participation to participate in the tourism sector to improve people's lives so as to reduce poverty. Tourism in Batu City is increasingly evident with the increasing number of tourists who visit Batu City. The higher the tourists who come visit it will be higher also the income earned by the community. Tourists who visit to the Batu City will definitely buy food and drinks during a visit to a tourist destination and will buy a souvenir when you want to leave. Increased tourist visits are felt by the people who manage parking at several tourist destinations such as BNS, apple picking tour, Alun-Alun Batu City, and other tours. Often tourists give parking money beyond the predetermined parking rates, so the money becomes additional income for the community.

The results of this research are also in line with research conducted by Steven Deller (2010) found that there is a change in poverty due to tourism. And in a study conducted by Spenceley (2003) who found that there is a positive impact of tourism on the rural poor. Impoverished poor are more likely to work directly in the tourism sector.

Similarly, the impact of the greater development of tourism is felt by the people of Batu City who are directly involved with tourism activities.

Based on the calculations that have been made, the value gained for the influence of tourism on the economy is higher than the impact of tourism on poverty. This is because tourism provides a greater impact of providing employment opportunities, which if able to take advantage of these job opportunities can escape from poverty. For the poor who initially work in the sector that is not directly related to tourism, tourism development in Batu City will directly affect their income.

## 5. CONCLUSIONS

Tourism development in Batu City is categorized as consolidation phase, there is where tourism is already dominant in the regional economic structure. The number of tourist arrivals still rises, but to a lesser extent. Another result is tourism development in Batu City is positively related to the three indicators of poverty for community-based tourism and one poverty indicator for capital-based tourism. This means that the tourism development in Batu City still cannot reduce poverty significantly. However, the development of tourism has a greater impact on the economic benefits, thus increasing the ability of people to get out of poverty.

Tourism development is more perceived by the people involved and located around community-based tourist destinations. Absorption of labor is higher in the community-based tourist destination, because people with all layers of education can be directly involved in tourism activities. The jobs created by the tourism sector resulted in the income of the people, especially those involved in tourism activities, increased. In accordance with the vicious cycle theory, poverty alleviation can be done by cutting the circle. The development of tourism can create jobs so as to increase the productivity of the poor and then can impact on increasing income. This

increase in productivity is one attempt to cut the vicious cycle of poverty.

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