

Contribution of Tourism Development to the Local Economy in Jajar Tourism Village, Trenggalek

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Abstract

This study aims to analyse the impact of tourism development on the economy of the Jajar Tourism Village community in Trenggalek Regency. Tourism village development is carried out through a community-based tourism (CBT) approach with a focus on four aspects, namely community empowerment, community participation, preservation of social aspects, and economic benefits. The research method used a quantitative approach by distributing questionnaires to 95 respondents who were involved in or affected by tourism activities. Multiple linear regression analysis was used to test the simultaneous and partial effects of the four variables. The results showed that simultaneously, all aspects of tourism development had a positive and significant effect on the community's economy. Partially, each variable also had a positive influence with varying degrees of significance. In general, tourism development in Jajar Village was proven to increase income, create jobs, and encourage the growth of community business opportunities. However, sustainable management is needed so that the economic benefits can be felt evenly.

Keywords: *Tourism, Economic Impact, Community-Based Tourism, Jajar Tourism Village.*

1. Introduction

Tourism industry has grown to become one of the largest economic sectors in the world, playing a strategic role in driving economic growth in various countries (Wardiyanta, 2020). Indonesia is a country with diverse tourism potential and has benefited significantly from the growth of this sector. In the national economy, tourism acts as a vital engine of development, particularly through its contribution to foreign exchange earnings and job creation. Data from Wardhana (2024) shows that in 2024, the contribution of the tourism industry to the national GDP will reach around 4.01–4.5%. This indicates promising economic growth, although it is still below the global average.

The development of tourism in Indonesia is currently more oriented towards value and quality of experience, with special interest tourism becoming an increasingly popular alternative. Tourists with special interests tend to appreciate environmental aspects, local culture, and attractions that are presented in an authentic and sustainable manner (Priyanto, 2023). A concrete form of special interest-based tourism can be seen in the concept of tourism villages. Tourism villages have become one of Indonesia's strategic tourism development programmes because they combine cultural elements, natural resources, and local community participation.

Trenggalek is a regency with a rich diversity of natural and cultural resources, which serve as the foundation for developing community-based tourism. As a growing tourist destination, Trenggalek Regency has many tourist villages, one of which is Jajar Village, located in Gandusari District. Tourism development in Jajar Village focuses on using local assets that already belong to the community. These assets come from aspects of local community life, such as traditional cultural wealth, beautiful rural nature, and creative economic aspects that have been initiated and driven by the community. By using local assets, Jajar Village designs and organises various annual events, tour packages, and tourism

development opportunities with the collaboration and assistance of external parties, aimed at attracting tourists to visit.

The development of tourism in Jajar Village has had an impact on the local economy. Tourism development has had a positive impact, from the creation of new jobs for the community to improving community welfare (Husna, 2022). Theoretically, tourism development at the village level can create a multiplier effect through increased local income, the opening of new business opportunities, and the development of supporting sectors such as culinary, transportation, and handicrafts (Ashoer, et.al., 2021). However, in practice, the distribution of these economic benefits is often uneven, with some people gaining significant profits while others remain in a stagnant economic condition. Tourism development that is not balanced with inclusive planning has the potential to create problems such as inequality of access to resources, a decline in interest in the traditional agricultural sector, and changes in the socio-cultural structure of the village.

This phenomenon indicates a gap between expectations and the actual benefits of tourism for the local economy, requiring in-depth analysis to identify the extent to which tourism development in Jajar Tourism Village truly contributes to the equitable and sustainable improvement of residents' economic welfare. To measure the impact of tourism development, its various aspects must be taken into consideration. Syahari et al. (2023) reveal that there are four aspects to community-based tourism development, namely local community empowerment, local community participation, socio-cultural and environmental sustainability,, and benefits for the local economy.

2. Literature Review← 11pt, Palatino Linotype

Community-Based Tourism Development

The development of tourism requires the right approach so that local potential can be managed optimally and sustainably. Sastrayuda in Siahaan et al. (2023) emphasises three important approaches, namely participatory planning, utilisation of cultural potential and characteristics, and community empowerment. These approaches underscore the importance of stakeholder involvement, utilisation of local cultural wealth, and strengthening community capacity in destination development.

The concept of Community-Based Tourism (CBT) is a relevant model for ensuring effective community participation. Lucchetti & Font in Aprilani and Cahayani (2022) explain that CBT positions the community as producers, owners, and decision-makers, not merely beneficiaries. This emphasis is reinforced by Salazar in Pribadi et al. (2021), who states that the involvement of local residents in all stages of destination planning and management helps increase program acceptance while minimising the negative impacts of tourism. Thus, CBT plays an important role in ensuring the sustainability and independence of communities in managing tourism potential.

The success of community-based tourism needs to consider four main aspects as outlined by Syahari et al. (2023);

1. Local community empowerment
2. Local community participation
3. Socio-cultural and environmental sustainability,
4. and Economic benefits for local communities.

These four aspects are interrelated and form an important basis for ensuring that tourism development is inclusive, sustainable, and in the interests of the community.

Tourism Economy

Tourism has developed as one of the sectors that has a strong leverage on the economy, as it is able to drive various sub-sectors such as transportation, accommodation, and the creative industry (Purba et al., 2024). The economic impact is not only in the form of increased community income, but also the creation of jobs and the opening of new business opportunities. On the other hand, the development of tourism also strengthens cultural identity and increases community involvement in managing local potential. However, the literature also emphasises risks such as pressure on the environment, changes

in cultural values, and social inequality if tourism is not managed sustainably (Pitana & Gayatri, 2019). To measure the economic impact of tourism more comprehensively, Falahudin (2022) adapted six indicators from Cohen, which include the impact on community income, employment opportunities, price stability, investment patterns, infrastructure development, and contribution to village government revenue.

3. Research Methods

This study uses a quantitative approach to analyse the impact of tourism development on the economic conditions of the community in Jajar Village. A quantitative approach was chosen because it is able to describe the relationship between variables objectively through numerically processed statistical data. The method applied is descriptive quantitative, with the aim of providing a factual description of how the components of tourism development (variable X), including community empowerment, community participation, preservation of social aspects, and economic benefits, can contribute to the economic impact on the local community.

The research variables consisted of independent variables, namely community-based tourism development (with indicators X1–X4), and dependent variables, namely economic impact (Y). Each variable was operationalised using measurable indicators developed into statement items in a Likert scale-based questionnaire. The research was conducted in Jajar Village, Trenggalek, in September 2025. The research population included people aged 15–60 who were involved in or affected by tourism activities, with a total of 1,880 people. Sampling was conducted using purposive sampling, involving relevant groups such as the village government, tourism awareness groups, *UMKM* actors, and community leaders. The sample size was determined using the Slovin formula at a 10% error rate, resulting in 95 respondents.

4. Result and Discussion

Result

Validity Test

Table 1. Validity Test

Variable	Sub-Variable	Indicators	r calculate	r table	Signifikan 2-tailed	Description
Community-Based Tourism Development (X)	Local community empowerment (X1)	X1.1	0,771	0,2017	0,000	VALID
		X1.2	0,760		0,000	VALID
		X1.3	0,729		0,000	VALID
	Local community participation (X2)	X2.1	0,740	0,2017	0,000	VALID
		X2.2	0,780		0,000	VALID
		X2.3	0,723		0,000	VALID
	Socio-cultural and environmental sustainability (X3)	X3.1	0,707	0,2017	0,000	VALID
		X3.2	0,704		0,000	VALID
		X3.3	0,693		0,000	VALID
		X3.4	0,692		0,000	VALID
	Economic benefits for local communities (X4)	X4.1	0,762	0,2017	0,000	VALID
		X4.2	0,779		0,000	VALID
X4.3		0,785	0,000		VALID	
Impact on the local economy (Y)	Y1	0,549	0,2017	0,000	VALID	
	Y2	0,595		0,000	VALID	
	Y3	0,565		0,000	VALID	
	Y4	0,495		0,000	VALID	

	Y5	0,555		0,000	VALID
	Y6	0,609		0,000	VALID
	Y7	0,484		0,000	VALID

Source: Processing results using SPSS Version 22 (2025)

The validity test results presented in the table above show that all indicators are valid. This is indicated by a calculated r value greater than the table r value and a (Sig. 2 Tailed) value less than 0,05. Therefore, all questions are suitable for use in measuring the impact of tourism development on the local economy.

Reliability Test

Table 2. Reliability Test

Variabel	Cronbach Alpha	Keterangan
Local community empowerment (X1)	0,618	Reliabel
Local community participation (X2)	0,606	Reliabel
Socio-cultural and environmental sustainability (X3)	0,650	Reliabel
Economic benefits for local communities (X4)	0,665	Reliabel
Impact on the local economy (Y)	0,615	Reliabel

Source: Processing results using SPSS Version 22 (2025)

The table above shows that all variables in this study have a Cronbach Alpha value greater than 0.60. Therefore, all items in the questionnaire are considered reliable. This indicates that the research instrument has good internal consistency and is suitable for use in the next stage of analysis.

Normality Test

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		95
Normal Parameters a,b	Mean	0,0000000
	Std. Deviation	3,15241899
Most Extreme Differences	Absolute	0,056
	Positive	0,056
	Negative	-0,052
Test Statistic		0,056
Asymp. Sig. (2-tailed)		0.200

Source: Processing results using SPSS Version 22 (2025)

Based on these results, it is known that the Asymp. Sig. (2-tailed) value = 0.200 > 0.05, therefore it can be concluded that the residual data is normally distributed. Thus, the assumption of normality in the regression model has been fulfilled, so the data is suitable for use in the next linear regression analysis.

Multiple Linear Regression

Tabel 4. Multiple Linear Regression

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	5,222	1,948		2.681	0,009
Local community empowerment (X1)	0,406	0,160	0.241	2.532	0,013
Local community participation (X2)	0,361	0,143	0.236	2,529	0,013
Socio-cultural and environmental sustainability (X3)	0,260	0,116	0.181	2.237	0,028
Economic benefits for local communities (X4)	0,634	0,133	0.366	4.767	0,000

Source: Processing results using SPSS Version 22 (2025)

Based on the results of multiple linear regression analysis, the following equation was found:

$$Y = 5.222 + 0.406X_1 + 0.361X_2 + 0.260X_3 + 0.634X_4.$$

This equation shows that the constant value of 5.222 represents the condition when all independent variables are equal to zero, meaning that the economic impact on the community remains at a value of 5.222. All independent variables have positive coefficients, indicating that each contributes in the same direction to the economic impact variable. The Local community empowerment (X1) has a coefficient of 0.406, meaning that an increase in this aspect will increase the economic impact by 0.406 units. Local community participation (X2) contributes 0.361, indicating that greater community involvement will increase economic benefits. Socio-cultural and environmental sustainability (X3) has an effect of 0.260, indicating that efforts to preserve local values and culture also strengthen economic impact, albeit with a smaller effect than other variables. Meanwhile, the variable of economic benefits for the local community (X4) has the greatest influence, with a coefficient of 0.634, indicating that an increase in the direct economic benefits of tourism activities contributes most significantly to improving the economic conditions of the community. Overall, all independent variables positively influence the improvement of economic conditions in Jajar Village.

Hypothesis Test

Based on the results of statistical testing, it can be concluded that all independent variables have a positive and significant effect on the local economy. Through the t-test, variable X1 obtained a t-value of 2.532 (Sig. 0.013), X2 obtained 2.529 (Sig. 0.013), X3 obtained 2.237 (Sig. 0.028), and X4 showed the strongest effect with a t-value of 4.767 (Sig. 0.000). All of these t-values are greater than the t-table value of 1.662, so each variable is proven to be partially significant.

Simultaneously, the F test results also reinforce these findings, where a calculated F of 25.646 was obtained, far exceeding the table F of 2.47 at a significance level of 0.05, accompanied by a significance value of 0.000, indicating that the four variables together have a significant effect on the local economic impact.

Additionally, the R^2 test results produced a value of 0.533 or 53.3%, meaning that more than half of the variation in changes in local economic impact can be explained by variables X1, X2, X3, and X4. Meanwhile, the remaining 46.7% is influenced by factors outside the scope of this study. These findings overall indicate that the regression model used is robust and relevant in explaining the increase in local economic impact.

Discussion and Analysis

The results of this study indicate that the development of Jajar Tourism Village has had a tangible impact on improving the community's economy through four main aspects: community empowerment, community participation, preservation of social aspects, and local economic benefits. Findings on the community empowerment variable illustrate that increasing the capacity, skills, and opportunities for the community to engage in tourism activities contributes significantly to the local economy. This is reflected in the regression coefficient value of 0.406, which shows that the better the implementation of the empowerment programme, the greater the increase in the community's economy. Field findings, such as the high level of community agreement with the statement about gaining opportunities to use their skills (ranging from cooking to becoming tour guides), indicate that effective empowerment can encourage creativity and economic activity among residents. These results are in line with previous studies which state that community empowerment triggers innovation and the creation of new business opportunities, especially in the context of community-based tourism.

In addition to empowerment, community participation in the management of tourism villages also plays a significant role in improving the economy of residents. The regression coefficient value of 0.361 shows a positive contribution, where a high level of community involvement in the planning, decision-making, and institutional management of tourism results in a broader economic impact. Positive community perceptions (such as involvement in Pokdarwis and BUMDes) illustrate an inclusive institutional system that is able to accommodate community aspirations. These findings show that community participation is a determining factor in the success of tourism development, as it provides space for residents to have control over the utilisation of local potential and the resulting economic outcomes.

The preservation of social, cultural, and local wisdom aspects also contributes significantly to the community's economy, as evidenced by a significant t-value and a regression coefficient of 0.260. The questionnaire findings show that most communities support the use of local wisdom as a tourist attraction and feel that tourism activities encourage the preservation of village culture. The preservation of values such as mutual cooperation, traditional arts, and customs has been proven to increase the appeal of cultural tourism, which ultimately opens up economic opportunities for the community through arts, crafts, culinary, and cultural festivals. Thus, the success of the development of Jajar Tourism Village is not only measured by economic income, but also by the extent to which social values and cultural identity are preserved.

The variable of benefits for the local community's economy is the factor that has the greatest influence on the community's economy, with the highest regression coefficient of 0.634. This finding indicates that the greater the economic benefits felt by residents (such as increased income, new business opportunities, and expansion of the market for local products), the stronger the contribution of the tourism sector to the community's welfare. Some community members reported an increase in income and the opening of new business opportunities in the fields of homestays, culinary, handicrafts, and local transportation services. In addition, tourism has also expanded the market for local products that were previously only available in the village area. However, there are a small number of community members who have not yet felt the economic impact evenly, so it is necessary to strengthen capacity and develop more inclusive benefit distribution strategies.

Simultaneous tests show that the four research variables together had a significant effect on the community's economy, contributing 53.3% to the community's economic variables. These findings prove that the success of tourism development in Jajar Village is the result of the synergy of various

aspects of community-based development. Optimal empowerment strengthens community participation; active participation encourages the preservation of social values; while social preservation strengthens cultural identity, which is a tourist attraction, and ultimately, the economic benefits can be widely felt by the community. This synergy is in line with the concept of Community-Based Tourism (CBT), which emphasises the importance of the community's role as the main actor in the management and utilisation of local tourism potential.

The overall constellation of variables shows that tourism development in Jajar Tourism Village does not only focus on economic aspects but also emphasises social and cultural sustainability. With strong empowerment, optimal participation, and preserved cultural preservation, the community has sufficient social capital to maintain the sustainability of the tourism destination. At the same time, the growing economic benefits from the tourism sector provide incentives for the community to continue to support and engage in the development of the tourism village. These findings reinforce the argument that community-based tourism models can create inclusive, sustainable development that favours local communities.

Overall, the results of this study confirm that the development of Jajar Tourism Village has succeeded in boosting the community's economy through empowerment strategies, active participation, social preservation, and the creation of direct economic benefits. The positive contributions of these four variables prove that a community-based tourism approach is an appropriate strategy for improving the welfare of rural communities. Going forward, it will be necessary to strengthen capacity, distribute benefits more evenly, improve institutions, and promote innovation based on local culture so that tourism development becomes more inclusive, adaptive, and sustainable.

5. Conclusion

Based on the results of quantitative analysis in this study, it shows that community-based tourism (CBT) development has made a significant positive contribution. All variables have been proven to have an effect on improving the community's economy, with the variable of benefits for the local economy being the most dominant factor. Community empowerment enhances the capacity and skills of residents, while community participation strengthens a sense of ownership and active involvement in tourism management. Cultural preservation also plays an important role as an attraction that can create new economic opportunities. Simultaneously, these four variables have a 53.3% impact on the community's economy, indicating that the CBT model in Jajar Tourism Village is effective in improving community welfare and maximising local potential in a sustainable manner.

Based on these findings, several suggestions are put forward for the future development of Jajar Tourism Village. Community empowerment programmes need to be improved through entrepreneurship training and micro-business assistance. Community participation must be expanded by involving residents in the planning and management of the tourism village. Cultural preservation needs to be optimised through regular cultural events and traditional arts training for the younger generation. In addition, the development of a creative economy based on local products must be strengthened so that the economic impact of tourism can be further expanded. Digital promotion strategies also need to be improved through the use of various social media platforms and collaboration with tourism communities. Further research is recommended to include additional variables such as government support and tourism infrastructure, as well as using mixed methods so that the results obtained are more comprehensive in supporting the development of sustainable tourism villages.

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