ABSTRACT

This study analyzes the influence of the tourism sector on economic growth across 10 regencies/cities in Central Java Province during 2020–2024, using the Tourism-Led Growth Hypothesis (TLGH) framework that integrates the Solow (1956) neoclassical growth theory and Stabler (2009) tourism demand theory. Tourism is operationalized from the demand side through three indicators, namely hotel occupancy rate, number of tourists, and average length of stay, with labor force and realized investment included as control variables. A panel dataset of 50 observations was estimated using the Random Effect Model. The results show that hotel occupancy rate, number of tourists, labor force, and realized investment have a positive and significant effect on economic growth, while average length of stay shows no significant effect due to the homogeneity of visit duration across regions. Labor force emerges as the most dominant determinant.

Keywords: Tourism-Led Growth Hypothesis, hotel occupancy rate, number of tourists, economic growth, panel data