ABSTRACT

Tourism is a strategic sector that plays a role in driving regional economic growth through increased economic activity, investment, labor absorption, and infrastructure development. The development of tourism in a region not only impacts the region itself but also has the potential to generate as spillover effect on surrounding areas through economic and spatial linkages. This study aims to analyze the spatial spillover effect of tourism on economic growth in Indonesia over the period 2018-2023. Economic growth as dependent variable is proxied Gross Regional Domestic Product (GRDP), while the independent variable include investment, domestic tourists, tourism labor, airport, and road. This research uses panel data from 34 provinces in Indonesia over period 2018-2023. The analysis is conducted using a quantitative approach with the Spatial Durbin Model (SDM) method with K-Nearest Neighbors (KNN) weighting to identify direct effects and indirect or spillover effects.

The SDM estimation results with KNN weighting indicate that economic growth in Indonesia is influenced by both internal regional factor and spatial linkages between regions. The variable of investment, domestic tourists, tourism labor, and airport have a positive and significant effect on economic growth, while roads have significant negative effect. The direct effect analysis shows as similar pattern, namely investment, domestic tourists, tourism labor, and airport are positively significant, while roads remain negative significant. The indirect effect results reveal that not all variable generate a significant spillover effect on surrounding regions. Road length is the only variable that shows a positive and significant spillover effect, whereas investment and tourism labor tend to create a backwash effect due to economic activities remaining concentrated in certain areas. There findings suggest that spatial linkages need to be considered in tourism development and interregional economic development policies in Indonesia.

Keywords: *tourism, economic growth, spillovers, Spatial Durbin Model, Indonesia*

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