

ABSTRACT

Tourism is one of the new types of industries can increase economic growth and provide employment, stimulate other productive sectors. The tourism sector was strategic sector in Indonesia, beside as a source of foreign exchange, the tourism sector can encourage other of economic sectors, and job creation equally (Utami, 2016). Central Java is one of the province in Indonesia which was a variety of tourist objects that can be an important capital to place the Province of Central Java as a tourist destination (BPS, 2019).

The aims of this study are to analyze the role of the tourism sector in the economy, analyze the tourism sector linkages to other sectors in the economy, analyze multiplier of the tourism sector in the economy, and analyze the impact of government expenditure in the tourism sector to the economy of Central Java. This research used the input-output analysis method with input-output table of Central Java in 2013 based on domestic transactions, basis of producer prices by classification of 88 sectors were aggregated into 13 sectors.

The results showed that the tourism sector (restaurant, hotel, transportation and communication sub-sectors, travel and travel agents, and entertainment and recreation services) had a calculated impact on the economy of Central Java. The development of tourism sector can encourage the growth of other sectors in the economy. The impact of tourism sector was still relatively small, the results shows a positive correlation to the economy due to an increase of output from investment in the tourism sector. It is hoped the government more pay attention and increase to develop a tourism sector and targeted tourism sector that will ultimately improve the economy of Central Java Province.

Keywords : *Economic impact, tourism, economic growth, input-output analysis.*