Analysis of the Influence of Urbanization, Tourism and Manufacturing Industry on Lampung's Economic Growth

Amelia Safitri[1], Dhea Reva Rianti[2], Herza Novitri[3], Reyhan Ahmad F T[4], Ria Astuti[5] Alief Rakhman Setyanto[6]

amaliasafitri3138@gmail.com[1], dhearevar@gmail.com[2], herzanovitri@gmail.com[3], reyhanahmadferenso@gmail.com[4], astutiria22@gmail.com[5], aliefrakhmansetyanto@radenintan.ac.id[6]

Universitas Islam Negeri Raden Intan Lampung[123456]

Abstract

This study examines the impact of urbanization, tourism, and manufacturing on economic growth in Lampung Province. Secondary data from the Central Statistics Agency (BPS) for the period 2014–2023 were used. The analytical method used was multiple linear regression. The results indicate that the tourism sector has a positive and statistically significant impact on economic growth, while the urbanization and manufacturing variables have a positive but insignificant influence. At the same time, all independent variables have a significant impact on economic growth. The coefficient of determination (R^2) of 0.851 indicates that 85.1% of the variance in economic growth can be explained by the model. These findings confirm the strategic role of the tourism sector as a major driver of regional economic growth and the importance of strengthening the quality of urban development and the competitiveness of the manufacturing sector in Lampung Province.

Keywords: Urbanization; Tourism; Manufacturing Industry; Economic Growth

Introduction

Economic development in Lampung Province is inextricably linked to social dynamics and ongoing changes in the structure of production activities. Urbanization drives the concentration of economic activity in urban areas, while tourism opens opportunities for the growth of service businesses and community economic activities. At the same time, the manufacturing industry plays a role in strengthening the economic structure through processing and increasing added value. These three variables are interrelated and have the potential to influence Lampung's economic growth.

Previous research has shown a significant relationship between these three sectors and economic growth. Nabal and Djaja found that the development of

tourist destinations in rural areas can transform the character of a region into a more urban area, even giving rise to new growth centers. This finding suggests that tourism activities can trigger urbanization. Furthermore, Mardiansjah and Rahayu demonstrated that urbanization drives urban growth through increased economic activity, employment, and increased investment. Several other studies also confirm that urbanization supports the development of the manufacturing industry, as urban growth provides a larger workforce and market.

Tourism itself has been proven to contribute significantly to regional economic growth. Research in several regions in Indonesia shows that the tourism sector is closely linked to increased community income and expanded economic activity. Studies in West Java even show that tourism plays a role in increasing regional income and absorbing a significant workforce. This situation demonstrates that tourism activities not only impact the service sector but also influence the development of urbanization and the manufacturing industry. Thus, urbanization, tourism, and the manufacturing industry form a mutually supportive network in the economic development process. Urbanization provides a population base, labor force, and market; tourism creates new economic opportunities; and the manufacturing industry strengthens the economic structure by increasing production and added value. These three sectors have the potential to be important drivers in accelerating Lampung's economic growth.

Based on the description above, this study was conducted to analyze the influence of urbanization (X1), tourism (X2), and the manufacturing industry (X3) on Lampung's economic growth (Y). This analysis is expected to provide an overview of the contribution of each variable and the sector that has the most dominant influence on economic development in Lampung Province.

Theoretical basis

Economic growth

In short, economic growth is the process of increasing per capita production over the long term. This definition emphasizes three things: the process, per capita production, and the long-term perspective. The process describes the dynamic development of the economy over time; per capita production combines total production (GDP) with population; while the long-term perspective shows the trend of economic change that occurs over a period and is driven by internal (self-generating) economic mechanisms.

Economic growth is also defined as a long-term increase in total output (GDP), regardless of whether this increase is smaller or larger than population growth, and without taking into account changes in economic structure. High and

sustained economic growth is a fundamental requirement for sustainable development. Economic growth reflects the extent to which economic activity generates additional income for a society in a given period. Therefore, an economy is said to be growing if the real income of a society in a given year is higher than the previous year.

According to Sukirno, economic growth is the expansion of economic activity resulting in an increase in the quantity of goods and services produced by a society. This growth is characterized by an increase in real GDP or GDP. Consequently, studies of economic growth recognize urbanization, tourism, and manufacturing as important factors influencing the dynamics of regional development. Urbanization is explained by the urban growth theory, which emphasizes the role of concentration of economic activity in increasing efficiency and productivity. Tourism is understood through the tourism-led growth hypothesis (TLGH), which states that tourism activities can generate income, employment, and multiplier effects for the regional economy. Meanwhile, the manufacturing industry is supported by Kaldor's growth law, which emphasizes that the manufacturing sector plays a significant role in adding value and driving economic growth.

Urbanization

Urbanization is defined as the process of increasing the proportion of the population living in urban areas. In environmental science, urbanization can also be defined as the process of urbanization of a region. This urbanization process has two meanings. First, fundamental changes in the physical, socio-economic, and cultural elements of a region, caused by accelerated economic progress. The definition of urbanization varies depending on the interpretation of each expert. Ir. Triatno Yudo Harjoko defines urbanization as the process of transforming societies and regions from non-urban to urban. Spatially, urbanization is described as a process of differentiation and specialization in the use of space, where settlements and facilities are disproportionately concentrated in certain locations.

Urbanization is the movement and concentration of population, leading to the formation of new communities influenced by social, economic, political, and cultural factors. Urbanization is the movement and concentration of population, leading to the formation of new communities influenced by social, economic, political, and cultural factors. However, some argue that urbanization cannot be viewed solely in a demographic context, as it has multidimensional meanings. From a demographic perspective, urbanization refers to the process of increasing population concentration in urban areas, as measured by the percentage of the

population living in cities, the rate of change in that percentage, and the number of urban centers. From a political economy perspective, urbanization is defined as the socio-economic transformation resulting from the development and expansion of capitalism (capitalist urbanization).

In the context of modernization, urbanization refers to a shift in values from a traditional to a modern orientation, resulting in the diffusion of capital, technology, values, institutional governance, and social orientation from a traditional lifestyle to a more modern or urban lifestyle. Urbanization is a process of urbanization, driven by structural changes in society, as a result of which rural areas with an agrarian character and traditional lifestyle are slowly or rapidly transformed into environments with urban characteristics. Urbanization encompasses the phenomenon of increasing urban influence on rural areas, considered from a morphological, economic, social, and psychological perspective. Based on these various definitions, urbanization can be said to be the process of transforming rural areas into urban areas, which includes a region and its people, which are influenced by the physical, morphological, social, economic, cultural, and psychological aspects of a particular society.

Tourist

The tourism sector is an industrial sector that provides goods and services specifically needed by tourists. Tourism development in a region will drive economic growth because tourism activities generate consumption and investment demand, which in turn drives economic growth. Meeting this tourist demand requires investment in transportation and communications, hotels, and other accommodation facilities. Various studies have shown the correlation and contribution of tourism to regional economic growth. Tourism plays a vital role in regional economic development, as it is expected to contribute to increased regional income. Tourism planning is a key element of regional economic development. Tourism activities in various regions have shown an increase in the number of tourists, attracting both domestic and international visitors. The tourism sector is an integral part of human life, especially in the context of social and economic activities.

According to Wahab from Nurhidayati, tourism is an industry that can quickly provide economic resources to regions through various means. Therefore, the tourism sector is crucial for increasing regional original income.

Lampung Province has diverse tourism potential that can attract both local and international tourists. Thanks to its tourist attractions, Lampung Province offers several types of tourism: (1) Cultural tourism, which utilizes arts and culture;

(2) Healing tourism for medical treatment; (3) Commercial tourism, which involves domestic and international commercial activities such as exhibitions; (4) Religious tourism, which involves participation in religious ceremonies; and (5) Marine tourism, which includes marine tourism and other natural tourism.

Manufacturing Industry

The manufacturing sector is often referred to as a leading sector. This means that its development will spur the development of other sectors, namely agriculture and the services sector. Increased growth in the manufacturing sector will support the development of the agricultural sector, which provides raw materials for industry. Similarly, the services sector will thrive thanks to the existence of financial and marketing institutions, which can spur the growth of the manufacturing sector. This will increase employment opportunities and, ultimately, increase state revenue. A country can increase its economic growth by supporting the development of its manufacturing sector, as the manufacturing sector is believed to drive and stimulate the economy. Successful economic development can result in increased GDP (Gross Domestic Product), reduced poverty rates, and increased job availability. The manufacturing industry is defined as a business unit that produces goods to meet the needs of society.

Manufacturing can be divided into macro and micro industries. Micro industries are created by combining business units that produce similar goods. Macro industries, in turn, are created by creating added value. Macro industries, on the other hand, are industries that generate added value. Manufacturing is defined as a business unit that produces goods to meet the needs of society. Manufacturing can be divided into macro and micro industries. Micro industries are created by combining business units that produce similar goods. Macro industries, in turn, are created by creating added value.

Research methods

This research is quantitative, and all analyses are based on numerical data. Data collection was conducted through documentation, specifically the recording and processing of secondary data obtained from the Central Statistics Agency (BPS). The collected data included variables related to urbanization, tourism, manufacturing, and economic growth in Lampung Province during the study period. All data obtained were then analyzed using multiple linear regression using the EViews 13 application to determine the impact of each variable on economic growth. This approach was chosen because it provides a quantitative overview of the relationships between variables and the significance of their influence in the research model.

Discussion

Multiple linear regression analysis was used to test the effect of variables X1, X2, and X3 on variable Y during the study period. Based on the results of data processing, it was found that the three variables showed different influences, both in terms of direction and level of significance. Overall, the regression results provide a general overview of the role of each variable in explaining changes in Lampung's economic growth from 2014 to 2023. Variable X1 has a negative coefficient of -0.001180 with a probability value of 0.8660. Because the significance value is far above 0.05, X1 does not have a significant effect on economic growth. This means that changes in X1 do not have a significant effect on Y during the study period. Variable X2, on the other hand, has a coefficient of 0.132575 with a probability value of 0.0331. This value is below the 5% significance threshold, indicating that X2 has a positive and significant effect. In other words, every increase in X2 is accompanied by an increase in Y. This variable has the strongest partial impact. Meanwhile, variable X3 has a coefficient of 0.109444 with a probability value of 0.1124. Although the direction of the influence is positive, the significance value still exceeds 0.05, so X3 does not have a significant influence on Y. This means that changes in X3 are not able to provide a strong enough direct contribution to economic growth.

Table 1. Research Model Regression Output

Variable el	Coefficient	Standard Error	t- Statistics	Prob.
Coefficient	0.067056	10.88847	0.006158	0.9953
X1	-0.001180	0.006698	-0.176093	0.8660
X2	0.132575	0.048145	2.753668	0.0331
X3	0.109444	0.058877	1.858873	0.1124

4.1 Normality Test

This study used the *Jarque–Bera normality test*, and obtained a probability value of **0.673676 > 0.05**, thus concluding that the model residuals are normally distributed. This finding confirms that the normality assumption is met and the regression model is suitable for further testing.

4.2 Multicollinearity Test

Multicollinearity testing was performed by examining the Variance Inflation Factor (VIF) values. The results showed that all independent variables had VIF values <10, namely:

Table 2. Multicollinearity Test Output

Variable	Centered VIF	Information
X1	1.978336	There is no multicollinearity
X2	2.012382	There is no multicollinearity
X3	1.695774	There is no multicollinearity

All VIF values are well below the threshold of 10 (<10). This means there are no multicollinearity issues and this study passes the multicollinearity test, so the regression model is suitable for use. The three independent variables, namely urbanization, tourism, and the manufacturing industry, do not influence each other strongly, so each is still able to explain its influence on the Y (dependent) variable, namely economic growth.

4.3 Heteroscedasticity Test

The heteroscedasticity test results were performed using the *Glejser method* . The calculation yielded an Obs* R-square of 0.7553, which is greater than 0.05 (0.7553 > 0.05). Therefore, it is concluded that the heteroscedasticity test has passed. This means there are no heteroscedasticity issues in the model, and the residual distribution is stable or constant. With these results, the model is considered suitable for use because it meets the assumption of homoscedasticity.

4.4 Autocorrelation Test

The autocorrelation test was conducted using *the Breusch Godfrey Serial Correlation LM Test* . The results showed a *Chi-Square Prob value* of 0.0622 > 0.05. Thus, the model does not experience autocorrelation. This is confirmed by the *Durbin Watson value* of 1.668, which is within the acceptable range. This means there is no relationship between the residuals from the previous period and the residuals from the current period.

4.5 t-Statistic Test

The t-test was conducted to determine the partial influence of the independent variable on the Y variable.

Table 3. t-Statistic Test Output

Variable	Coefficient	t-Statistic	Prob.	Information
X1	-0.001180	-0.176093	0.8660	Not significant
X2	0.132575	2.753668	0.0331	Significant
X3	0.109444	1.858873	0.1124	Not significant

Based on the table, only X2 has a significant effect on Y. Variables X1 and X3 do not have a significant effect on Y. This finding shows that the role of X2 in the model is more dominant than other variables.

4.6 F-Statistic Test

The F test was conducted to determine whether the variables of urbanization (X1), tourism (X2), and manufacturing industry (X3) jointly influence economic growth (Y). Based on the calculation results, the calculated F value is 11.43167 with a probability value of 0.006806, which is below the 0.05 significance level. These results indicate that the three independent variables simultaneously have a significant influence on the economic growth of Lampung Province. In other words, although not all variables are partially significant, when viewed as a whole, the combination of urbanization, tourism, and manufacturing industry still contributes to changes in economic growth during the study period.

4.7 R-Squared Test

The R^2 value of 0.851098 indicates that 85.1% of the variation in variable Y can be explained by variables X1, X2, and X3. Meanwhile, the remaining 14.9% is explained by other variables not included in this model. The Adjusted R^2 value of 0.776647 also indicates that the model has strong predictive ability.

5. Conclusion

Based on the data analysis that has been carried out, this study concludes several important points regarding the impact of urbanization (X1), tourism (X2), and manufacturing (X3) on economic growth in Lampung Province (Y).

First, the urbanization variable (X1) did not show a significant impact on economic growth (Y). This finding indicates that the increase in population in Lampung's urban areas was not accompanied by an increase in the quality of economic activity. The ongoing urbanization has increased the population more than it has increased production capacity, so it has not been able to directly drive

economic growth. Second, the tourism variable (X2) was proven to have a positive and significant impact on economic growth (Y). This means that the tourism sector is one of the main drivers of economic activity in Lampung. The growth in the number of tourists, business activities in the service sector, and the development of tourist attractions have had a significant impact on improving the local economy.

Third, the manufacturing industry variable (X3) did not have a significant impact on economic growth (Y), although the direction was positive. This indicates that the manufacturing sector in Lampung still faces various limitations, both in terms of technology, added value, and productivity levels, so its contribution to regional economic growth is not yet strong. Fourth, overall, the three variables of urbanization (X1), tourism (X2), and the manufacturing industry (X3) together have a significant influence on economic growth (Y). This indicates that although not all have a strong influence separately, they still play a role in Lampung's economic dynamics. Furthermore, the coefficient of determination (R^2) value of 0.851 indicates that 85.1% of the variation in economic growth (Y) can be explained by these three independent variables. The remainder is influenced by other factors not included in the research model. This value indicates that the model has excellent explanatory power. Overall, this study confirms that tourism (X2) is the variable that has the most influence on Lampung's economic growth (Y), while urbanization (X1) and the manufacturing industry (X3) still need to be strengthened to provide a more optimal contribution to the regional economy.

Bibliography

Alfaturrahmah, Kaela Astri Febriana, & Syifa Aulia. (2025). Literature Review: Implementation of Accrual Basis in Public Sector Accounting: Challenges and Solutions. *Journal of Economic and Business Studies* , *1* (1), 1–9.

Ananda, N., Harahap, P., Qadri, F. Al, Yani, DI, Islam, U., Sumatera, N., Muslim, U., & Al, N. (2023). *Analysis of the Development of the Indonesian Manufacturing Industry* . *4* (6), 1444–1450.

Annur, S., Amelia, H., Elphani, S., Octavianty, S., Cindi, S., Studi, P., Ekonomi, P., Medan, UN, & Medan, K. (2025). *Analysis of the Influence of Regional Income and Government Expenditure on Economic Growth in North Sumatra Province 2001-2021* . *2* (1), 231–239.

Asmara, K. (2018). *Analysis of the Role of the Manufacturing Industry Sector in Labor Absorption in East Java* . *1* (2), 3331–3339.

Asmara, K., Raya, J., & Madya, R. (2018). *Analysis of the Role of the Manufacturing Industry Sector in Labor Absorption in East Java . 1* (2), 33–38.

Bashir, A., Susetyo, D., Suhel, S., & Azwardi, A. (2021). *Relationships between Urbanization, Economic Growth, Energy Consumption, and CO 2 Emissions: Empirical Evidence from Indonesia . 8* (3), 79–90. https://doi.org/10.13106/jafeb.2021.vol8.no3.0079

Jaclin Soputan, NE, & et al. (2022). Analysis of the Influence of the Tourism Industry Sector on Gross Regional Domestic Product in Manado City. *Scientific Periodical Journal of Efficiency , 22* (4), 15–27.

Nuriman, S., & Supadi, A. (2023). *The influence of the manufacturing industry on the economic growth of Lampung province from an Islamic economic perspective . xx .*

Riski Anggraini, D. (2021). The impact of the tourism sector on the economic growth of the Lampung region. *Darmajaya Business Journal , 07* (02), 116–122.

Stan, B. H., Kova, I., & Ze, B. (2022). *TOURISM-LED ECONOMIC GROWTH HYPOTHESIS - AN EMPIRICAL INVESTIGATION FOR SERBIA . 48 ,* 251–267.

Syifa, S., & Nasution, N. (2023). *TALENTA Conference Series Analysis of the Influence of Urbanization, Income Per Capita and Manufacturing Industry on the Economic Growth of North Sumatra . 06.* https://doi.org/10.32734/lwsa.v6i1.1703