

## THE ECONOMIC IMPACT OF TOURISM ON SMEs IN THE BOROBUDUR TEMPLE TOURISM AREA

Muhammad Aryuda Silfa

\*Corresponding Author: [aryuda.7mhmd@gmail.com](mailto:aryuda.7mhmd@gmail.com)

Universitas Terbuka, Tangerang Selatan, Indonesia

### Abstract

*Tourism is widely recognized as a key driver of local economic development, particularly through its impact on micro, small, and medium enterprises (SMEs). However, limited studies critically examine how tourism-driven growth contributes to sustainable SME development in emerging destinations. This study aims to analyze the economic impact of tourism on SMEs in the Borobudur tourism area while addressing structural challenges affecting their sustainability. This research employs a systematic literature review approach by analyzing relevant academic publications from the last decade. The findings indicate that tourism generates significant economic benefits, including increased income, job creation, and product diversification among SMEs. However, the study also reveals structural limitations, such as dependency on tourism demand, limited access to capital, and low managerial capacity, which may hinder long-term resilience. This study contributes to the tourism economics literature by extending the multiplier effect perspective with sustainability considerations and provides practical implications for policymakers in strengthening SME development in tourism-dependent regions.*

**Keywords:** *Tourism, Economic Impact, SMEs, Borobudur, Local Economic Development*

### INTRODUCTION

Tourism is one of the sectors that makes a significant contribution to regional economic development. The tourism industry not only serves as a means of recreation but also acts as a driver of economic growth through job creation and increased community income. The development of tourist destinations can generate a multiplier effect across various economic sectors, including micro, small, and medium enterprises (SMEs).

Borobudur Temple is one of Indonesia's main tourist destinations and has been recognized as a World Heritage Site by UNESCO. This tourism area serves as a center of economic activity for the community in Magelang Regency, Central Java. The development of tourism in the Borobudur area has encouraged the emergence of various new economic activities involving local communities, particularly in the form of SMEs such as handicrafts, culinary businesses, and tourism services.

The development of the Borobudur tourism area as a national priority destination has brought various social and economic impacts to the surrounding community. The increase in tourist visits has created new business opportunities and expanded employment opportunities for local residents. Studies show that tourism development in the Borobudur area can increase community income and encourage the emergence of new business ideas among local people.

In addition, community-based tourism development in priority destinations such as Borobudur also contributes to local economic growth and the strengthening of SMEs. Tourism is able to increase community income, create new job opportunities, and enhance community participation in local economic activities.

However, the development of tourism also poses various challenges for SMEs, such as increasingly intense business competition, limited access to capital, and the need to improve the quality of products and services. Therefore, it is important to further examine the economic impact of tourism on the development of SMEs in the Borobudur tourism area.

Based on this background, this study aims to analyze the economic impact of tourism on SMEs in the Borobudur Temple tourism area and to identify the opportunities and challenges faced by SME actors in taking advantage of the development of the tourism sector.

Despite numerous studies highlighting the positive economic contributions of tourism, there is still limited research that critically examines how these benefits are distributed and sustained among SMEs, particularly in super-priority tourism destinations such as Borobudur. Most previous studies focus on general economic impacts without addressing issues of sustainability, inequality, and long-term resilience of SMEs.

### RESEARCH METHODS

This study adopts a systematic literature review (SLR) approach to analyze the economic impact of tourism on SMEs in the Borobudur tourism area. This approach was chosen because the study aims to obtain a

comprehensive understanding of the relationship between tourism sector development and the economic dynamics of local communities through the analysis of various research findings, scientific reports, and relevant academic publications.

The scope of this study focuses on analyzing the economic impact of tourism on the development of SMEs around the Borobudur tourism area, particularly in terms of increased business income, job creation, local product development, as well as the opportunities and challenges faced by SME actors in utilizing tourism activities. The analysis covers various types of businesses that have developed in the tourism area, such as culinary enterprises, handicrafts, souvenir trading, local transportation services, and community-based accommodation providers such as homestays. The time frame of this study is based on data and scientific publications from approximately the last ten years to ensure that the data sources used are current and relevant to the present development of the tourism industry. The type of data used in this study is secondary data obtained from various academic sources, including scientific journal articles, reference books, research reports, and official publications related to tourism economics, tourism destination development, and the role of SMEs in tourism activities. These data sources were selected based on criteria such as topic relevance, source credibility, and the recency of publication, in order to provide an accurate overview of the economic conditions of communities in the Borobudur tourism area.

Data collection techniques were carried out through documentation studies and academic literature reviews by examining various research findings that discuss the relationship between tourism development and local community economic activities. The data obtained were then analyzed using qualitative descriptive analysis techniques. The analysis process was conducted by identifying key findings from various literature sources, grouping information based on research themes, and interpreting the relationship between the development of the tourism sector and the growth of SMEs in the Borobudur tourism area. The analysis also involved comparing results from previous studies to identify patterns, trends, and factors influencing SME development in tourism destinations.

Through this approach, this study is expected to provide a comprehensive overview of how the tourism sector generates economic impacts on the development of SMEs in the Borobudur tourism area, as well as to identify various opportunities and challenges faced by local business actors in utilizing the economic potential of the tourism sector.

## RESULTS AND DISCUSSION

### Results

The literature analysis on the development of the tourism sector shows that tourism activities in the Borobudur Temple area make a significant contribution to the growth of micro, small, and medium enterprises (SMEs) in the surrounding region of Magelang, Central Java. The economic activities that have developed include culinary businesses, handicrafts, souvenir trading, local transportation services, and community-based accommodation such as homestays. The presence of this tourist destination has increased the demand for various local products produced by the surrounding community.

Based on a synthesis of various previous studies, the economic impact of tourism on SMEs in the Borobudur area can be identified in several key aspects, namely increased business income, job creation, and the development of local products. A summary of these research findings is presented in Table 1.

**Table 1. The Economic Impact of Tourism on SMEs in the Borobudur Area**

<b>Economic Impact Aspect</b>	<b>Form of Impact on SMEs</b>	<b>Economic Implications</b>
Increase in income	Increased sales of culinary products, handicrafts, and souvenirs	Higher income for business actors
Job creation	Increase in labor employed in culinary businesses, transportation, and tourism services	Greater absorption of local workforce
Product diversification	Development of handicraft and culinary products based on local culture	SME products become more diverse
Business network strengthening	Collaboration between SME actors and the tourism sector	Increased market opportunities

These findings indicate that the tourism sector has a broad economic impact on SME activities in the surrounding tourism area. The increase in the number of tourist visits directly raises the demand for products and services provided by local business actors.

In addition, tourism activities also encourage the creation of new business opportunities for the local community. The development of these businesses is not limited to souvenir trading but also extends to traditional culinary enterprises, tour guide services, and local transportation services. This condition shows that the tourism sector acts as a primary driver of economic activity in the Borobudur tourism area.

While the findings confirm that tourism contributes positively to SME growth, this study argues that such economic benefits are often uneven and highly dependent on tourism demand. This dependency creates vulnerability, particularly during external shocks such as economic crises or declines in tourist arrivals.

The results of this study also indicate that the presence of a tourist destination contributes to increased innovation in SME products. Business actors are encouraged to develop more creative and attractive products for tourists, for example, through the development of culture-based handicrafts and innovations in regional specialty food products. Furthermore, the results indicate that the tourism multiplier effect does not automatically ensure sustainable development, as structural constraints such as limited access to capital and low managerial capacity persist among SMEs.

The research findings indicate that the development of the tourism sector in the Borobudur Temple area has a significant economic impact on the growth of SMEs. This phenomenon is in line with the concept of the multiplier effect in tourism economics, which states that tourism activities can generate widespread economic impacts across various local business sectors. The increase in the number of tourists visiting the Borobudur area raises the demand for various local products and services, thereby providing opportunities for the community to develop businesses.

These findings are consistent with the study by Pradana et al. (2020), which shows that the development of the Borobudur tourism destination contributes to increased economic activity among local communities. The study emphasizes that the tourism sector is capable of increasing community income through trade and service activities related to tourist needs. Furthermore, research conducted by Sari and Handoyo (2024) also found that the development of the Borobudur tourism area as a national priority destination has a positive socio-economic impact on the surrounding community, particularly in the form of increased business opportunities and employment.

From a local economic development perspective, the role of SMEs in the tourism industry is highly important, as most economic activities related to tourism are carried out by small-scale business actors. SMEs function as providers of various products and services needed by tourists, ranging from food and souvenirs to transportation services. Therefore, the development of the tourism sector directly promotes the growth of SMEs and enhances the welfare of local communities.

However, the development of the tourism sector also presents several challenges for SME actors. One of the main challenges is the increasing level of business competition as economic activities in the tourism area continue to grow. In addition, limited access to business capital and the relatively low managerial capacity of SME actors also hinder optimal business development. These conditions indicate that tourism development needs to be balanced with policies that support SME empowerment, such as entrepreneurship training programs, improved access to financing, and the strengthening of local product marketing networks.

From a theoretical perspective, the results of this study reinforce the concept that the tourism sector has a strategic role in promoting local economic development through SME empowerment. From a practical standpoint, these findings imply that tourism destination development should be integrated with community economic empowerment strategies so that the economic benefits of the tourism sector can be distributed more broadly and sustainably.

This study highlights that while tourism contributes positively to SME development, the sustainability of such growth remains questionable without institutional support. The dependency of SMEs on tourism demand creates structural vulnerability, particularly in times of crisis. Therefore, tourism development must be accompanied by inclusive policies that strengthen SME resilience and adaptability.

## CONCLUSION

Based on the results of the literature analysis and discussion, it can be concluded that the development of the tourism sector in the Borobudur area has made a significant contribution to the economic growth of local communities, particularly through the increased activity of SMEs. Tourism encourages higher business income, expands employment opportunities for local residents, and stimulates innovation in local products such as handicrafts and regional culinary specialties that hold economic value for tourists. In addition, the tourism sector plays an important role in expanding the marketing networks of SME products due to increased interaction between local business actors and both domestic and international tourists.

However, the development of SMEs in the Borobudur tourism area still faces several challenges, including limited access to business capital, inadequate managerial skills, and increasing business competition as tourism activities continue to grow. Therefore, stronger support is needed from local governments, tourism industry players, and various stakeholders to enhance the capacity of SME actors through entrepreneurship training programs, improved access to business financing, and strengthened marketing strategies for local products. With

such support, SMEs in the Borobudur tourism area are expected to develop more sustainably and contribute more significantly to local economic development. This study contributes to the theoretical development of tourism economics by extending the concept of the multiplier effect to include sustainability and resilience dimensions in SME development. This study contributes to the theoretical development of tourism economics by extending the concept of the multiplier effect to include sustainability and resilience dimensions in SME development.

Policymakers should implement targeted financial inclusion programs, such as micro-credit schemes and digital financing access for SMEs. In addition, capacity-building initiatives focusing on digital marketing, innovation, and business management are essential to enhance competitiveness. Strengthening collaboration between SMEs and tourism stakeholders is also necessary to ensure sustainable economic growth.

## REFERENCES

- Anggara, B., Budiman, B., Sumardani, R., & Martina, C. D. (2024). A systematic literature review on the economic impact of local communities on high priority tourism destinations in Indonesia. *Sadar Wisata: Jurnal Pariwisata*, 5(2), 115–128.
- Hidayah, A. N., Fachrie, M., Kristianto, Y. I. A., & Pratiwi, A. S. (2025). Understanding tourist satisfaction in Borobudur: The role of destination image, service quality, and sustainability. *Jurnal Pariwisata Terapan*, 9(1), 45–60.
- Poernama, T., & Santosa, B. (2025). Designing a community-based tourism model for sustainable tourism performance in the Borobudur Temple area. *Asian Journal of Economics, Business and Accounting*, 25(3), 122–133.
- Pradana, C. S., Iban, C., & Setyastama, R. (2020). Tourism impact on conservation and utilization of Borobudur Temple after being declared as ten new Bali tourist destination in Indonesia. *Journal of Indonesian Tourism and Development Studies*, 8(1), 15–25.
- Sari, M. U., & Handoyo, E. (2024). Socio-economic impact of Borobudur Temple super priority tourism development on the people of Borobudur Sub District. *Komunitas: International Journal of Indonesian Society and Culture*, 16(2), 210–223.
- Silaen, E. S. K., Nugroho, J. T., Mukti, A., & Fachrie, M. (2023). Sustainable tourism pada destinasi wisata Borobudur, Kabupaten Magelang. *Journal of Governance and Public Administration*, 7(1), 56–68.
- United Nations World Tourism Organization. (2022). *Tourism and local economic development*. Madrid: UNWTO.
- World Bank. (2021). *Tourism for development: An economic perspective*. Washington, DC: World Bank.