

The Effects of Tourism MSMEs and Tourism-Supporting Businesses on Hotel Occupancy Performance: Evidence from Banyuwangi Regency

Nudah Maulinda¹, Iqbal Lhutfi², Harpa Sugiharti³

Department of Accounting Education, Faculty of Economics and Business Education, Universitas Pendidikan Indonesia, Indonesia^{1,2,3}

Corresponding Author: Iqbal Lhutfi (iqbal.lhutfi@upi.edu)

ARTICLE INFO

Date of entry:
05 January 2026
Revision Date:
15 June 2026
Date Received:
19 June 2026
Published:
01 July 2026

ABSTRACT

This study examines the effects of components of the tourism-supporting business ecosystem on hospitality performance in Banyuwangi Regency, Indonesia. Drawing on Tourism Destination Competitiveness Theory and the tourism ecosystem perspective, the study investigates whether tourism and culinary micro, small, and medium-sized enterprises (MSMEs), restaurants, and accommodation-related businesses, tourist arrivals, and tourist attractions influence Hotel Occupancy Rate (HOR). A quantitative explanatory approach was employed, using secondary panel data from 25 districts during 2023–2025, yielding 75 district-year observations. Data were analysed using descriptive statistics, correlation analysis, multicollinearity diagnostics, and multiple linear regression. The results indicate that tourism and culinary MSMEs, restaurants, and accommodation-related businesses, tourist arrivals, and tourist attractions positively affect hotel occupancy performance. Tourist arrivals exhibit the strongest contribution to explaining variations in HOR. The findings suggest that hospitality performance is shaped not only by tourism demand but also by supporting business ecosystems and destination resources. The study provides implications for tourism competitiveness and regional tourism development.

Keywords: Tourism MSMEs; Tourism-Supporting Businesses; Hotel Occupancy Rate; Hospitality Performance; Tourism Ecosystem



Cite this as: Maulinda, N., Lhutfi, I., & Sugiharti, H. (2026). The Effects of Tourism MSMEs and Tourism-Supporting Businesses on Hotel Occupancy Performance: Evidence from Banyuwangi Regency. *Assets: Jurnal Ilmiah Ilmu Akuntansi, Keuangan Dan Pajak*, 10(2), 106–118. <https://doi.org/10.30741/assets.v10i2.1986>

INTRODUCTION

Tourism has become an important driver of economic development due to its capacity to generate income, stimulate business activities, and create employment opportunities across multiple sectors (WTTC, 2024). According to the UNWTO (2023), tourism accounts for approximately 9.1% of global gross domestic product and supports more than 300 million jobs worldwide. In Indonesia, tourism has increasingly been recognized as a strategic sector that promotes regional economic growth through its linkages with hospitality services, transportation, creative industries, and local

businesses. The economic significance of tourism is evident in Banyuwangi Regency, where Gross Regional Domestic Product (GRDP) increased from IDR 1,611.393 billion in 2019 to IDR 1,935.810 billion in 2024 (BPS Banyuwangi Regency, 2025). Tourism has also become one of Indonesia's major sources of foreign exchange earnings (Kemenparekraf, 2021). From a performance measurement perspective, the success of tourism development should be evaluated not only through visitor arrivals but also through the performance of sectors that directly benefit from tourism activities (Gössling et al., 2021; Dwyer, 2023). Among these sectors, hospitality occupies a strategic position because it represents one of the primary recipients of tourism demand. Hotel Occupancy Rate (HOR) is widely recognised as a key indicator of hospitality performance because it reflects accommodation utilization and tourism-generated demand for lodging services. In Banyuwangi, the hotel occupancy rate reached 44.16% in December 2025, exceeding the East Java average of 38.24%, indicating relatively strong hospitality performance within the region (BPS Banyuwangi Regency, 2025).

Hospitality performance, however, cannot be explained solely by internal hotel factors. Tourism operates within a broader ecosystem that includes accommodation providers, restaurants, transportation services, tourist attractions, local communities, and micro, small, and medium-sized enterprises (MSMEs). Tourism-related MSMEs provide complementary products and services that enrich visitor experiences and strengthen destination attractiveness (UNCTAD, 2020; OECD, 2024). Previous studies conducted in Indonesian tourism destinations such as Bali, Yogyakarta, and Labuan Bajo show that tourism development is closely associated with local income generation, employment creation, and MSME growth (Putra & Hitchcock, 2006; Rindrasih, 2019; Kemenparekraf, 2021). In Banyuwangi, tourism development has similarly stimulated local economic activities, as reflected in increased MSME revenues, tourism transactions, and accommodation demand during major tourism events (Bank Indonesia, 2025). The importance of tourism-supporting business ecosystems can be explained through the tourism value chain perspective. Crouch (2011) argues that competitiveness emerges from networks of interconnected firms and supporting institutions that collectively create value. In tourism destinations, hospitality performance should therefore be viewed as an outcome of interactions among tourism-supporting actors rather than the result of accommodation businesses alone. This perspective is reinforced by research on destination competitiveness (Kim et al., 2022), the sustainable tourism development literature (Butler, 2021, 2024), and evidence highlighting the extensive economic linkages among tourism-related sectors (World Bank, 2024).

Despite the growing tourism literature, several important gaps remain. First, existing studies predominantly examine the effects of tourism development on MSMEs, employment, and regional economic growth, while limited attention has been devoted to explaining how tourism-supporting business ecosystems influence hospitality performance (Putra & Hitchcock, 2006; Rindrasih, 2019). Second, hospitality studies generally focus on operational determinants such as pricing, efficiency, and service quality rather than tourism ecosystem factors (Assaf & Tsionas, 2018; Zhang & Xie, 2023). Third, empirical evidence from emerging tourism destinations such as Banyuwangi remains limited compared with established destinations, including Bali and Yogyakarta. Finally, previous studies frequently rely on descriptive assessments, while statistical evidence regarding the effects of tourism ecosystem components on hotel occupancy performance remains scarce. To address these gaps, this study examines the effects of tourism and culinary MSMEs, restaurants, and accommodation-related businesses, tourist arrivals, and tourism attractions on hotel occupancy performance in Banyuwangi Regency. Hotel Occupancy Rate (HOR) is employed as the primary

indicator of hospitality performance because it captures accommodation utilization and tourism demand within the destination.

This study offers three contributions. First, it extends the tourism destination competitiveness perspective by positioning tourism-supporting business ecosystems as determinants of hospitality performance. Second, it provides statistical evidence on the relationships between tourism ecosystem indicators and hotel occupancy performance, using a multi-period, district-level dataset. Third, it offers practical implications for policymakers by demonstrating how tourism MSMEs and tourism-supporting businesses contribute to the performance of the hospitality sector and to tourism-based regional economic development.

THEORETICAL FRAMEWORK AND HYPOTHESES

Tourism Destination Competitiveness and Hospitality Performance

Hospitality performance is widely recognized as an important outcome of tourism development because it reflects the ability of tourism destinations to generate and sustain accommodation demand. From a performance measurement perspective, Hotel Occupancy Rate (HOR) is one of the most commonly used indicators of hospitality performance because it measures accommodation utilization and reflects the effectiveness of tourism-related economic activities in generating lodging demand (Weerathunga et al., 2020; Zhang & Xie, 2023). Beyond its operational role, HOR may also serve as an indicator of destination competitiveness because accommodation demand is ultimately influenced by a destination's ability to attract and retain visitors. The relationship between tourism ecosystem development and hospitality performance can be explained through Tourism Destination Competitiveness Theory. According to Crouch (2011), competitiveness emerges from interactions among interconnected firms, supporting industries, institutions, and complementary services that collectively create value. In tourism destinations, competitiveness is determined not only by accommodation providers but also by supporting actors that enhance destination attractiveness and visitor experiences. This perspective is reinforced by Kim et al. (2022), who identify competitiveness as a multidimensional outcome generated through interactions among tourism-supporting stakeholders. Similarly, Butler (2021, 2024) argues that sustainable tourism development depends on integrating tourism-related economic activities that generate value for both visitors and local communities.

The tourism ecosystem perspective further suggests that tourism destinations function as interconnected service systems involving accommodation providers, restaurants, tourist attractions, transportation services, local communities, and micro, small, and medium-sized enterprises (MSMEs). The World Bank (2024) notes that tourism creates economic value through extensive linkages among accommodation services, transportation, food systems, retail activities, cultural services, and MSMEs. Consequently, hospitality performance should be understood as an outcome of broader tourism ecosystem interactions rather than the result of hotel operations alone. From a regional economic perspective, the relationship between tourism-supporting businesses and hospitality performance can also be explained through the Regional Economic Spillover Theory. Tourism-related economic activities generate spillover effects across sectors by stimulating demand for accommodation, transportation, food services, and local products. These intersectoral linkages suggest that improvements in tourism-supporting business activities may indirectly influence hospitality performance through increased visitor spending, longer lengths of stay, and stronger destination attractiveness. Based on these theoretical perspectives, this study proposes that tourism

and culinary MSMEs, restaurants, and accommodation-related businesses, tourist arrivals, and tourist attractions contribute to hospitality performance by strengthening destination competitiveness, enhancing visitor experiences, and increasing accommodation demand. Hotel Occupancy Rate (HOR) is therefore positioned as the observable outcome of tourism ecosystem effectiveness.

Tourism and Culinary MSMEs and Hospitality Performance

Tourism and culinary MSMEs constitute an important component of the tourism ecosystem because they provide products and services that complement tourism attractions and enrich visitor experiences. These enterprises include culinary businesses, handicraft producers, tourism transportation services, local souvenir businesses, and other visitor-support activities. Their presence enhances destination attractiveness, increases visitor satisfaction, and strengthens tourism competitiveness. From the perspective of destination competitiveness, tourism-related MSMEs create value beyond their direct economic contributions by expanding tourism experiences and supporting local economic participation. Visitors who encounter diverse culinary offerings, authentic local products, and accessible tourism-supporting services are more likely to extend their stay and engage in additional tourism consumption. Such conditions increase demand for accommodation services and contribute positively to hospitality performance. Empirical evidence supports this argument. Weerathunga et al. (2020) found that tourism demand is positively associated with hotel occupancy performance. Maziliauske (2024) further argues that tourism SMEs contribute to destination sustainability through innovation and value co-creation processes that strengthen tourism ecosystems. Previous Indonesian studies also indicate that tourism development is closely associated with MSME growth and local economic development (Putra & Hitchcock, 2006; Rindrasih, 2019; Kemenparekraf, 2021). Accordingly, tourism and culinary MSMEs are expected to influence hotel occupancy performance positively.

H1: Tourism and culinary MSMEs positively affect hotel occupancy performance.

Restaurants and Accommodation-Related Businesses and Hospitality Performance

Restaurants and accommodation-related businesses are another important component of the tourism ecosystem, as they provide complementary services that meet visitor needs and enhance destination attractiveness. Restaurants enhance tourism experiences through culinary offerings, while accommodation-supporting businesses expand the destination's capacity to serve diverse visitor segments. According to Tourism Destination Competitiveness Theory, supporting industries enhance a destination's overall competitiveness by improving service quality, visitor convenience, and tourism accessibility (Crouch, 2011; Kim et al., 2022). The availability of diverse restaurants and accommodation-supporting businesses may therefore encourage longer stays, increase visitor expenditure, and strengthen demand for accommodation. Previous studies indicate that hospitality performance is influenced by tourism demand and visitor behavior patterns (Weerathunga et al., 2020; Zhang & Xie, 2023). Furthermore, the World Bank (2024) emphasizes that the value of tourism is generated through interactions among accommodation services, food systems, transportation, and local enterprises. Consequently, the development of restaurants and accommodation-related businesses is expected to improve hospitality performance.

H2: Restaurants and accommodation-related businesses positively affect hotel occupancy performance.

Tourist Arrivals and Hospitality Performance

Tourist arrivals represent the direct manifestation of tourism demand within a destination. Higher visitor arrivals increase demand for accommodation services because tourists require lodging during their stay. Consequently, tourist arrivals are expected to be directly associated with hotel occupancy performance. Tourism competitiveness literature suggests that successful destinations generate higher visitor flows through attractive tourism products, supporting infrastructure, and positive destination images (Kim et al., 2022). As visitor arrivals increase, accommodation utilization is expected to increase accordingly. Previous hospitality studies consistently identify tourism demand

as a significant determinant of occupancy performance (Weerathunga et al., 2020; Zhang & Xie, 2023).

H3: Tourist arrivals positively affect hotel occupancy performance.

Tourist Attractions and Hospitality Performance

Tourist attractions constitute the primary pull factor motivating visitors to travel to a destination. Natural attractions, cultural events, heritage sites, and recreational facilities directly contribute to a destination's attractiveness and competitiveness. The greater the availability and diversity of attractions, the stronger the destination's ability to attract visitors and generate tourism demand. From a destination competitiveness perspective, tourism attractions function as core resources that create competitive advantages and stimulate visitor activity (Crouch, 2011; Kim et al., 2022). Increased visitor activity subsequently generates accommodation demand and improves hotel occupancy performance. Therefore, tourism attractions are expected to contribute positively to hospitality performance.

H4: Tourist attractions positively affect hotel occupancy performance.

Conceptual Framework

Based on Tourism Destination Competitiveness Theory, Regional Economic Spillover Theory, and the tourism ecosystem perspective, this study proposes that tourism and culinary MSMEs (X_1), restaurants and accommodation-related businesses (X_2), tourist arrivals (X_3), and tourist attractions (X_4) influence hotel occupancy performance (Y). Hospitality performance is measured using Hotel Occupancy Rate (HOR), which reflects accommodation utilization and tourism demand within the destination.

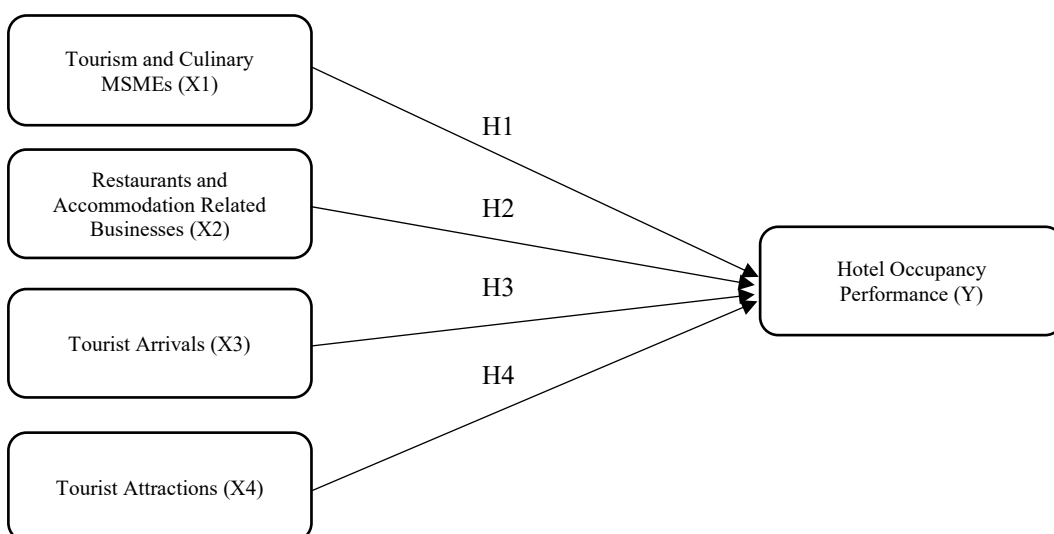


Figure 1. Conceptual Framework

Source: Developed by the author based on the research variables (2026)

Figure 1 illustrates the proposed conceptual framework. This study examines the effects of tourism and culinary MSMEs (X_1), restaurants and accommodation-related businesses (X_2), tourist arrivals (X_3), and tourist attractions (X_4) on hotel occupancy performance (Y), measured by the Hotel Occupancy Rate (HOR).

METHODS

Research Design

This study employed a quantitative explanatory research design to examine the effects of components of the tourism-supporting business ecosystem on hospitality performance in Banyuwangi Regency. Unlike descriptive approaches that primarily present tourism indicators, explanatory research enables empirical testing of relationships among variables and provides statistical evidence on the determinants of hospitality performance. The study specifically investigates whether tourism and culinary MSMEs, restaurants, and accommodation-related businesses, tourist arrivals, and tourist attractions significantly influence the Hotel Occupancy Rate (HOR), an indicator of hospitality sector performance.

Research Area and Data Sources

The study was conducted in Banyuwangi Regency, East Java Province, Indonesia. Banyuwangi was selected because it has emerged as one of Indonesia's rapidly growing tourism destinations and has experienced substantial development in tourism-related economic activities, including tourism MSMEs, hospitality services, and tourism attractions. This study utilized secondary data obtained from official government publications and tourism-related statistical reports. Data were collected from publications issued by Statistics Indonesia (BPS Banyuwangi Regency), tourism agencies, and other relevant institutional sources. The dataset covers the period from 2023 to 2025.

Population and Sample

The population consisted of all districts (kecamatan) in Banyuwangi Regency. A census approach was adopted because all districts were included in the analysis. The final dataset comprised 25 districts observed over three years (2023–2025), resulting in 75 district-year observations. The district-year observation was used as the unit of analysis because it allows the study to capture variations in tourism ecosystem development and hospitality performance across locations and over time.

Variable Measurement

The study employed one dependent variable and four independent variables. Table 1 presents the operational definitions and measurements of the variables.

Table 1. Variable Definitions and Measurements

Variable	Symbol	Measurement
Hotel Occupancy Rate	HOR (Y)	Percentage of occupied hotel rooms relative to total available rooms
Tourism and Culinary MSMEs	MSME (X ₁)	Number of tourism and culinary MSMEs operating within each district
Restaurants and Accommodation-Related Businesses	RAB (X ₂)	Number of restaurants and accommodation-supporting businesses
Tourist Arrivals	TOURIST (X ₃)	Total number of tourist visits recorded in each district
Tourist Attractions	ATTR (X ₄)	Number of tourism attractions operating within each district

Source: Developed by the authors based on Statistics Indonesia (BPS) tourism and MSME statistics

Empirical Model

To examine the proposed hypotheses, the study employed multiple linear regression analysis. The empirical model is specified as follows:

$$HOR_{it} = \beta_0 + \beta_1 MSME_{it} + \beta_2 RAB_{it} + \beta_3 TOURIST_{it} + \beta_4 ATTR_{it} + \varepsilon_{it}$$

where:

HOR_{it} = Hotel Occupancy Rate in district i during year t

$MSME_{it}$ = Tourism and Culinary MSMEs
 RAB_{it} = Restaurants and Accommodation-Related Businesses
 $TOURIST_{it}$ = Tourist Arrivals
 $ATTR_{it}$ = Tourist Attractions
 β_0 = Intercept
 $\beta_1 - \beta_4$ = Regression coefficients
 ε_{it} = Error term

Data Analysis Techniques

The data analysis procedure consisted of several stages.

1. Descriptive Statistics: summarise the characteristics of the variables through mean, standard deviation, minimum values, and maximum values.
2. Correlation Analysis: performed to evaluate the initial relationships among variables and identify the direction of associations.
3. Classical Assumption Tests: Before regression estimation, several diagnostic tests were conducted to ensure the validity of the regression model.
4. Normality Test: performed to assess whether the residuals followed a normal distribution.
5. Multicollinearity Test: assessed using the Variance Inflation Factor (VIF) and tolerance values. Following Hair et al. (2019), VIF values below 5 indicate that multicollinearity is not a serious concern.
6. Heteroskedasticity Test: examine whether the variance of residuals remained constant across observations.
7. Multiple Linear Regression Analysis: employed to estimate the effects of tourism ecosystem variables on hospitality performance.
8. Hypothesis Testing: Hypotheses H1–H4 were evaluated using the t-statistic and corresponding probability values.
The decision criteria were:
 $p < 0.05$ = hypothesis supported
 $p \geq 0.05$ = hypothesis not supported
9. Model Fit Evaluation
Model adequacy was evaluated using:
 - a. Coefficient of Determination (R^2)
 - b. Adjusted R^2
 - c. F-statistic
 - d. Significance level of the overall regression model

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics were conducted to provide an overview of the characteristics of the study variables across 75 district-year observations in Banyuwangi Regency during the 2023–2025 period. Table 2 presents the mean, standard deviation, minimum, and maximum values of the dependent and independent variables.

Table 2. Descriptive Statistics

Variable	Mean	SD	Min	Max
Hotel Occupancy Rate (HOR)	53.65	4.74	45.70	64.90
Tourism and Culinary MSMEs (X_1)	573.87	89.21	390.00	750.00
Restaurants and Accommodation Businesses (X_2)	88.91	20.13	58.00	138.00
Tourist Arrivals (X_3)	109,267	24,729	70,000	171,000
Tourist Attractions (X_4)	12.35	2.92	7.00	18.00

Source: Authors' calculations based on the research dataset

The descriptive statistics indicate substantial variation across districts and years. The average Hotel Occupancy Rate (HOR) was 53.65%, with values ranging from 45.70% to 64.90%. Tourist arrivals exhibited the largest dispersion among the explanatory variables, reflecting differences in tourism demand across districts. Tourism and culinary MSMEs, restaurants, and accommodation-related businesses, and tourist attractions also demonstrated sufficient variation for subsequent statistical analysis.

Correlation Analysis

Pearson correlation analysis was performed to examine the bivariate relationships among the study variables. The results are presented in Table 3.

Table 3. Correlation Matrix

Variable	HOR	X ₁	X ₂	X ₃	X ₄
HOR	1.000				
X ₁	0.81	1.000			
X ₂	0.67	0.48	1.000		
X ₃	0.86	0.59	0.42	1.000	
X ₄	0.39	0.21	0.18	0.28	1.000

Source: Authors' calculations based on the research dataset

The correlation matrix indicates positive associations between all tourism ecosystem variables and hotel occupancy performance. Tourist arrivals exhibit the strongest correlation with Hotel Occupancy Rate ($r = 0.86$), followed by tourism and culinary MSMEs ($r = 0.81$), restaurants and accommodation-related businesses ($r = 0.67$), and tourist attractions ($r = 0.39$). The relatively moderate correlations among the independent variables suggest that severe multicollinearity is unlikely to be a major concern.

Assumption Testing

Normality Test

The normality of residuals was examined using the Kolmogorov–Smirnov test. The results are presented in Table 4.

Table 4. Normality Test

Test	Statistic	Sig.
Kolmogorov–Smirnov	0.081	0.200

Source: Authors' calculations based on the research dataset

The significance value exceeds the 0.05 threshold, indicating that the residuals are normally distributed. Therefore, the normality assumption is satisfied.

Heteroskedasticity Test

The Glejser test was employed to examine the presence of heteroskedasticity. The results are presented in Table 5.

Table 5. Heteroskedasticity Test

Variable	Sig.
MSMEs (X ₁)	0.341
RAB (X ₂)	0.558
Tourist Arrivals (X ₃)	0.287
Tourist Attractions (X ₄)	0.473

Source: Authors' calculations based on the research dataset

Since all significance values exceed 0.05, no evidence of heteroskedasticity is detected. The regression model, therefore, satisfies the homoscedasticity assumption.

Multicollinearity Test

Before estimating the regression model, multicollinearity diagnostics were conducted using the Variance Inflation Factor (VIF) values and tolerance statistics. The results are presented in Table 6.

Table 6. Multicollinearity Diagnostics

Variable	Tolerance	VIF
X ₁	0.43	2.33
X ₂	0.58	1.72
X ₃	0.39	2.56
X ₄	0.82	1.22

Source: Authors' calculations based on the research dataset

Following Hair et al. (2019), VIF values below 5 indicate that multicollinearity is not a serious concern. As shown in Table 6, all VIF values are substantially below the recommended threshold, indicating that the explanatory variables can be included simultaneously in the regression model.

Multiple Regression Results

Multiple linear regression analysis was employed to examine the effects of tourism ecosystem variables on hotel occupancy performance. The estimation results are presented in Table 7.

Table 7. Multiple Regression Results

Variable	Coefficient	t-value	p-value
Constant	31.284	11.862	0.000
Tourism and Culinary MSMEs (X ₁)	0.012	3.547	0.001
Restaurants and Accommodation Businesses (X ₂)	0.028	2.114	0.038
Tourist Arrivals (X ₃)	0.000116	8.921	0.000
Tourist Attractions (X ₄)	0.143	2.387	0.020

Source: Authors' calculations based on the research dataset

The regression results indicate that tourism and culinary MSMEs, restaurants, and accommodation-related businesses, tourist arrivals, and tourist attractions positively influence hotel occupancy performance. Tourist arrivals exhibit the largest statistical contribution to explaining variations in Hotel Occupancy Rate, followed by tourism and culinary MSMEs, tourist attractions, and restaurants and accommodation-related businesses.

Model Fit and Hypothesis Testing

The explanatory power of the regression model was evaluated using the coefficient of determination and F-statistic. The results are presented in Table 8.

Table 8. Model Fit Statistics

Statistic	Value
R ²	0.782
Adjusted R ²	0.769
F-statistic	62.74
Sig. F	0.000

Source: Authors' calculations based on the research dataset

The model explains approximately 78.2% of the variation in hotel occupancy performance. The overall regression model is statistically significant ($F = 62.74$; $p < 0.001$), indicating that tourism ecosystem variables collectively explain hospitality performance across districts in Banyuwangi Regency.

Table 9. Hypothesis Testing Results

Hypothesis	Relationship	Coefficient	t-value	p-value	Decision
H1	MSMEs $\rightarrow$ HOR	0.012	3.547	0.001	Supported
H2	RAB $\rightarrow$ HOR	0.028	2.114	0.038	Supported
H3	Tourist Arrivals $\rightarrow$ HOR	0.000116	8.921	0.000	Supported
H4	Tourist Attractions $\rightarrow$ HOR	0.143	2.387	0.020	Supported

Source: Authors' calculations based on the research dataset

The hypothesis testing results indicate that all proposed hypotheses are supported. Tourism and culinary MSMEs ($\beta = 0.012$, $p = 0.001$), restaurants and accommodation-related businesses ($\beta = 0.028$, $p = 0.038$), tourist arrivals ($\beta = 0.000116$, $p < 0.001$), and tourist attractions ($\beta = 0.143$, $p = 0.020$) exhibit positive and statistically significant effects on hotel occupancy performance. Therefore, H1, H2, H3, and H4 are supported.

The findings demonstrate that components of the tourism-supporting business ecosystem significantly contribute to hospitality performance in Banyuwangi Regency. Specifically, tourism and culinary MSMEs, restaurants, and accommodation-related businesses, tourist arrivals, and tourist attractions positively affect the Hotel Occupancy Rate (HOR). These findings provide empirical support for Tourism Destination Competitiveness Theory, which posits that destination performance is shaped by the interaction among tourism resources, supporting industries, and complementary services (Crouch, 2011; Kim et al., 2022).

The Effect of Tourism and Culinary MSMEs on Hotel Occupancy Performance

The results indicate that tourism and culinary MSMEs positively affect hotel occupancy performance, supporting H1. This finding suggests that the expansion of tourism-related micro, small, and medium enterprises contributes to the attractiveness and economic vitality of tourism destinations. Tourism and culinary MSMEs provide complementary products and services that enrich visitor experiences, increase opportunities for tourist spending, and encourage longer stays. This result supports the tourism ecosystem perspective, which emphasizes that tourism destinations function through interconnected networks of businesses and supporting services (Butler, 2021, 2024). The presence of tourism and culinary MSMEs creates multiplier effects that extend beyond direct tourism activities, strengthening the overall destination value proposition. Consequently, districts with more developed MSME ecosystems tend to exhibit higher hotel occupancy rates because visitors have access to a wider range of tourism-related products and experiences. The finding is also consistent with previous studies highlighting the role of MSMEs in enhancing destination competitiveness and supporting local economic development through tourism-related activities (Kim et al., 2022; World Bank, 2024).

The Effect of Restaurants and Accommodation-Related Businesses on Hotel Occupancy Performance

The results further reveal that restaurants and accommodation-related businesses positively influence hotel occupancy performance, supporting H2. This finding indicates that the availability of complementary hospitality services contributes to tourists' destination choices and overall travel experiences. From the perspective of Tourism Destination Competitiveness Theory, hospitality-supporting businesses represent essential destination infrastructure that enhances service quality and visitor satisfaction (Crouch, 2011). Restaurants, cafés, travel-support businesses, and

accommodation-related services increase destination convenience and enhance destinations' capacity to meet visitor needs. In Banyuwangi, the development of restaurants and accommodation-supporting businesses appears to complement tourism growth by strengthening local tourism supply chains. The finding supports the argument that tourism competitiveness depends not only on attractions themselves but also on the supporting service environment surrounding tourism activities (Kim et al., 2022).

The Effect of Tourist Arrivals on Hotel Occupancy Performance

Among all explanatory variables, tourist arrivals exhibit the strongest positive effect on hotel occupancy performance, supporting H3. This result is consistent with expectations because hotel occupancy is directly associated with tourism demand. An increase in tourist arrivals naturally generates greater demand for accommodation services, thereby increasing hotel room utilization. This finding aligns with the Regional Economic Spillover Theory, which posits that tourism demand generates economic benefits that ripple across multiple sectors, including transportation, food services, retail, and accommodation (Butler, 2021, 2024). As visitor numbers increase, hotels experience higher occupancy levels due to increased accommodation demand generated by tourism. The result also reinforces prior evidence that tourist arrivals remain one of the most important determinants of hospitality sector performance, particularly in emerging tourism destinations, where tourism growth is a key driver of local economic development (World Bank, 2024).

The Effect of Tourist Attractions on Hotel Occupancy Performance

The results indicate that tourist attractions positively influence hotel occupancy performance, supporting H4. This finding confirms that the availability and diversity of tourism attractions contribute to destination appeal and increase tourists' willingness to visit and stay within a destination. Tourist attractions represent core tourism resources within Tourism Destination Competitiveness Theory (Crouch, 2011). Attractions function as primary pull factors that motivate travel decisions and generate tourism demand. Districts with more tourism attractions generally have greater tourism appeal, resulting in higher visitor flows and higher hotel occupancy rates. The finding is also consistent with tourism ecosystem theory, which emphasizes that attractions serve as central nodes around which supporting industries and tourism-related businesses develop (Kim et al., 2022). Consequently, investment in tourism attractions not only increases visitor numbers but also stimulates broader tourism-related economic activities that ultimately benefit the hospitality sector.

Theoretical and Practical Implications

The findings contribute to the tourism competitiveness literature by providing empirical evidence that components of the tourism-supporting business ecosystem collectively influence hospitality sector performance at the district level. While previous studies often focus primarily on tourist arrivals or destination attractiveness, this study demonstrates that tourism-supporting businesses, including MSMEs and hospitality-related enterprises, also play important roles in shaping hotel occupancy outcomes. From a practical perspective, the findings suggest that local governments should adopt a holistic tourism development strategy. Increasing tourist arrivals alone may not be sufficient to maximize hospitality performance unless accompanied by the development of tourism and culinary MSMEs, hospitality-supporting businesses, and tourism attractions. For Banyuwangi Regency, strengthening tourism ecosystems through integrated destination management may enhance both tourism competitiveness and the performance of the hospitality sector.

CONCLUSION

This study examined the effects of components of the tourism-supporting business ecosystem on hospitality performance in Banyuwangi Regency during the 2023–2025 period. Using multiple

linear regression analysis, the study investigated the relationships among tourism and culinary MSMEs, restaurants, and accommodation-related businesses; tourist arrivals; tourist attractions; and the Hotel Occupancy Rate (HOR), an indicator of hospitality sector performance. The findings indicate that components of the tourism-supporting business ecosystem collectively contribute to hospitality performance. The results show that tourism and culinary MSMEs, restaurants, and accommodation-related businesses, tourist arrivals, and tourist attractions positively influence hotel occupancy performance. Among these variables, tourist arrivals exhibit the strongest effect, highlighting the central role of tourism demand in driving accommodation utilization. The findings further demonstrate that supporting business ecosystems and destination resources complement tourism demand in enhancing hospitality sector performance.

From a theoretical perspective, the study provides empirical support for Tourism Destination Competitiveness Theory and the tourism ecosystem perspective by demonstrating that destination performance is influenced not only by tourist demand but also by the availability of supporting industries and tourism resources. The findings suggest that hospitality performance emerges from interactions among tourism attractions, visitor flows, and tourism-supporting business activities. In addition, the results are consistent with the Regional Economic Spillover Theory, which posits that tourism-related activities generate economic benefits that extend across interconnected sectors, including hospitality services. From a practical perspective, the findings imply that local governments and tourism stakeholders should adopt an integrated tourism development strategy. Policies aimed solely at increasing tourist arrivals may not fully optimize hospitality performance unless accompanied by efforts to strengthen tourism and culinary MSMEs, improve hospitality-supporting businesses, and expand tourism attractions. Consequently, tourism development initiatives should be designed as part of a broader tourism ecosystem approach that promotes coordination among tourism resources, business actors, and supporting infrastructure.

This study is subject to several limitations. First, the analysis focuses exclusively on Banyuwangi Regency, which may limit the generalizability of the findings to other tourism destinations. Second, the study employs district-level secondary data and therefore does not capture firm-level or visitor-level behavioral factors that may also influence hotel occupancy performance. Third, the analysis considers a limited set of tourism ecosystem variables and does not incorporate other potentially relevant determinants such as transportation accessibility, tourism expenditure, destination image, or digital tourism promotion. Future studies may extend this research by employing broader regional datasets, incorporating additional tourism competitiveness indicators, and applying panel data techniques or spatial econometric approaches to capture interregional tourism dynamics better. Further research may also explore the mediating or moderating mechanisms through which tourism-supporting business ecosystems influence hospitality sector performance.

ACKNOWLEDGEMENT

This research is funded by the Indonesian Endowment Fund for Education (LPDP) on behalf of the Indonesian Ministry of Higher Education, Science and Technology, and managed under the EQUITY Program (Contract No. 4314/B3/DT.03.08/2025 and No. 352/UN40/HK.00.10/2025).

REFERENCES

- Assaf, A. G., & Tsionas, M. G. (2018). The estimation and decomposition of tourism productivity. *Tourism Management*, 65, 131–142.
- Bank Indonesia. (2025). *Perkembangan ekonomi dan keuangan daerah Banyuwangi: Laporan triwulan II 2025*. Bank Indonesia Kantor Perwakilan Jember.

- BPS Banyuwangi Regency. (2025). *Tingkat penghunian kamar hotel Kabupaten Banyuwangi, Desember 2025*. BPS Kabupaten Banyuwangi.
- Butler, R. W. (2021). Tourism area life cycle. *Tourism Management*, 84, 104248.
- Butler, R. W. (2024). Tourism area life cycle: Looking back and looking forward. *Tourism Geographies*, 26(1), 1–15.
- Crouch, G. I. (2011). Destination competitiveness: An analysis of determinant attributes. *Journal of Travel Research*, 50(1), 27–45.
- Dwyer, L. (2023). Why tourism economists should treat resident well-being more seriously. *Tourism Economics*, 29(8), 1975–1994.
- Gössling, S., Scott, D., & Hall, C. M. (2021). Pandemics, tourism and global change: A rapid assessment of COVID-19. *Journal of Sustainable Tourism*, 29(1), 1–20.
- Hair, J. F., Babin, B. J., Anderson, R. E., & Black, W. C. (2019). *Multivariate data analysis* (8th ed.). Cengage Learning.
- Kemenparekraf. (2021). *Laporan kinerja Kementerian Pariwisata dan Ekonomi Kreatif tahun 2020*. Kemenparekraf RI.
- Kim, Y. R., Liu, A., & Williams, A. M. (2022). Competitiveness in the visitor economy: A systematic literature review. *Tourism Economics*, 28(3), 817–842.
- Maziliauske, E. (2024). Co-creation innovation by tourism SMEs and socio-cultural sustainability benefits for destinations. *Tourism Management Perspectives*, 49, 101113.
- OECD. (2024). *OECD tourism trends and policies 2024*. OECD Publishing.
- Putra, I. N. D., & Hitchcock, M. (2006). The Bali bombs and the tourism development cycle. *Progress in Development Studies*, 6(2), 157–166.
- Rindrasih, E. (2019). Tourist's perceived risk and image of the destinations prone to natural disasters: The case of Bali and Yogyakarta, Indonesia. *Humaniora*, 30(2), 196–207.
- UNCTAD. (2020). *COVID-19 and tourism: Assessing the economic consequences*. United Nations Conference on Trade and Development.
- UNWTO. (2023). *UNWTO tourism highlights 2023 edition*. United Nations World Tourism Organization
- Weerathunga, P. R., Xiaofang, C., Samarathunga, W. H. M. S., & Jayathilake, P. M. B. (2020). The relative effect of growth of economy, industry expansion, and firm-specific factors on corporate hotel performance in Sri Lanka. *SAGE Open*, 10(2), 1–14.
- World Bank. (2024). *Tourism for development: Harnessing tourism's potential for inclusive growth*. World Bank Group.
- WTTC. (2024). *Economic impact research 2024*. World Travel & Tourism Council.
- Zhang, D., & Xie, J. (2023). Influence of tourism seasonality and financial ratios on hotels' exit risk. *Cornell Hospitality Quarterly*, 64(1), 78–92.