Analysis of Factors Which Influence Tourists’ Visit Increase That Affects Micro, Small and Medium Enterprises (MSMEs) Development, Their Implications to Regional Job Opportunity Creation and Regional Revenue in Jakarta

Endah Marendah Ratnamingtyas SE MM*, Hanggoro Susanto, Tutut Herawan, Nur Wening, Sujoko Sujoko

Doctoral Program at University of Technology Yogyakarta
Kampus I UTY terletak di Jalan Ringroad Utara, Jombor, Sleman, Indonesia 55285
Nomor Telepon +62-274-623310 | Fax +62-274-623306
Universitas Teknologi Yogyakarta
North Ringroad, Jombor, Sendangadi, Mlati, Mlati Krajan, Sendangadi, Mlati, Sleman Regency, Yogyakarta Special Region, 55285
STIEBBANK (Sekolah Tinggi Ilmu Ekonomi Bisnis dan Perbankan)
Jalan Magelang Km. 8, Mlati, Sleman, Yogyakarta 55285

Abstract: The research studies and analyzes the relationship among tourism activities (security and macro economics policy, tourism budget policy, development strategy of tourism object destination, development strategy of supporting facilities, programs of stays). Specifically, the research analyzes the degree of either partial or simultaneous impacts of tourism activities to domestic and foreign tourism visits, the degree of either partial or simultaneous impacts of domestic and foreign tourism visits on the development of micro, small, middle industries, the degree of either partial or simultaneous impacts the development of micro, small, middle industries on job creation and regional revenue of tourism sector in DKI Jakarta. This research was conducted in DKI Jakarta in 2018. The research population was of corporation of tourism sector adding up to 350 institutions, consisting of 120 travel agencies, 70 hotels and 160 restaurants. The research sample was collected through proportionate stratified random sampling and was determined to 172 corporations (big, middle and small). This research also used secondary data from DKI Jakarta Tourism Agency, Association of Indonesia Tourism & Travel Agency (ASITA), Association of Indonesia Hotel and Restaurant Agency (APHRI) in the form of time series data ranging from since 2008 to 2018. This research used descriptive analysis as well as inferential. The research type was of explanatory research through which path analysis was applied to explain the degrees of direct and indirect contribution among variables. To support the efficiency and accurate of data processing, statistical software, SPSS Ver 23 was used. The results of this research brought about implication that there was an need to create good business climate supported by policy and regulation, tourism information centre, human resources quality improvement and the development of micro, small, middle industries capital aid. Besides, the business network development, tourism support participation, improvement of workers welfare and good cooperation among other provinces in Indonesia are some necessary aspects to consider when developing national tourism industries. This research aims to determine and analyze the nearness of correlation between tourism activities (security stability and macroeconomic policy, tourism policy and budget; tourism object development strategy, support infrastructure development strategy, length of stay extension program). Specifically, this research analyzes the extent of influence of tourism activities both partially and simultaneously the number of foreign and domestic tourists’ visit, the influence of foreign and domestic tourists’ visits on MSMEs’ business development, the influence of MSMEs’ business development on tourism sector job opportunity creation and regional revenue in Jakarta. This research was conducted in Jakarta in 2009. The populations of this research were 350 tourism sector companies, consisting of 120 travel bureaus, 70 hotels, and 160 restaurants. The research samples were selected using a proportional stratified random sampling technique, involving 172 companies (big, medium and small). This research also used secondary data obtained from Jakarta Tourism Service Office, Indonesia Tour and Travel Association (ASITA), Indonesia Hotel and Restaurant Business People’s Association (APHRI), that were sorted based on time series from the factors which influence tourists’ visit increase that affects the MSME development, and its implications on job opportunity creation and regional revenue in Jakarta.

Keywords: Tourists, MSMEs, Tourism, tourism objects, policies, strategies

1. Introduction

Tourism is a multidimensional industry which is closely related with many other sectors. This multidimensional characteristics causes every product of tourism to consist of several products, both the ones that can be valued quantitatively and those that are valued qualitatively. In Law No. 10, 2009, Tourism is considered as an integral part of the national development, which is managed systematically, well-planned, sustainable, and responsible, and keeping in mind the protection of religious and cultural values of the society, environmental preservation and quality, and national interests. Tourism is the whole activity related with tourism which is multidimensional and multidisciplinary that emerges as the embodiment of everybody's and the nation's needs and the interaction between the tourists and the local

Volume 8 Issue 7, July 2019
www.ijsr.net
Licensed Under Creative Commons Attribution CC BY

Paper ID: ART20199458
10.21275/ART20199458
community, fellow travelers, the government, the local government, and business people.

The factors that influence local government's income generation from tourism industry, both from domestic and foreign tourists, will correlate to the amount of budget spent by the government to fund tourism infrastructures, the amount of budget allocated for promotion both at home and abroad, additionally, it's also influenced by the number of visits conducted by the tourists, including length of stay, attractiveness of the tourism objects both in terms of number and special quality of the products offered (tour packages), facilities to reach the tourism objects, such as transportation (land, sea, river and air), accommodation at the tour destinations (hotels, restaurants, souvenir sales area, etc.), other support institutions such as travel bureaus, passport service points, etc.

The local governments’ revenue from tourism sector directly affects the availability of activities and micro and medium-sized enterprises around the process of tourism services up to the areas of tourist destination, in such a way that the increase of activities will develop micro, small and medium Enterprises (MSME), and it also opens job opportunities. The number of poor people in Indonesia in 2018 reached 25.76 million, there was a 910,000-people decrease if compared to September 2017, which reached 25.95 million people. The poor population in Indonesia in September 2018 decreased 0.16 percent, if compared with the number in March 2018, and decreased 0.46 percent compared with September 2017.

The Open Unemployment Level (OUL) in Jakarta in February 2018 was 5.34%. The available work force in February 2018 decreased 0.60 percent if compared with February 2017. Most of Jakarta residents work in the wholesale and retail businesses; car repair and care sectors, which is 24.04 percent (1,236 thousand people). In February 2018, Jakarta residents who worked in the informal sector increased 0.43 percent compared with February 2017. The workforce absorption in 2018 was dominated by residents with high school and equivalent education, the percentage of women who worked under the normal work hours (1-34 hours a week) was higher than men.

Tourism activities also have a significant influence other business activities such as hotels; restaurants; and other entertainment facilities, transportation companies; travel bureaus; souvenir shops and other related businesses. It is estimated that the impact of business activities contributes more than just generating revenues for DKI Jakarta government, it also increases micro, small and medium enterprises (MSME) and provides more job opportunities, which directly affects DKI Jakarta’s tourism competitive edge.

Tourism objects in Jakarta include conference tourism; shopping tourism; historical tourism; cultural tourism; and other tourism. These objects lack the uniqueness that can be highlighted by the local government, due to hindrances in terms of funding and tourism workforce (e.g. promotional facilities and tourist guides). Moreover, tourism objects in Jakarta also lack attention in terms of information and care, consequently, their historical values escape tourists’ attention, both domestic and foreign ones. The low budget allocation for tourism destinations in various areas in Indonesia and in DKI Jakarta causes these places to miss the attention of both domestic and foreign tourists. The implementation of tourism object development strategy and infrastructure development strategies in Indonesia and especially in DKI Jakarta in order to increase foreign as well as domestic tourists’ length of stay is not yet optimal. The available infrastructure is insufficient, especially in terms of safe and convenient transportation facility, attractive shopping centers that are easy to reach, because currently, the tourism areas in DKI Jakarta are not conveniently reachable by tourists.

The number of overseas tourists’ visit to Indonesia has not shown a significant development the last ten years. On average, foreign tourists’ length of stay from 2017 to 2018 tended to decrease, so did the amount of money spent during each visit. Nevertheless, the amount of money spent daily increased a little. The perceived unsafe and uncomfortable condition, accompanied with foreign tourists’ negative impression of political and security stability in Indonesia, generally, and particularly in Jakarta, was thought to have caused their reluctance to visit tourism destinations. Jakarta residents’ limited awareness to the importance of tourism sector had also become the hindering factor, which caused uncomfortable atmosphere, and even insecure feeling in the visitors. The many natural disasters such as earthquakes, floods, whirlwinds, landslides, volcanic activities, as well as accidents on land in the sea, and in the air have influenced the image that tourists get when they consider visiting Indonesia. DKI Jakarta is well known as a flood-prone area during the rainy season, notorious traffic jams (accompanied by high air pollution), dense population, vulnerability to outbreaks of the bird-flu and the dengue hemorrhagic fever (DHF), scattered with slum and crime-ridden areas, these all have hindered many tourists from visiting Jakarta.

Efforts taken by the government to create security and macroeconomic stability and to increase budget for tourism have not been optimal, due to weaknesses in regulation, rules and policies issued by the government regarding tourism, Rupiah’s exchange rate against foreign currencies, particularly the US Dollar, also influenced tourism industry. Government’s efforts in the form of aid provision and tourism sector MSME coaching and development in DKI Jakarta was still not optimal in creating new job opportunities and increasing the local government’s revenues from tourism.

This research is limited to the variables of security and macroeconomic policy stability; tourism policies and budgeting; tourism object development strategies; support infrastructure development strategies; length of stay extension program; tourism sector MSME development; tourism job creation; and local government revenue from tourism sector. The objects of research are located in DKI Jakarta, which include North Jakarta, West Jakarta; Central Jakarta; East Jakarta; South Jakarta; and the Thousand Islands.
1.1 Research Objective

a) To determine and analyze the nearness of correlation between Security Stability Variable and Macroeconomic policy, Tourism Policy and Budget; Tourism Object Development Strategy, Support Infrastructure Development Strategy, Length of Stay Extension Program.

b) To determine and analyze the extent of security stability variable and macroeconomic policy, tourism policy and budget; tourism object development strategy, support infrastructure development strategy, length of stay extension program influence, both partially and simultaneously, on foreign tourists’ visit to Jakarta.

c) To determine and analyze the extent of security stability variable and macroeconomic policy, tourism policy and budget; tourism object development strategy, support infrastructure development strategy, length of stay extension program influence, both partially and simultaneously, on domestic tourists’ visit to Jakarta.

d) To determine the extent of influence and analyze both partially and simultaneously foreign tourists’ visit variable and domestic tourists’ visit variable on the development of tourism sector MSME in Jakarta.

e) To determine the extent and analyze the influence of the development of tourism sector MSME on tourism sector job opportunity creation in Jakarta.

f) To determine the extent and analyze the influence of the development of tourism sector MSME on local government’s tourism sector revenue generation in Jakarta.

1.2 Research Benefits

a) This research can benefit tourism sector policy makers in the government by providing a reference of the influence of tourism development on the development of tourism MSME and increase of tourism job opportunity in Jakarta, as well as the increase of Jakarta’s tourism competitive edge.

b) This research can benefit tourism development in Jakarta, which will offer an advantage to the economic development, particularly tourism MSME, and the increase of tourism job opportunities around them, as well as the increase of Jakarta’s tourism competitive edge.

c) This research can provide an input to be further investigated in order to develop the economic science especially in the tourism sector in Jakarta.

2. Literature Review

2.1 Theoretical Study

1) Development Theory

According to Todaro (2000, p. 17), the term development can traditionally be interpreted as the capacity of a national economy whose initial conditions were more or less static for an extended period of time, to create and maintain an annual increase of its GNP (Gross National Product).

2) Tourism Comprehension

Tourism, according to McIntosh and Shashikant Gupta in Nyoman S. Pendit (2006, p. 34), is the combination of symptoms and connections that emerge and interactions between tourists, businesses, host governments, and host communities in the process of attracting and serving tourists and other visitors.

3) Tourism Activities

According to Wahab (2003, p. 9), tourism activities are a two-way traffic. Every country must be the source of tourists and at the same time, the host of tourists, albeit having different extent and levels. Tourism activities involve various actors, but the following constituents must be considered (J. Damanik and H.F. Weber, 2006, p. 20): tourists, tourism industries, tourism service support, the government, local communities, and non-government organizations.

4) Tourism Budget Policies

The central issue to be considered in making decisions for a tour is the cost. The cost determines the form, destination, time, lodging type, transport mode, and other services taken. Therefore, the availability of accurate and updated information about economic and financial development in the tourism destination area is essential to facilitate prospective tourists to determine their tour costs (Freyer, in J. Damanik and H.F. Weber, 2006, p. 6).

5) Tourism Object Development Strategy


6) Tourism Support Infrastructure

Tourism support infrastructures are facilities to reach and support transportation and complementary features. Tourism infrastructure consists of lodging for tourists, tourists’ meeting places and recreational and sports areas (Wahab, 2003, p. 111).

7) Length of Stay Extension Program

Tourists’ length of stay has become one separate consideration. In this case, the factors of leisure time and money availability play an important role. Leisure time (holiday season) is one of the determining factors of the number of tourists’ visiting. Foreign tourists are generally strict in tour time management. Far ahead of their departure time, they have made the trip plans, from trip duration time allocation, tourism attraction and object visits, types of recreation performed, etc. (J. Damanik and Weber, 2006, 9).

8) Tourists’ Expenses Fund Program

A tourist generally spends ± 50% of his trip expenses for lodging and meals. The expenses components include: 20% for local entertainment and transport, 10% for excursions, 10% for souvenirs shopping, 10% for others. (Wahab, 2003, p. 47).

9) Economic Policy and MSME Development

a) Monetary Policy

Monetary policy, according to Nafziger (1997, p. 398), influences money (including money + savings at banks) and interest rates (loans).

b) Fiscal Policy
Fiscal policy according to Naiziger (1997, p. 398), includes tax rate and income spending size.

c) MSME’s (Micro, Small and Medium-Sized Enterprises) Characteristics and Development

According to Prawirookusumo (2001, p. 78), the common characteristics of MSME are flexible; not too dependent to external capital availability, but can develop with own capital; in terms of loans, capable of repaying loans with high interest rate; and are widely spread throughout the country with various types of business; serve as the means for goods and services distribution to fulfill the people’s needs.

10) MSME’s Contribution to GDP (Gross Domestic Product)

From the aspect of GDP generation, SMEs generally still give bigger contribution than big businesses. Throughout 2016-2018, the total contribution from SMEs was still above 50%, this shows that SMEs still have a very important role in creating added value. However, in the last 3 years, there has been a reduction in SMEs’ roles in their contribution to the total GDP, this was probably caused by the shift from small enterprises to medium enterprises and from medium enterprises to big enterprises.

11) Number of Tourists’ Visit Increase

Tourists are consumers or users of products and services. Changes that happen to their lives will directly affect tourism needs, which in this case is tourism demand. The essential elements in tourism demand are tourists and local residents who consume resources. The other factor that also plays a role is better accessibility to tourism products and objects. Trips are also influenced by other factors such as distribution and increase of society’s income and education; workhour reduction; climate and environment.

12) Regional revenue

Regional revenue refers to all regional cash revenue within the period of certain budget year from locally generated revenue; balance fund; regional loans; and other legitimate revenues (Widjaja, 2002, p. 148).

13) Tourism Work Opportunities

Tourism work opportunities include jobs in various sectors such as accommodation, restaurants, attraction, flight, souvenir shops, travel bureau and travel agent, transportation etc. Various sectors that are associated with a vast employment opportunity and diverse human resource requirements (Diamond in F. Vellas and L. Becherel, 2008, p. 206).

14) Tourism Sector Competitive Edge

A competitive edge in the national level is the extent to which a country, in a free and fair market condition, can produce goods and services which qualify for international market scrutiny, while simultaneously increase its citizens’ real income. The national level competitive edge is based on superior productivity. (President’s Competitive Edge Commission Report, written for Reagan administration in 1984 in Dong-Sung Cho and Hwy-Chang Moon, 2003, p. 246).

2.2 Relevant Researches

<table>
<thead>
<tr>
<th>Research Titles and Results</th>
<th>Researcher, Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Heritage Tourism. The Villagers’ Perspective: A Case Study from Ngada, Flores explained that Ngada community is not homogenous; and that past traditions are not currently visible; but community development or community reshaping can help various parties.</td>
<td>Stroma Cole (1997)</td>
</tr>
<tr>
<td>Cultural Social Economy’s Potential in Developing Tourism Industry explained the potentials which support tourism development in tourism destination areas Kutai (Tanjung Isuy) and West Lombok (Narmada)</td>
<td>PMB LIPI Research Team (1998)</td>
</tr>
<tr>
<td>The influence of lake tourism product components on tourists’ number of visits, length of stay, and amount of expenditure, and their impacts on regional revenue in West Sumatera Province. It is determined that together, the number of visit and length of stay significantly affect tourism expenditures.</td>
<td>Fazril (2005)</td>
</tr>
<tr>
<td>Cirebon Tourism Development Potential as a Heritage Tourism Destination explained that Cirebon as ‘Kota Wali’ (Islamic saint) means representing the values and traditions of the Wali as the city’s development central theme, including tourism.</td>
<td>Myrza Rahmainita (2001)</td>
</tr>
<tr>
<td>Tourism and Local Economic Development in the Era of Indonesia’s Decentralization showed the transformation of development objectives from national government’s decision to regional governments’ roles.</td>
<td>Christopher Silver (2002)</td>
</tr>
<tr>
<td>Ecotourism in Indonesia: A Strategy for Regional Tourism Development presented a case study in West Papua, Indonesia. Ecological tourism in the development strategy, the benefits obtained include labor, prosperity, and environmental conservation, including protection of endangered plants and animals, creation of a sustainable long term development.</td>
<td>Bruce Prideaux and Malcolm Cooper (2002)</td>
</tr>
<tr>
<td>The Impact of Tourism on the Development of Ubud Painting Art showed how art development in Ubud, particularly art painting, revealed a rapid development. In the long run, history has proven that art is not only fostered by aspects that relate with beauty and esthetic, but also with those related with politics, economy, and social factors, that also determine the form of art.</td>
<td>Salmon Priaji Martana (2002)</td>
</tr>
</tbody>
</table>
2.3 Thinking Framework

![Picture 1: Research Thinking Framework](image)

3. Conclusion and Suggestions

A. Conclusion
1) There was a significant correlation between variables of Security Stability and Macroeconomic Policy, Tourism Policy and Budget, Support Infrastructure Development Strategy, Security Stability and Macroeconomic Policy variable and Tourism Object Development Strategy variable, whereas the highest nearness correlation was between Length of Stay Extension Program variable.

2) There was an influence both partially and simultaneously from variables of Security Stability and Macroeconomic Policy, Tourism Policy and Budget, Support Infrastructure Development Strategy, Length of Stay Extension Program variable.

3) There was an influence both partially and simultaneously from variables of Security Stability and Macroeconomic Policy, Tourism Policy and Budget, Support Infrastructure Development Strategy, Length of Stay Extension Program variable.

4) There was an influence both partially and simultaneously from variables of Increase of Foreign Tourists’ Number and Expenditure and Increase of Domestic Tourists’ Number and Expenditure on Tourism Sector MSME Business Development variable. The biggest influence was from Increase of Domestic Tourists’ Number and Expenditure.

5) There was an influence from Tourism Sector MSME Business Development on Tourism Sector Job Opportunity Creation very significantly. Therefore, when Tourism Sector MSME Business Development variable increases, Tourism Sector Job Opportunity Creation increases, both those who are directly related with the tourism sector and those who are involved in tourism support sectors, will optimally increase.

6) There was an influence from Tourism Sector Job Opportunity Creation on the Increase of Tourism Sector Regional Revenue in Jakarta very significantly.
Therefore, if the variable of Tourism Sector Job Opportunity Creation increases, Tourism Sector Regional Revenue increases both in the form of tourism sector’s direct revenue from taxes and retributions, and from tourism support sector, optimally.

B. Suggestions

1) Suggestions for the government, associations, MSMEs, and related parties in the development of tourism sector are presented as follows:

a) A conducive business climate needs to be created, accompanied with regulation and security, and legal certainty, which enables business people or MSMEs to gain facility and certainty in making investment.

b) There’s a need for policy and regulation that are more complete, more operational, and that carry regulation incentives accompanied by service improvement from state personnel to ensure facility to accessibility and service from various parties.

c) There’s a need for the formation of an independent body consisting of government institutions which deal with tourism sector; associations; tourism sector educational institutions; tourism business people; social institutions and prominent figures in the society who support the development of tourism to support promotion and development of tourism products/attractions which can attract tourists.

d) To strengthen tourism sector MSMEs in the field of service, which is strongly dependent on human resource’s professionalism skills and capital as well as access to information, supports are needed in the form of capital and continuous education and training program execution, backed by sufficient work infrastructure and technology.

e) Along with the competition increase and members’ needs increase, and consumers’ demand for satisfaction increase, companies need to foster business network development. Therefore, the government (related offices), together with the Chamber of Commerce, must help facilitate cooperation with various parties, especially the banking sector, financial institutions, universities, insurance agencies, and other businesses.

f) The tourism association, as the main organization of business people or MSMEs, needs to be more active in fulfilling the demands of the members especially in the field of education and training, networking, and bridging cooperation with various parties who support business development.

g) Considering that one of the keys to a company’s success is the employee, therefore, employee prosperity needs to be increased.

h) For future business development, breakthroughs need to be made in the business activities, not only catering the needs of users from Jakarta, but also users from provinces throughout Indonesia and from overseas.

2) For Other Researchers

a) Hopefully, this research’s results can be used as the basis or the knowledge for researchers who conduct similar researches.

b) There needs to be a research with a deeper and wider scope, not only on the variables already studied, but also an addition of other independent and dependent variables.

c) In the follow up research, there needs to be a wider object and area of research, with higher number of samples.

d) Perform direct and comprehensive interviews with target respondents and other parties, get more involved in business activities properly.

e) Conduct further research on tourism sector MSME performance, through mutual efforts with business partners, with respondents being studied from partner companies.

References


Volume 8 Issue 7, July 2019

www.ijsr.net
Licensed Under Creative Commons Attribution CC BY

Paper ID: ART20199458 10.21275/ART20199458 790


**Internet Laws, Regulations and Materials:**


