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The Models of Tourism Sector Development of Bandung and Jember District in Relating with Own-Source Revenue (Comparative Study of Bandung and Jember District)

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Abstract: This research is on how tourism sector can take part in improving District Owned Source Revenue (DOSR/Local Income/PAD) in Bandung and Jember districts. The reason behind the study is the fact that Indonesian National Income decreases more and more recently, as the result of ASEAN Economic Community implementation. In order to maintain a constant Total National Income, we have to seek other sectors that have higher potential to produce National Income, such as tourism sector. Many research have also focus on finding key drivers to increase DOSR. However, this research different in the methodology and nature of study. This research used mixed-method approach: First, quantitative method was done by survey, questionnaire and compile all data about DOSR, all data were processed by correlation and regression analysis to analyze how income from tourism sector impact DOSR. The result of which was found that the influence of the tourism income on DOSR was statistically significant in both districts. SWOT analysis was use to explore the result from survey of 180 respondents and make some interpretation. The research result shows seven key drivers in developing tourism sector in Bandung, and three key drivers in Jember.

Keywords: Tourism Sector, Local Income, Strength-Weaknesses Analysis.

JEL Classification: Z32.

1. INTRODUCTION

ASEAN global products are dominating more and more in our national market. This will result in sharper market competition. Another impact of this competition is the reduced revenue of industrial sector since this sector is still unable to achieve its competitive advantages. According to data issued by Trading Ministry per January 2015, the decreasing revenue of industry sector is around 4.7% (Kompas, 2015). In order to

maintain constant Total National revenue, we have to seek other sectors that have higher potential to produce more income such as tourism sector. In this sector, Indonesia is very popular known as a beautiful country which has relatively higher competitive advantages.

As an archipelago, Indonesia with its outstanding richness and beauty, culture diversity, and its citizen's hospitality, has become a very popular destination for both national and international tourists. This fact proves that Indonesian Tourism can become a potential sector to boost the Nation's income which has bigger multiplier effect in creating society wealth.

Tourism sector is very attractive to develop since it has unique characteristics in absorbing both natural resources and human resources. Taking Bandung City in West Java Province as an example, the contribution of tourism sector revenues to Own-source revenue of it is closely 70% (Lumanauw in Pikiran Rakyat, 2014). This complies with the target set by The President of RI, Mr. Joko Widodo, in 2015 that the total of Indonesian Tourists will reach 20.000.000 (Pikiran Rakyat, 2015). Moreover, if the tourism sector can be developed properly, the DOSR of Bandung and Jember District in East Java will increase. As the result, the financing and development of public facilities will be better for both districts.

Comparative data about tourism sector between Bandung and Jember District is expected to be used as a reference for each of regencies to develop better. Bandung District is noted for the creativity of its citizens especially in developing tourism sector, such as culinary tours, shopping tours, nature tourism; while Jember area on the other side have cultural tourism in a renowned carnival namely Jember Fashion carnival.

Based on explanation above, research questions are formulated as follows:

1. How does the amount of DOSR of Bandung and Jember District configure?
2. Is the contribution of Tourism sector of Bandung and Jember District statistically significant on DOSR of both Districts; and
3. What is the appropriate Model for Tourism sector that can be developed for Bandung and Jember District through all explanation below?

The work of Mohammad *et al.* (2010) about tourism sector in Malaysia found some drivers in Creating Model to developing Tourism destination in Malaysia. Study about the relation of tourism sector with DOSR has been done by several researchers. For example, Ulandari *et al.* (2013) found that tourism income has significant impact on DOSR of Jember District. Suwarni (2013) found that The impact of Tourism income in Increasing Economic society in South Sumatra is statistically significant. In the year of 2014, Manurung *et al.* (2014) found significant impact of tourism sector income on DOSR of Bandung and Jember district.

Besides those studies, there are studies about DOSR which increase more and more. For instance, Oktariyani (2013) studied about Tourism sector in West Nusa Tenggara and come-up with the result that proves that income from tourism sector in West Nusa Tenggara increase significantly. Also Santoso (2013) has research result in 2013 that proves that income from tourism sector in Jember increase significantly in that period. Bandung City has a satisfying Financial Information system of DOSR in creating accurate financial report of income from tourism sector area, as concluded by Manurung study in 2013 and also 2014. Several previous studies that concluded Tourism Income has significant impact on DOSR (Manurung,

2015; Manurung, 2014; Ulandari, 2013; Oktaryani, 2013; Santoso, 2013). In that case, the development of tourism sector becomes a trigger in increasing the district DOSR.

While the previous study focused on how and what factors impact DOSR, this research has different goals. This research conducting comparison between Bandung area in West Java with Jember area in East Java. The aim is to get a deeper understanding about how those two cities got financial information and what factors become key drivers. This study used mixed method and comparative study between Bandung and Jember district as the research objects.

2. LITERATURE REVIEW

2.1. Local Income

Local income is defined as District Own Source Revenue from related District, consisting of local taxes, retribution, and local assets management (Law No. 28/2009). One component of local income is income of admission fee at certain tourism destination that has recreation areas, restaurants, hotels, parking spots, etc. As stated in the Local Income Regulation (2011), Local income components consist of:

1. Local Tax, Hotel and restaurant taxes, Tax for recreation that requires entrance tickets, Advertising board Taxes, City light Taxes, ground water;
2. retribution;
3. and Local assets management (Local Revenues Regulation, 2011).

Fact has proved that the contribution of tourism sector revenue on DOSR is increasing significantly. Therefore, when tourism sector is well developed then also the local income will increase properly. According to data of Indonesian Tourism Ministry and Creative Economy (2011), the contribution of tourism sector revenue to National income is around US \$ 8,554.40, the fifth biggest contribution.

2.2. Tourism Sector

Based on ethimological approach, the word '*pariwisata*' (tourism) is originally from *Sanskrit* language, meaning traveling in many times and many ways (Yoeti, 1990). According to Buchli (as Yoeti quotes), the nature of tourist traveling is usually temporary to get some service of a specific tourism program from specific destination.

A Tourism destination must meet three criteria so that destination can be desirable by tourists. The first one is something to see, that is tourism object must have something that can be seen or used as spectacle by the tourists. The object must have some special appeal that is able to attract tourists to visit. Secondly, it has something to do so that tourists who travel there can do something useful to give excited and happy feelings in the form of recreation facilities either the playground or a restaurant, especially typical food from that place that able to make the tourist to stand-in the longer time. The third criterion is it must have something to sell. It can be a facility for tourists to shop which generally are characteristics or icon from that region that can be used as a souvenirs (Yoeti, 1985).

One of the characteristic of tourism impact is the multiplier effect, which means having impact on the future and the past. Essentially, the construction and development of tourism (Yoeti, 2001) is an effort

to develop an attractiveness of tourism objects, which is realized in the form of beauty, diversity of Fauna and Flora, art, tradition and cultural diversity, as well as historical and archaeological heritage. Guidance of tourism objects and attractiveness with the development of business services and tourism facilities will function to increase tourists' attractiveness for the development of new tourism object and the attractiveness of which need to be supported by the development of adequate infrastructure.

According to Gunn *et al.* (1994), there are 5 aspects for developing tourism destination, and they are

1. Attractive Tourism destination,
2. local society,
3. Destination geographic barrier,
4. Access to tourism area,
5. Tourism Facility, and
6. Supporting facilities.

And according to Tourism Ministry of Indonesia, there are also 6 aspects for developing tourism sector, and they are

1. Certainty tourism area/destination;
2. attractiveness;
3. Accessible;
4. complete facilities and amenities;
5. local human resources skill;
6. satisfying Investment.

3. METHODOLOGY

3.1. Research Method

This research uses analytical/quantitative descriptive method, which have 2 approaches (Sekaran and Bougie, 2010); Correlation and Regression is used in Quantitative approach, and descriptive and SWOT analysis method in Qualitative method to elaborate 180 questioners, the respondents for this tourists survey.

This analytical/quantitative descriptive method revealed the Tourism area situation based on the data obtained by collecting and analyzing data with logical thinking to generate conclusion. In this case, the analysis is focused on Tourism sector, DOSR, and SWOT and descriptive Analysis for determining the drivers for developing Model tourism sector.

3.2 Research Object

This study used 2 research locations, and they are Bandung and Jember district in order that comparison between 2 district can be made and cross-learned.

The research locations are Bandung District in West Java and Jember District in East Java in Indonesia. The data for period of 2000-2013 about DOSR, and about Tourism sector income was collected from Local Government revenues offices, The General Directorate of Tourism, Tourism Ministry Offices, Statistic center Biro, as well as the result of interview with 180 tourists.

The reasons behind the choice of Bandung and Jember District is the fact that according to pra-survey result, both of Districts have similar characteristics in term of similar creativity and innovativeness, better initiative, which is focused on developing local potential tourism area, better quality of Human Resources, in developing tourism sectors (research result based on survey of 180 tourists).

4. RESULTS AND DISCUSSION

4.1. The Configuration of Amount of Dosr of Bandung and Jember Districts in Period of 2000-2012

In 2000, the amount of DOSR of Bandung District was around IDR 50 Billion, which is followed by significant increase, 100%, in 2004, and rose again on 2012 at about 7 times. DOSR is to reach IDR 0.5 Trillion as budgeted in DOSR budget at about IDR 512.623 (in million Rupiahs) which increase 10 times compared to 2000. While in Jember District, the DOSR in the Year of 2000 has the amount about IDR 17 Billion, followed by 15 times increase in the Year of 2012, which reached IDR 256 Billion. The driver of this increasing revenue is the most popular event in Jember namely Jember Fashion carnival, that attracted abundant tourists from local areas as well from other countries.

Table 1
DOSR and Tourism Income of Bandung and Jember District (in Million)

<i>Year</i>	<i>Dosr of Bandung District</i>	<i>Tourism Income of Bandung</i>	<i>Dosr of Jember District</i>	<i>Tourism Income of Jember</i>
2000	50,367	500	16,984	610
2001	78,717	599	26,438	607
2002	82,546	948	33,105	1,123
2003	99,761	5,323	37,592	1,416
2004	109,582	6,420	40,910	1,351
2005	108,322	7,603	51,473	1,638
2006	137,533	9,880	68,448	1,740
2007	147,631	3,161	78,000	7,040
2008	144,660	5,500	136,471	4,119
2009	153,272	9,250	135,022	6,665
2010	198,651	5,600	150,936	11,498
2011	291,062	18,778	182,494	11,694
2012	366,317	10,904	255,805	11,912

Source: <http://www.bandung.kab.go.id>; and <http://www.jember.kab.go.id>

4.2. The Relation of Contribution of Tourism Sector on Dosr of Bandung District

This relation is measured by Statistic Regression with SPSS program version 17. And the result shows as follow. With Model was: $Y = 62,208.941 + 16.340X$

Tabel 2
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	62208.941	33090.556		1.880	.087
Tourism Sectors	16.340	4.080	.770	4.005	.002

a. Dependent Variable: Bandung District DOSR

The interpretation of the above regression result is that the contribution from the sector affect the DOSR by a significant amount of 16.34 million (M) from Total DOSR, which is statistically significant because the p level is 0.002 (lower than $\alpha = 0.05$). This means that for every increase of IDR 1 in tourism income will increase Bandung DOSR by 16.34 M.

4.3. The Relation of Contribution of Tourism Sector on Dosr of Jember District

The interpretation of the regression result bellow is that the contribution from the Tourism sector of Jember District affect the DOSR by a significant amount of 17.64 from Total DOSR, This means for every increase of 1IDR in tourism, income will increase Jember District's DOSR by 17.64M. The models was $Y = 21,868.79 + 17.642X$.

Table 3
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	21868.796	9450.922		2.314	.043
Tourism Sectors	17.642	1.655	.959	10.661	.000

Dependent Variable: Jember District DOSR.

The contribution from the Tourism income of both Districts affected the DOSR by a significant number, which is consistent with the previous study that concluded that Tourism Income had significant impact on DOSR (Manurung, 2015; Manurung, 2014; Ulandari, 2013; Oktaryani, 2013; Santoso, 2013).

From the result of the Pearson Correlation, we found that the index of correlation between the tourism income and the DOSR of Bandung and Jember Districts is 0.77 and 0.95 respectively. This means that the tourism sector in both regencies have been highly correlated with generating own revenues.

4.4. The Models of the Tourism Sector Development of Bandung District

The descriptions below will explain about seven Drivers of development of Tourism destination, which is formulated in figure 1. These drivers are determined based on analyzing the result of survey and questionnaire. This result was a little bit different with the research result of Mohammadi *et al.* (2010) about tourism sector in Malaysia. They found some drivers in Creating Model for developing Tourism destination in Malaysia. In addition it is different with tourism Ministry model which has 6 drivers for developing tourism sector.

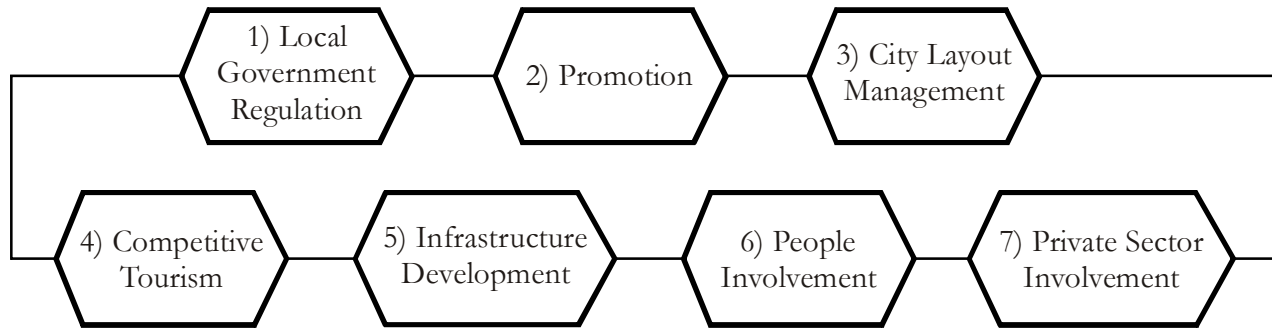


Figure 1: A Model of the Tourism Sector Development of Bandung District

Basically, the model above consists of 7 drivers for developing tourism sector in Bandung District. The aims of these drivers are:

1. The tourism purposes of the Local government to make clear regulation about the standard of tourism sector;
2. better promotion that can promote all potential tourism destination to attract more tourists;
3. City layout management which means the local government has to arrange city layout more neatly to decrease crowded places;
4. Increase competitive advantages of tourism sector in Bandung District—like focusing on natural tourism, Art and Culture, Culinary and Shopping Tour, and doing many attractive events;
5. Developing infrastructure like Airport, City Transportation, Information center, Hotels and Restaurant, Kid-play ground, wi-fi areas;
6. People involvement—like better skilled human resources, more hospitality, clean environment, security system;
7. Private sector involvement – such as participating in culinary business or joining capital.



Figure 2: A Model of the Tourism Sector Development of Jember District

The model for Jember District in developing their Tourism consist of 3 drivers, namely:

1. Marketing development in National and International scope,
2. Improvement of tourism management—like improvement of standard for tourism sector and quality in all aspects of tourism sector;
3. increasing capability in Economic margin, risk management, infrastructure development, cooperating with other parties and attractive events.

The result of this study has an implication that is from the formulated model above, policy paper for development tourism sector can be proposed to local government in both Bandung and Jember districts.

Besides, both districts can make some local regulation about their tourism sector. If the tourism sector can be developed properly, the financing and developing of public facilities will be better for both districts.

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Based on this research process on the topic of 'The Models of Tourism Sector development of Bandung and Jember District with Relation with Their DOSR, it can be concluded as follows:

DOSR of Bandung and Jember Districts during the period of 2000-2012 increase significantly. Bandung District's DOSR in 2012 has increased 8 times from the year of 2000, while the one of Jember District's has increased 15 times from 2000 revenues. The contribution of tourism income on DOSR for both Bandung and Jember Districts can be explained as statistically significant.

The Model of Tourism-sector development of Bandung District has 7 drivers:

1. Local government tourism regulation;
2. Promotion (internet-based);
3. City layout management;
4. Competitive advantage tourism design;
5. Infrastructure development;
6. People involvement;
7. Private sector involvement.

While The Model of Tourism sector development of Jember District has 3 drivers:

1. Marketing development aspect;
2. Tourism management development;
3. increasing capability in increasing economic margin, risk management, infrastructure development, and more attractive events.

5.2. Recommendation

The result of research has verify that the tourism sector impact against local-real income as statistically significant. Furthermore, next research can be done to other districts/cities in such as Bali, Lombok or Jakarta whether the impact are different considering those districts are very popular.

From the previous research of Mohammad that found 5 drivers in developing tourism sector, comparing that this research came up to 7 and 3 drivers that created as a development model in tourism sector developed; and also compared with Government model that had '5 drivers'. Which means there are possibilities of variables that have impact but not explained in this research, so the next research opportunity could developed another varying variables that is probable of being a driver in the development of tourism sector.

According to the theory which states Income from tourism sector could increase the National Income (Local Revenue Regulation, 2011) especially during a depressed Industrial sector situation. The result of this research had attest the matter, so the next research can be done is to discuss the topic of Tourism sector in increasing The National Income when Industrial sector is strong.

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NOTE

1. This paper is modified from previous paper, that has been published in Proceeding of International Conference of GARCOMBS in Bali, Indonesia, October 2015.

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