



AENSI Journals

Australian Journal of Basic and Applied Sciences

ISSN:1991-8178

Journal home page: www.ajbasweb.com



Indonesian Tourism Sector: A Potential Sector that Has Not Been Optimized

¹Zulkarnain Lubis and ²Abdullah Osman

¹Visiting Professor at the School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis, Kangar, Perlis, Malaysia

²Senior Lecturer at the School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis, Kangar, Perlis, Malaysia

ARTICLE INFO

Article history:

Received 10 October 2014

Received in revised form

22 November 2014

Accepted 28 November 2014

Available online 1 December 2014

Keywords:

Tourism sector, Indonesian economy

ABSTRACT

Tourism is the largest industry in the world and is a business with a comprehensive coverage of hundreds of component businesses. Currently tourism is considered to have a significant role in the national economy of Indonesia, Southeast Asia and Asia in general, as well as the world economy. The sector is highly reliable in creating business opportunities, increasing employment opportunities, improving incomes and accelerating equitable distribution of income of people, as well as increasing the government tax revenues and levies. Indonesia's tourism industry is growing rapidly and has a bright prospect to be developed into one of the major contributors to the state's economy after oil and gas. The country has potential of natural beauty and hundreds of ethnics and cultures, but the potentials are not explored properly, the planning of the tourism sector should be re-oriented and re-designed to become systematically and measurable. The sector should be developed by various dimensions and used integrated methods in order to achieve optimal results. Indonesia's tourism sector needs to be reorganized especially about the tourism product, marketing models, and the quality improvement of human resources, as well as readiness and public perception in serving the tourists. If all things are considered, it is possible for Indonesia get into the ranks of countries with the largest tourism industries in the world.

© 2014 AENSI Publisher All rights reserved.

To Cite This Article: Zulkarnain Lubis and Abdullah Osman., Indonesian Tourism Sector: A Potential Sector that Has Not Been Optimized. *Aust. J. Basic & Appl. Sci.*, 8(23): 286-290, 2014

INTRODUCTION

Tourism is a service industry ranging from transportation, hospitality services, shelter, food, drinks, and other relevant services such as banks, insurance, security, and others (Indonesian Travel Information Web Site, 2014); (Lim Tau Sian *et al*, 2009). Further, Indonesian Travel Information Web Site mentioned that tourism also offers a resting place, culture, adventure, and new experiences and others. Various types of tours are increasingly diverse as cultural tourism, marine tourism, ecotourism, hunting tourism, culinary tourism, sports tourism, shopping tourism, travel to treatment and public tours (Nyoman S Pendit, 2002). According to Mohammad Nurul Huda Mazumder, *et al* (2013), currently tourism is considered to have a significant role in the national economy of Indonesia, Southeast Asia and Asia in general, as well as the world economy. As one of sources of national foreign exchange, the contribution of tourism sector has increased significantly (UNCTAD, 2010: 2).

The Significance of Tourism Sector:

Various International organizations such as United Nations, World Banks, and the World Tourism Organization have recognized that tourism is an integral part of human life (Pariwisataindonesiakita.blogspot.com, 2007). For employment absorption, cumulatively, the tourism sector is able to employ about 230 million jobs and contributes hundreds of billions of dollars to the economy in various countries (Lawrence Pratt and Luis Rivera, 2011: 422); (Yuswandi A. Temenggung, 2011). Based on International Labor Organization (2011:16), tourism accounts for 30 percent of the world's export services. With regard to the supply chain in this sector, one job in the core hotel, catering and tourism industry indirectly generates roughly 1.5 additional jobs in the related economy. In 2010, the sector's global economy accounted for more than 235 million jobs, equivalent to about 8 per cent of the overall number of jobs (direct and indirect), or one in every 12.3 jobs. Meanwhile, the World Tourism Organization said that tourism is the largest industry in the world and is a business with a comprehensive coverage of hundreds of components businesses both large

Corresponding Author: Zulkarnain Lubis, Visiting Professor at the School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis, Kangar, Perlis, Malaysia

and small scale, ranging from airline business, cruises, railways, buses, accommodation, restaurant, convention and exhibition facilities, retail trade, and many other components.

Therefore, the tourism sector has an impact, either directly or indirectly to the economy both nationally and locally (Lawrence Pratt and Luis Rivera, 2011: 422). The direct impact is the result of a direct purchase of travelers for goods and services available in the region where the travelers take a trip, while indirect impacts include the purchase of goods and services by tourists which indirectly affect the economic sectors that produce goods and services, both producers and intermediaries who delivered it up to tourists.

With such a broad reach and large impact, the tourism sector will be highly reliable in creating business opportunities, increasing employment opportunities, improving incomes and accelerating equitable distribution of income of people, as well as increasing the government tax revenues and levies (Robert B. Richardson, 2010). Tourism also will increase national income, investment, as well as having a large enough role in addressing macroeconomic issues such as inflation, unemployment, balance of payments. (International Labor Organization, 2011: 29); (Lawrence Pratt and Luis Rivera, 2011: 422).

The Role of Tourism Sector in Indonesia's Economy:

Based on Wikipedia (2014), tourism in Indonesia is an important component of the Indonesian economy as well as a significant source of its foreign exchange revenues. The vast country of sprawling archipelago has much to offer; from natural beauty, historical heritage to cultural diversity. Indeed, in recent years, Indonesia's tourism industry is growing rapidly and has a bright prospect to be developed into one of the major contributors to the state's economy after oil and gas (International Labor Organization, 2011: 11). The tourism sector plays an important role in the Indonesian economy, both as a source of foreign exchange earnings and job creation and business opportunities. Tourism is also one of the largest contributing sector in the national economy through foreign tourists (AdiLumaksono, *et al*, 2012: 53). Tourism's contribution to the national GDP continues to rise, as shown in the table below.

Table 1: Tourism's contribution to the Indonesian GDP.

Year	Tourism Revenue(rupiah)	Indonesian GDP (rupiah)	Tourism's Contribution(%)
2004	113,78 trillion	2.273,14 trillion	5,01
2005	146,80 trillion	2.784,90 trillion	5,27
2006	143,62 trillion	3.339,50 trillion	4,30
2007	169,67 trillion	3.957,40trillion	4,29

Sources: Cite this as a table based on Ferry Pleanggra, Edy Yusuf A.G. 2012:1)

Meanwhile, for the year 2010, the tourism sector contributed to GDP by 218.8 trillion rupiah and increased in 2011 became 238.5 trillion rupiah. In the year 2012, the contribution to GDP was as much as 260.7 trillion, and in 2013 reached 326.24 trillion rupiah (KementerianPariwisatadanEkonomiKreatif,2014: 34).

Furthermore, as one of sources of national foreign exchange, the contribution of tourism sector has increased significantly (International Labor Organization, 2011: 22). For 2006, the position of tourism was in the sixth level. The next year in 2007, rose to fifth place after oil and gas, palm oil, rubber processing, and apparel. While, for 2008, the sector occupied the third place after the oil-gas and oil palm(Sarwoko, 2014: 8); (AdiLumaksono, *et al*, 2012: 53). Meanwhile, in 2010, as shown in table 2, the number of foreign tourist visiting Indonesia was as much as 7 million people (up approximately 10.74% over the previous year) with the average stay for 7-8 days and the contribution to GDP by 4.06%. For 2013, the tourism sector managed to achieve 8.8 million tourist arrivals, rose 9.42% compared to that of the year 2012 (Kementerian Pariwisata dan Ekonomi Kreatif, 2014: 49).

For employment, according to Wardiyatmo (2009) in Sarwoko (2014: 8-9), for 2007, Indonesia's tourism sector employed 5.22 million people which equaled to 5.22 percent of national employment is 99.93 million people, with wages and salaries generated as much as Rp53,88 trillion or 4.43 percent of the total national wages (Rp1.216,83 trillion), and generated Rp 6.31 trillion tax which means 4.09 percent of the total national tax revenue (Rp154,31 trillion).

For labor absorption, according to ArifinHutabarat(2009), in 2007, the tourism sector employed 5.22 million people or equal to 5.22 percent of national employment which was 99.93 million people. Wages and salaries generated were equal to Rp 53.88 trillion or 4.43 percent of the total national wages, amounting to USD 1216.83 trillion, and tax earned was Rp 6.31 trillion or 4.09 percent of the total national tax revenue to Rp154 , 31 trillion. Meanwhile, based on KementerianPariwisatadanEkonomiKreatif(2014: 24), in 2013, the tourism sector permeated labor as many as 10.18 million people, or equivalent to 8.89% of the national workforce.

In more detail, the trend growth of foreign tourists, for several years, can be seen in the following table:

While in 2012, amid the global economic crisis, the tourism sector was still the mainstay of the economy of Indonesia. Foreign exchange contribution of tourism during 2012 reached 9.07 billion dollars, up 6.03 percent compared to the year 2011 (Harian Kompas, 2012). The increase in the foreign exchange was associated with increased the number of foreign tourists visiting and their spending. For 2013, the tourism sector has been

successfully increased the total the foreign exchange become of 10.05 billion dollars, equivalent to 8,802,129 foreign tourists visiting, which rose 9.42 percent over the previous year(Harian Kompas, 2014)

Table 2: The Statistics of Foreign Tourist Visits in Indonesia, 2004-2010.

Year	Number of Tourists	Growth (%)	The Average Length of Stay	The Average Expenditure per Person (USD)		Foreign Exchange Revenue	
				Per Day	Per Visit	Million USD	Growth (%)
2004	5 321 165	19.12	9.47	95.17	901.66	4797.90	18.85
2005	5 002 101	-6.00	9.05	99.86	904.00	4251.90	-5.75
2006	4 871 351	-2.61	9.09	100.48	913.09	4447.98	-1.63
2007	5 505 759	13.02	9.02	107.70	970.98	5345.98	20.19
2008	6 234 497	13.24	8.58	137.38	1178.54	7347.60	37.44
2009	6 323 730	1.43	7.69	129.57	995.93	6297.99	-14.29
2010	7 002 944	10.74	8.04	135.01	1085.75	7603.45	20.73

Sources: The Ministry of Culture and Tourism of the Republic of Indonesia (2011) in Adam Rachmatullah (2013:1)

As for investment in tourism, According to L'UltimoParadiso(2012: 6), the realization of foreign investment in the tourism sector in 2012 reached Rp4.187 trillion (US \$ 4.4 billion), up almost two-fold compared to the 2011 which was Rp2.422 trillion (\$ 2.5 billion). On the other hand, the domestic investment for 2011 was as much as Rp678.5 billion, the number increased significantly compared to the investment in 2010 (Rp394.2 billion). So, along with the potential and growth of the Indonesian economy, the growth of investment in the tourism sector was also growing significantly, although the contribution of the tourism investment to the overall total investment of only around 4.7% which value was lower than the world average, which reached 8.2% (Okezone. Com. 2011).

Tourism Indonesia Compared to World Tourism:

Although there was a trend of performance improvement of Indonesia's tourism sector, however, for the year 2012, based on The Globe Journal (2013), Indonesia did not go as one of the countries with significant leap in the tourism sector which was made up of Qatar, Azerbaijan, Kyrgyzstan, Montenegro, Uzbekistan, Belarus, Panama, the Philippines, Tunisia, and Chile. According to Indonesia Online (2010), for 2009, Indonesia was also not included in the top 10 countries in the world with the best tourism industry which consisted of Switzerland, Austria, Germany, France, Canada, Spain, Sweden, United States, Australia, and Singapore. Of the top 10 ranked the world's best tourist industry, Singapore was the only country in Asia to successfully entered into it, beat Hong Kong was ranked 12th, Japan (25), South Korea (31), Taiwan (41), China (47), and India (62). For Indonesia, the position was just being in the order of 81 and was ranked highly far below other ASEAN countries such as Singapore (1), Malaysia (32), Thailand (39), Brunei Darussalam (69) and just had a better ranking than the Philippines (86), Vietnam (89), and Cambodia (108). Compared to Malaysia, which has a natural potential far below Indonesia, Indonesia was in a position twice under Malaysia's position.

On her article, MutiaZataYumni (2012) mentioned that, for the year 2012, Singapore was still ranked first in the ASEAN tourism sectors and the most attractive to investors. The country attracted tourists 20 times more per capita than any other ASEAN countries. Malaysia remained in second place which was categorized as one of the 10 countries of destination to travel in the world with 25 million tourists visiting the country each year, Thailand was in third position.

But in fact, based on the growth, Indonesia's tourism sector had grown faster compared to other ASEAN countries. Overall, the number of foreign tourists coming to Indonesia have increased nearly 10 percent per year, while the average growth of foreign tourists in other ASEAN countries that have had grown first, was only about 6 percent (VIVAnews,2012). Moreover, it was written onVIVAnews (2012), Indonesia was also believed to have a greater multiplier effect than that of other ASEAN countries, because there were 75 sectors affected by the tourism sector in Indonesia, such as agriculture and manufacturing. Even based on SindoNews.com (2014), Indonesia had managed to increase global tourism competitiveness, according to the World Economic Forum (WEF), from 2011 until 2013; Indonesia had succeeded to raise the ranking of 4 levels, from rank 74 to 70. However, Indonesia was still under-state neighboring countries such as Singapore (10), Malaysia (34) and Thailand (43).

Changing Potential into Reality:

So, looking at the achievements of Indonesia in the appeal of other countries, particularly ASEAN countries and based on the potential resources which the country have already had, the performance was not maximum yet, Indonesia should be able to get into the ranks of countries with the largest tourism industries in the world. Indonesia has the potential of natural beauty, hundreds of ethnics and cultures (Wikipedia, 2014). Because of the various recourses(SuaraIndonesia UntukPerubahan, 2014), almost all types of tourism could be found in the country, ranging from cultural tourism, marine tourism, ecotourism, hunting tourism, culinary tourism, sports tourism, shopping tourism, and any other kinds of tourism. And all of these should become pull factors to the

tourists. Therefore, the thing that supposed to do is to re-orient and to re-design the planning of the tourism sector to become systematically and measurable and not just short-term oriented which only think of how to earn income as much as possible but without improving the system.

To organize and manage the tourism sector in Indonesia, should be made the development of various dimensions by using integrated methods in order to achieve optimal results which are included the dimensions of the tourism product development, the dimension of the tourism marketing development, the dimension of the tourism human resource development, the community participation dimension, the dimension of the tourism regulatory development, institutional development dimension of tourism, the dimension of tourism environmental development, and the economic dimensions of the tourism development (Informasi Wisata dan Budaya, 2010).

Thus, Indonesian tourism needs to rearrange about tourism products which would become a mainstay of Indonesia and could be offered to prospective tourists, marketing models should be designed in order to effectively influence and improve the interest of potential tourists to come, the quality of human resources should be improved such as skills, knowledge, and personalities, as well as the people should be educated to be ready and have a same perception in serving the tourists. Furthermore, it is important to make the provision that guarantees the rights and obligations of each party as well as legal certainty for all involving in tourism sector. Besides the regulations should be implemented consistently and consistently, tourism must also be supported by institutional conducive in generating and providing services to tourists, as well as the development of environment conducive, so that all things could bring economic benefits for tourism and government implementers.

There are four aspects that must be considered in the tourism; the attraction, access, amenities, and ancillary (Cooper, *et al* 1993) and (Ray Sleeman and David Simmons, 2012: 40), and the four factors were possibly the reason to the Indonesian tourism industry lagged compared to other countries, especially among members of ASEAN. Indonesian tourism may have the potential of the attraction, as a result many potential tourists were attracted to visit here, but the country is not completed with 3-A the others; the lack of access, especially access to transportations, communications, and information from and to the tourism destination; the lack of adequate amenities in the tourism destination; as well as the lack of institution to satisfy the desires, expectations, and needs of tourists. So, the country needs a program that can provide the 3-A by the tourism community included national government, local government, tourism entrepreneurs, workers in the field of tourism, and the community who benefit indirectly from the tourism activities.

In addition to the four aspects above, other factors also effect on reducing the number of foreign tourists to visit Indonesia such as social and political conditions in the country, the issue of terrorism, the spread of infectious disease, natural disasters, and internal security disruption, including the policy of travel warnings from several countries.

So from what reviewed above, opinion contained in Annual Report of the ASEAN Tourism Sector 2012 (Mutia Zata Yumni, 2012), could be right which put Brunei Darussalam, Indonesia, and Vietnam as the countries that have potential, but they still have many weaknesses, they are not like Singapore, Malaysia, and Thailand, which have been categorized as superior countries in the tourism sector.

Conclusion:

Thus, if Indonesia does not want to remain only as a potential country in tourism but wants to be a country which truly excels in tourism and parallel to other countries which have been recognized as mainstay tourist destinations, then all things that are discussed above should be considered and realized to build the Indonesian tourism sector, so that tourism sector can provide a greater contribution to the national economy at once to the welfare of society.

REFERENCES

Adam Rachamatullah, 2013. Model Community Based Tourism Melalui Pendekatan Konservasi Lingkungan Di Kampung Wisata Cikidang. Thesis. Universiti Pendidikan Indonesia. Bandung.

Adi Lumaksono, D.S. Priyarsono, Kuntjoro, dan Rusman Heriawan, 2012. Dampak Ekonomi Pariwisata Internasional Pada Perekonomian Indonesia (The Economic Impact of International Tourism on the Indonesian Economy). Forum Pascasarjana, 35(1): 53-68.

Arifin Hutabarat, 2009. Ekonomi Pariwisata Sektor atau Sub Sektor, Berpotensi lebih 10 persen terhadap PDB. *Travel Tourism Indonesia*, 13 Juni, 2009. <http://traveltourismindonesia.wordpress.com/2009/06/13/ekonomi-pariwisata-sektor-atau-sub-sektor%E2%80%A6/>

Cooper, C., J.E. Fletcher, D. Gilbert and S. Wanhill, 1993. Patterns and Characteristics of the Supply of Tourism. In *Tourism Principles and Practice*. London, Pitman Publishing, 80-93.

Ferry Pleanggra, A.G. Edy Yusuf, 2012. Analisis Pengaruh Jumlah Objek Wisata, Jumlah Wisatawan dan Pendapatan Per Kapita Terhadap Pendapatan Retribusi Objek Pariwisata 35 Kabupaten/Kota di Jawa Tengah.

Diponegoro Journal of Economics, Volume 1, Nomor 1, Tahun 2012, Halaman 1-8 <http://ejournal-s1.undip.ac.id/index.php/jme>.

Harian Kompas, 2012. Prospek Pariwisata 2013 Tetap Cerah. Senin, 27 Desember 2012 <http://indonesiacompanynews.wordpress.com/2012/12/27/prospek-pariwisata-2013-tetap-cerah/>.

Harian Kompas, 2014. Tahun 2014 Sektor Pariwisata Makin Cerah, <http://travel.kompas.com/read/2014/02/04/0927583/Tahun.2014.Sektor.Pariwisata.Makin.Cerah>. Selasa, 4 Februari 2014 | 09:27 WIB.

Indonesia Online, 2010. Peringkat 10 Besar Industri Pariwisata Negara-negara Terbaik di Dunia. Desember 9, 2010, <http://indoline-indonesia.com/2010/12/09/peringkat-10-besar-industri-pariwisata-negara-negara-di-dunia-terbaik/>.

Indonesian Travel Information Web Site, 2014. Wisata Indonesiaku. <http://www.wisataindonesiaku.com/english/index.php>.

Informasi Wisata dan Budaya, 2010. Peranan Pemerintah Daerah dalam Pengembangan Kawasan Pariwisata Kota Batu Malang. <http://wisatadanbudaya.blogspot.com/2010/03/peranan-pemerintah-daerah-dalam.html>.

International Labor Organization, 2011. Measuring Employment in the Tourism Industries beyond a Tourism Satellite Account: A Case Study of Indonesia A Case Study of Indonesia. International Labor Office – Jakarta: ILO, 2011.

Kementerian Pariwisata dan Ekonomi Kreatif, 2014. Laporan Akuntabilitas Kinerja Tahun 2013. www.parekraf.go.id

Lawrence Pratt and Luis Rivera, 2011. Tourism Investing in Energy and Resource Efficiency. United Nations Environment Programme.

Lim Tau Sian Hema Subramonian Lisa Tung Wong Heng San Karen Ho Kai Hui Toney Thomas Kulampalil, 2009. Fundamentals of Hospitality and Tourism Management. Centre for Instructional Design and Technology (CIDT). Open University Malaysia.

L'Ultimo Paradiso, 2012. Tourism Investment to Rise Sharply in 2012 *Indonesia Tourism News*. Vol. VII No. 10, 2012, pp. 1:20. www.ultimoparadiso.com.

Mohammad Nurul Huda Mazumder, Mast Afrin Sultana and Abdullah Al-Mamun, 2013. Regional Tourism Development in Southeast Asia. *Transnational Corporations Review*, 5(2): 60-76. [www.tnc-online.net info@tnc-online.net](http://www.tnc-online.net/info@tnc-online.net).

Mutia Zata Yumni, 2012. Pariwisata, Penyelamat Perekonomian Nasional. *Pewarta Kabar Indonesia*, 17-Nov-2012, 09:45:18 WIB. <http://www.pewarta-kabarindonesia.blogspot.com/>.

Nyoman S. Pendit, 2002. Ilmu Pariwisata Sebuah Pengantar Perdana. Jakarta: PT. Pradnya Paramita.

Okezone. Com, 2011. Pariwisata Sumbang 4.7% kePDB. Senin, 5 Desember 2011 - 16:20 wib. <http://travel.okezone.com/read/2011/12/05/407/538206/pariwisata-sumbang-4-7-ke-pdb>.

pariwataindonesiakita.blogspot.com, 2007. Pariwisata Indonesia. <http://pariwataindonesiakita.blogspot.com/2007/04/pariwisata-indonesia-pendahuluan.html>.

Ray Sleeman and David Simmons, 2012. How to Rebuild A Destination. *University of Auckland Business Review*, 15(2): 39-47. www.uabr.auckland.ac.nz/pdfs/tourism.pdf.

Robert B. Richardson, 2010. The Contribution of Tourism to Economic Growth and Food Security. USAID Mali, Office of Economic Growth.

Sarwoko, 2014. The Role of the Tourism Sector on Employment Opportunities in Indonesia. *Jurnal Ekonomi Pembangunan*, 15(1) 7-18.

SindoNews.com, 2014. Indonesia Peringkat 70 Daya Saing Pariwisata Global, <http://ekbis.sindonews.com/read/834331/34/indonesia-peringkat-70-daya-saing-pariwisata-global>. Senin, 10 Februari 2014, 12: 41 WIB

Suara Indonesia Untuk Perubahan, 2014. Revitalisasi Pariwisata Berbasis Kearifan Lokal Sebagai Wujud Nasionalisme, 17 Mei 2014 | 19:22 <http://www.siperubahan.com/read/629/Revitalisasi-Pariwisata-Berbasis-Kearifan-Lokal-Sebagai-Wujud-Nasionalisme>.

The Globe Journal, 2013. 10 Negara dengan Pariwisata Terbaik Sabtu, 16 Maret 2013 17:59 WIB <http://theglobejournal.com/Spotlight/10-negara-dengan-pariwisata-terbaik/index.php>

UNCTAD, 2010. The Contribution of tourism to Trade and Development. Trade and Development Board Trade and Development Commission Second Session. Geneva, 3 – 7 May 2010, pp. 1:18.

VIVAnews. 2012. Peringkat 5 ASEAN, Ini Kata Dinas Pariwisata; Peringkat Pariwisata Indonesia Dinilai Kalah dari Singapura, Malaysia, dan Thailand. Senin, 4 Juni 2012, 07:07, <http://bisnis.news.viva.co.id/news/read/320389-peringkat-5-asean--ini-kata-dinas-pariwisata>

Wikipedia, 2014. Tourism in Indonesia. http://en.wikipedia.org/wiki/Tourism_in_Indonesia.

Yuswandi A. Temenggung, 2011. Menggali Potensi Pariwisata Untuk Meningkatkan Perekonomian Daerah. Direktorat Jenderal Keuangan Daerah Kementerian Dalam Negeri. <http://keuda.kemendagri.go.id/artikel/detail/15-menggali-potensi-pariwisata-untuk-meningkatkan-perekonomian-daerah>.