

CHAPTER I

INTRODUCTION

A. Background

Travel and tourism as one of the largest economic sectors in the world creates employment, drives exports, and cultivating economic prosperity worldwide. Travel and tourism sector comprise of industries in a wide range which aimed at serving and supporting domestic, international, business and leisure visitors. Tourism is a complex and competitive industry that requires the ability to constantly adapt to the changing needs and desires of its consumers, as customer satisfaction, health and enjoyment are the focus of tourism businesses. The World Travel & Tourism Council's (WTTC, 2019) annual research analysis uncovers that the sector accounted for 10.4% of global GDP and 10% of total jobs recruitment which accounted for 319 million jobs in 2018. The overall spending division is highly weighted against the leisure market which represented 78.5% of the total while the business spend accounted for 21.5%. Travel & Tourism industry also accounted for 6.5% of total global exports and 27.2% of total global exports of services. Domestic tourism which accounted for 71.2% of all tourism spending in 2018 has had the highest growth in developing countries and continues to promote

opportunities by expanding development and regional economic benefits while building national pride.

Tourism has undergone development and diversification over the previous six decades, making it one of the world's largest and economic sectors has grown rapidly. In Asia and Africa, many fresh tourist destinations have appeared, complementing Europe and North America's traditional favorite tourism destination. Tourism has shown quite wonderful development despite occasional political, economic and social shocks. Cosmopolitan tourist arrivals have risen from 25 million worldwide in 1950 to 278 million in 1980, increasing to 527 million in 1995 and 1,323 million in 2017, based on data from UNWTO (2015 & 2018). Likewise, the income of global tourism destinations has risen from US\$ 2 billion in 1950 to US\$ 104 billion in 1980, US\$ 415 billion in 1995 and US\$ 1,340 billion in 2017.

The significance of tourism for Indonesia had been firmly mentioned in the Indonesian Outlines of State Policy (1998), it is demonstrated that: the evolution of tourism is conducted as an ultimate and exclusive sector in an extensive sensibility is competent of being one foreign exchange creator, irritate the budgetary growth, augment the local earnings, entrust the economy of community, enlarge the employment as well as opportunities of job, also the conservation and prevention of function and value of the environment. This statement definitely spells out that tourism is manipulated to become the ultimate sector in the national economic

exploitation while maintaining and protecting the national identity and conservation of the environment.

Tourism as one of the most forceful and influential industries in the world where it uses beautiful natural, cultural, and historical places in any parts of the world as its main resources. Therefore, the tourism shares in business trends and global economics are extremely high whereas they also impact the local communities state and quality of life which have become the usage for tourist areas. Global economic and business trends for tourism leads to mass tourism where it often essentially harmful and damages the natural habitat, pollutes water and soil, produces unreasonable noise, partially responds to the needs of the local community and debilitates their quality of life because it does not consider the specifics and distinctives of the culture, religion, and local tradition. Meanwhile sustainable tourism do balances the economic evolution towards the restrictions imposed by the needs of the local community and the environment. Hence, the necessity for sustainable tourism development is important (Kostić, 2014).

In the 21st century, sustainable tourism has been promoted as a form of tourism development and it is part of the United Nations official program which is cited in Agenda 21 Chapter 4. The cite entitled,

“Protecting and managing the natural resource base of economic and social development.”

and in the article 43 it is stated,

“Promote sustainable tourism development, including non-consumptive and eco-tourism in order to increase the benefits from tourism resources for the population in host communities while maintaining the cultural and environmental integrity of the host communities and enhancing the protection of ecologically sensitive areas and natural heritages; promote sustainable tourism development and capacity-building in order to contribute to the strengthening of rural and local communities.”

Bali as one of the most popular destinations for tourism in the Indonesian archipelago, is an island and home to an ancient culture which is known for its warm hospitality. Exotic palaces and temples set against stunning natural backdrops which are parts of the top attractions. Bali stands out among its neighbours because of the breathtaking nature, rich traditions, unique culture, and colorful ceremonies. The size of Bali island is 5,780 square kilometres based on the website of World Population Review, 2019. According to The Bali Today website in 2019, the population of Bali is 4,292,200 in 2018. Since the tourism industry growth grows exponentially, it is significant for Bali’s tourism product demand grows in a sustainable way and also in alignment with the available facilities. Definite strategies should not only focus or cater on the tourism economic aspects but also the social and environmental effects as well.

From financial or economic point of view (Antara, 2009), the beneficial effects of tourism can be seen in Bali from considerable factors,

namely (1) the nation source of foreign exchange, (2) a prospective market for products and services generated by the local society, (3) an increase in community revenue whose operations are directly or indirectly linked to tourism services, (4) increase work opportunities either in direct connection industries such as hotels, restaurants and travel agents or in indirect connection industries such as the manufacturing of handicrafts, the supply of agricultural products, cultural attractions, retail and other service operations, (5) as the region indirect taxes source and (6) to promote the creativity of performers, such as those in the small scale or traditional performing arts industries. The beneficial effect of such a big tourism presented in Bali because Bali tourism has direct, indirect and induced connections with activity or other financial industries (Antara, 1999). Bali's various financial operations are directly and indirectly linked to tourism, which can be divided into MSMEs for tourism (Antara, 2017).

Pandawa Beach is located in Kutuh village which is at South Kuta District in the regency of Badung. In the past before Pandawa Beach became a famous destination in Bali, the beach was hidden behind the hill where it is located in the deep valley and surrounded by the white stone cliff which made the accessibility become difficult hence it became empty. At that time there were some tourists who had visited the beach but it was not much. There were only a few foreign surfers or domestic tourists. After some period of time, the local government of Badung regency realized that the beach itself has potential to attract tourists and quickly

unveiled the destination as a new mainstay allurements. Currently, heading to the Pandawa Beach has better accessibility which is convenient for any vehicles.

Since the opening on 27 December 2012, the beach had quickly attracted quite a lot of tourists which could either be from locals or foreigners. According to the data from the chief of Pandawa Beach management in 2013-2018 (shown in Appendix 1), the number of visitors from local tourist had reached 355,097 people and the number of visitors from foreign tourism had reached 45,943 people. In 2018, visitors from foreign tourists had reached 275,940 people where there was an increase by 500 % from the year of 2013 and national visitors which had reached 1,706,404 people where there was an increase by 380 % from year 2013. The increase in the number of visitors had shown that Pandawa Beach had been well known by local and foreign tourists. This is one of the reasons why Pandawa Beach has the potential to attract tourists which contribute in generating foreign exchange for Indonesia as a country. Nonetheless, coastal tourism is becoming more harmful for the fragile natural and cultural areas as those areas are mostly preferred by the tourists (Gill and Fennell et al., 2003). The negative impacts on the coastal environments are resulted from the tremendous pressure on limited local resources, increased or unwanted invasion of natural areas and serious conflict between tourism and other sectors (Garrod and Wilson, 2003). According to Nurif (2006), applying and improving marine tourism capacity also

needs to ensure local communities' environmental sustainability and cultural wisdom with the aim of keeping the ecological cycle going; protecting biodiversity and ensuring the conservation and use of species and their habitats. Construction should also ensure the protection of the climate and the local indigenous and culture in order to sustain the ecological process; conserve biodiversity and preserve the species and its ecosystem (Mason, 2003).

For that reason, Pandawa Beach as a tourist destination is managed in a sustainable way. The proof is the destination itself had won the Indonesia Sustainable Tourism Awards (ISTA) in 2018 as the gold winner or ranked first in the field of Economic Utilization to Local Communities (Ramdhani, 2018). The model of management for sustainable tourism is based on *Desa Adat* or known as traditional village (Darma, 2015). The principal of this model is based on citizens and for citizens. The concept for developing the village itself is based from the bottom *up* which is governed by the village itself and it is not from the top *down* where it is governed by the regency.

Even though Pandawa Beach has become well-known for national and international tourists and also winning gold medals for ISTA in 2018, the destination itself still needs to be managed in a more sustainable way than before with an increase on the economic benefits towards the local citizens who inhabited the area.

Therefore, this research will choose Pandawa beach as the research site and aim to make Pandawa Beach as the role model in successfully implementing sustainable tourism which can boost up the economy. Thus, this research will focus on Pandawa beach to demonstrate on how this tourist destination could excel or even better than before and also presenting on how to publicize those destinations to foreigners and Indonesian people. Moreover, this research will also provide solutions on how to improve economic benefits and one of it through Pandawa beach which is managed based on sustainable tourism.

B. Formulation and Limitation of Research Problems

1. Problem formulation:
 - a. How is the economic condition of the community in Desa Kutuh before and after the sustainable tourism implementation?
 - b. What are the steps taken by Kutuh Village leaders to achieve the ideal condition?
 - c. What are the obstacles that need to be improved for the economic benefits in Kutuh Village which surrounds the area of Pandawa Beach?
 - d. What are the perceptions of the community in Kutuh Village towards sustainable tourism?

2. Research limitation:

- a. The study only focuses on Pandawa Beach, as one of the attractions managed by Desa Kutuh.
- b. The topic only covers economic benefits.
- c. Collecting qualitative data based on interview could only be executed for 1 session where there are 3 experts which include the manager of Pandawa Beach, The head of Kutuh Village, and the head of *Desa Adat* or traditional village.

C. Research Objectives

Objectives that needed to be achieved in writing this research include:

1. Identify on the changes of Kutuh Village economic condition before and after the implementation of sustainable tourism.
2. Identify the steps taken and also the feasible solution for the steps taken by Kutuh Village leaders to achieve the ideal condition.
3. Identify the obstacles to improve the economic benefits in Kutuh Village which surrounds the area of Pandawa Beach and also the solutions to solve these obstacles.
4. Identify the perceptions of the community in Kutuh Village towards sustainable tourism.
5. Ensuring the local residence of Bali experiencing economic benefits through sustainable tourism concepts.

6. Using the research as a reference or an example for to improve the economic conditions of other coastal tourist destinations with the concept of sustainable tourism.
7. Encouraging the importance of sustainable tourism for economic benefits.

D. Research Benefits

The results of the research can be useful for academics, visitors, local residents, practitioners, companies and the government. The benefits of the research are:

1. Contributions to the development of theory

The results of the study will examine the dissemination of existing sustainable tourism theories and possible assumptions for improving the economic benefits of the tourist destinations based on the concept of sustainable tourism. The goals are to further improve the existing basic theory, to improve on the feasibility of practical operations, and also the possibility to implement the research theory on other villages especially in Bali.

2. Contributions to practical and managerial fieldwork

The results of the research could provide assistance to improve the related existing theories and improve the understanding of sustainable tourism through management applications which are involved in the research.

Furthermore, the results of the research have several benefits to several tourist destinations in Bali through developing established tourist destinations and introducing their products (such as accommodations, board and lodge, local community, and their culture) which could also be applied in other parts of Indonesian regions that could lead to economic growth and development in these areas whilst creating entrepreneurship opportunities which could boost employment for these local people region. At last the implications for Indonesian tourism practitioners could have stronger law enforcement to preserve the local culture, natural beauties in the area itself, and recognising the market's preference to promote other destinations.

E. Systematics of Research Writing

This research consists of five chapters: CHAPTER I Introduction, CHAPTER II Literature Review, CHAPTER III Research Method, CHAPTER IV Result and Discussion and CHAPTER V Conclusion and Recommendation.

CHAPTER I INTRODUCTION

The first chapter shows the background of this research. It also consists of the formulation and limitation of the research problem, research objectives and research

benefits. The last section of this chapter is systematics of this research writing .

CHAPTER II LITERATURE REVIEW

The second chapter contains all theories and previous research related to the problem of research that obtains from various sources for assisting the researcher to finish this research.

CHAPTER III RESEARCH METHOD

The third chapter describes all the research method used in this research to examine the viability of the research problem.

CHAPTER IV RESULT & DISCUSSION

The fourth chapter shows the analysis and discussion of data and information to support the establishment of the research problem.

CHAPTER V CONCLUSION AND RECOMMENDATION

The fifth chapter describes all the conclusions of the whole research. And the researcher will try to answer the research problems of this research. The researcher also will give some recommendations for research in the future.