

The integration of local creativity-based tourism by the LED approach

F Rahmafitria^{1*} and H Purboyo²

¹Resort and Leisure Management Department, Universitas Pendidikan Indonesia
Jl Setiabudi no. 229 Bandung Indonesia

²Urban and Regional Development, Institut Teknologi Bandung. Jl. Ganesha no 10.
Indonesia

*rahmafitria@upi.edu

Abstract. Regional development model with top down approach oftentimes became ineffective in gaining local welfare and equity. Then, Local Economic Development (LED) become the way, with focus on local empowerment in stimulating local industries and economic growth. This paper discuss the idea of LED based on local creative communities as a basis in developing tourism in regional context. The implementation of this approach will run effectively if tourism development is integrated on the regional strategies. The study conducted with comparing secondary data of tourism and regional development achievement in West Nusa Tenggara (NTB). The result shows that the high rate of tourism investment is not significantly correlating with the increasing of local welfare. Instead of that, the number of poor communities and the unoptimistic perceived on jobs availability is increased. The concept of local creativity tourism is expected to encourage local economic development through local resources empowerment.

1. Introduction

Top-down regional planning models are often ineffective in achieving justice and prosperity as the primary goal. The Local Economic Development (LED) approach emerged as a middle ground, by empowering local resources to drive the industry and economic growth [8]. Theoretically, LED was born to address the limitations of national policy in solving problems, to maximise the involvement of local communities as workers and entrepreneurs as well as to encourage initiatives and involvement of local institutions [6].

In Indonesia's tourism development, LEDs can be a practical approach. The success of LED has been seen in numerous region in Indonesia. The successful implementation of LEDs in Indonesia demonstrates the influential role of the local creative community. One of the examples can be seen in "Kampung Batik Trusmi" as one of the largest community-based textile wholesale centres. The place was design with a high initiative and attachment to the region as implemented in [7]. The creativity of local communities are often emerging not in the context of tourism, but as part of local wisdom and domestic potential. The potential then evolves to become a tourist attraction due to the communities' uniqueness, peculiarity and identity.

In the academic world, there have been debates regarding which approach is more appropriate to apply on the LED concepts. The two debatable approaches are promotion approach and access opening based on development stimulation oriented, or traditional strategy through 'development of underdevelopment' or pro-poor economic development approach that focuses on strengthening the human resources capacity [3]. A possible contention between "place marketing" and "pro-poor" vision in carrying local development have a diverse impact on the context of local communities. In a traditional LED approach, entrepreneurship is a crucial element, and it results in pro-investment policies such as tax reduction, low-cost land, levy reduction and financial assistance. The Indonesian government adopted the approach to tourism development by enforcing fiscal and non-fiscal policies in order to drive the tourism industry investment.

This paper reviewed the creative community-based LED model a basic concept of regional tourism development. If regional tourism development plans are integrated into regional planning,



the idea can be well implemented. The paper focuses on the tourism development in West Nusa Tenggara (NTB) province, Indonesia as the case study. The authors analyse the gaps between the achievements of traditional tourism development and the LED approach-based regional development. In particular, the paper intended to describe the importance of integrating tourism aspects into regional planning and provide an overview of the role of creative elements as a part of LED concepts in integrating the tourism sector into the regional development goals.

1.1 Local Economic Development (LED)

In recent years, LED has took more attention internationally, since its potential role to address local economic and social welfare of local community [1]. LED also has been recognized as a key to encourage local development resources, especially in some region that has proved the failed of 'top-down' approaches in promoting local change. [12] also mention some evidence that the strategies of national economy has shown the social and spatial inequality, with a low support to the poorer community and resulting the more marginalized region. Then the role of LED become more increase since its approach has involve local community potential and their need.

Since its popularity increase, some debate comes to argue the more effective model of LED. Then some researches have recognize the collaborative action between stakeholders will be a susceptible strategy to strengthened local government capacity in economic development [9], [10]. Therefore the fundamental of partnership, networks and collaborative among local potential will be powerful addressing economic imbalance and developing economic infrastructure. Pike et al (2015) also strengthened the relation between LED and local institution. He conclude that the goals of LED at local scale are depended with the multi-agent institutional environment and arrangements. Local institutional is evolved their agency's capacity and scope, then influence the shape of economic development. The variety functions of local institution in LED allocate a comparative scheme to encourage the diversity at local scale.

1.2 Creative community in tourism and regional development

Creative community has well known as the key to develop creative tourism [5], since the community could offering visitors to develop creative action through pro-active participation in their experiences during the visitation [11]. The role of creative community to enhance the tourism development also had been mention by [4]. The creative community is put forward as a construct to lead the tourism development more effective, and also capture the effect of social and creative turns. The action will encourage human skill development and product innovation as well as pro-social programs in creative tourism.

The involvement of creative community through participatory approach affected as the stimulator of social and cultural enrichment, through positive contamination as the ideas and skills improvement [2]. Then the creative tourism system is built based on networking opportunities and education model on the direct and active participation. The action will bring integration and equity among stakeholder, contributing for better condition and providing creativity enhancement. Therefore, [5] stated that the development of creative community will gives several benefit such as learning destination, brand destination, local creativity, which is the goals of economic development for local region.

2. Method

The study employed a descriptive qualitative approach by comparing tourism development achievements and regional development achievements in NTB. The data analysis of secondary data was conducted based on the NTB Province Regional economic Review in 2014 and 2018 as issued by Bank Indonesia. The reason for choosing NTB as the subject of the study is based on the fact that NTB tourism growth increased rapidly from 19% to 22% in 2017. Furthermore, the province was designated by the Indonesian Ministry of Tourism as one of the nation's priority destinations.

3. Results and Discussion

3.1 NTB Tourism Development in 2014

Government support for NTB tourism development was realised with the construction of the Provincial Road Improvement and Maintenance (PRIM) from 2013 to 2015, with funding sourced from Australia-Indonesia infrastructure grants. The construction of the International Airport Zainudin Abdul Madjid in 2006 and PRIM are expected to increase accessibility to tourist destinations and encourage regional tourism development. Furthermore, the high tourism potency in NTB encourages the government to issue PP No. 52 of 2014 concerning Mandalika as a Special Economic Zone (SEZ) with several particular facilities that attract investors to invest their capital. This exceptional facility is manifested in fiscal and non-fiscal policies whose targets are aimed at investors in the form of tax relief and retribution, acquisition of land rights, security guarantees and others. SEZ policy and making Lombok as one of the leading tourist destinations in Indonesia encourage investment in the tourism sector. The government further encouraged the development of tourist destinations in NTB, through revamping public tourist destinations and waste management, by allocating 14 billion APBD funds for developing 36 tourism sites (www.disbudpar.ntbprov.go.id).

The great support from the government needs to be analysed for its effectiveness towards achievement and realisation of tourism development. Based on NTB regional economic studies conducted by Bank Indonesia in 2014, the role of the tourism sector is measured based on the number of tourist visits, hotel growth and the tourism industry. The number of tourist visits continues to increase by 27%, followed by the number of hotels as many as 331 hotels. These achievements indicate success in terms of achievement targets. However, in terms of the hotel occupancy rate, which is only 53.24% in June 2014, it shows that the growth of high hotels has outnumbered the projections of the number of tourist visits.

In addition, the development gap can be seen from the development of employment and the welfare of the regional communities shown in NTB regional economic study in 2014. In this study, it was found that the welfare of the community shown by several indicators, in general, had decreased. Apparently, the success of tourism development as measured by the high investment does not contribute to community welfare. There has been an increase in the number of poor people and a slowdown in people's optimism toward the availability of decent jobs. NTB Province is the eight poorest provinces in Indonesia. In 2014, the number of people living in poverty increased by 2.29% (Figure 1).

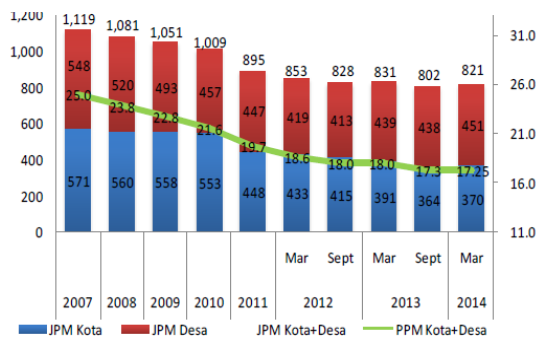


Figure 1. Development of poverty in NTB

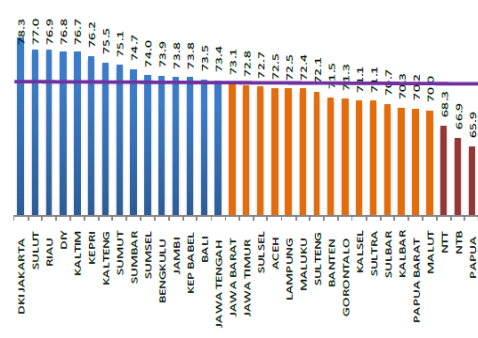


Figure 2. Human development index in Indonesia

Source: Regional Economy Analysis of NTB (BI,2014)

The high investment in tourism has contributed to the rate of employment. However, the ability of the local community, education and skills they have is not by the needs of the industry. This gap shows the importance of strengthening the quality of human resources in line with the enactment of tourism investment policies.

Based on NTB regional economic study in 2014, the Human Development Index (IPM), as a measure of the success of regional development, shows that NTB ranks 31st from 33 provinces in Indonesia (Figure 2). The regional government has formulated NTB Regulation No. 7 of 2013 concerning the Regional Tourism Strategic Area (KSPD). The regulation implementation focuses on tourism development that can improve community welfare. Table 1 shows a comparison between the focused areas as a strategic area of tourism development in NTB Province and IPM in 2014. It can be observed that only Mataram City has an IPM above the provincial average in Indonesia. While others are below the national average, even four districts are below NTB average, which is an indication that tourism development has not been able to improve community welfare.

Table 1. The Comparison between KSPD and IPM in NTB

| No | Strategic Tourism Sites | City/ Regency | IPM | IPM NTB Graph |
|----|-----------------------------|--------------------|-------|---------------|
| 1 | Mataram | Kota Mataram | 73,70 | 73.7 |
| 2 | Bima | Kota Bima | 69,83 | 69.83 |
| 3 | Pototano Maluku, Batu Hijau | Kab. Sumbawa Barat | 67,85 | 67.85 |
| 4 | Hu'u | Kab. Dompu | 67,56 | 67.58 |
| 5 | Alasutan, Samota | Kab. Sumbawa | 67,23 | 67.23 |
| 6 | Wawo roda | Kab. Bima | 66,52 | 66.52 |
| 7 | Rasimas Sembilun | Kab. Lombok Timur | 64,91 | 64.91 |
| 8 | Senggigi | Kab. Lombok Barat | 63,19 | 63.19 |
| | | | 62,57 | 62.57 |
| 9 | Mandalika | Kab. Lombok Tengah | 62,57 | 61.37 |

The realisation of tourism development in NTB shows that the development strategy undertaken has not been focused on the final goal, which is to realise the welfare of the local community. Government policies that focus on improving the investment climate and developing national scale infrastructure can provide convenience to investors, who mostly come from outside NTB. *The trickle-down effect* that was expected to increase the number of local workers was not successfully fulfilled because of the low level of education and community skills.

The explanation above shows that the following things caused the lack of sufficient development in NTB in 2014:

- 1) The gap between tourism development plans and regional development plans. Tourism, as a leading sector in NTB Province, was not comprehensively integrated with regional development plans.
- 2) The current approach to Indonesia's tourism development shows a top-down model so that it only reaches the middle to upper industry groups. Therefore, NTB needs a bottom-up approach that is encouraged through government policies so that the synergy of government, industry and local communities can be established.

3.2 NTB Regional Development in 2017

The obstacles to NTB tourism development in 2014 were improved through the establishment of development targets that focus on improving IPM in 2017. Based on the 2018 NTB Regional Economic Study conducted by Bank Indonesia, several programs targeted to improve people's quality of life such as providing electricity and clean water to remote villages, an increase in the education budget of up to 20% and an increase in public health facilities, started by the NTB government. Development that focuses on the problems of middle and lower economic communities is the approach used to improve the low quality of NTB IPM.

Besides, the encouragement of investment and development in the region's leading commodity sectors was massively developed. There are two major commodities, namely the agriculture and livestock sector known as PIJAR (Cattle, corn and seaweed) and the halal tourism sector (www.disbudpar.ntbprov.go.id). Branding that elevates local identity shows a clear conception in development NTB that produced optimal results. The integration of the local entrepreneurship approach with pro-poor development brought NTB to the province with the third highest IPM rate in Indonesia, with 29 of 34 provinces have ranked up to three times higher from 2014. In 2017, NTB IPM grew 1.17% and reached 66.58. Although this figure still shows a position below the national IPM standard (73.29), there is at least an increase.

3.3 Creative Community-Based in The Local Economy Development

The debate in the LED concept that compares investment stimulus in the entrepreneurship sector with direct support for local communities results in a new paradigm where collaboration between the two can be a more effective alternative in carrying out LEDs. A similar collaborative approach was carried out by the NTB government in 2016 and showed an increase in IPM. However, strengthening the context of local creativity needs to be improved and is expected to be a more effective and sustainable approach. The proposed development of the LED concept in this paper is as follows.

3.3.1 Local creativity-based entrepreneurship strategy

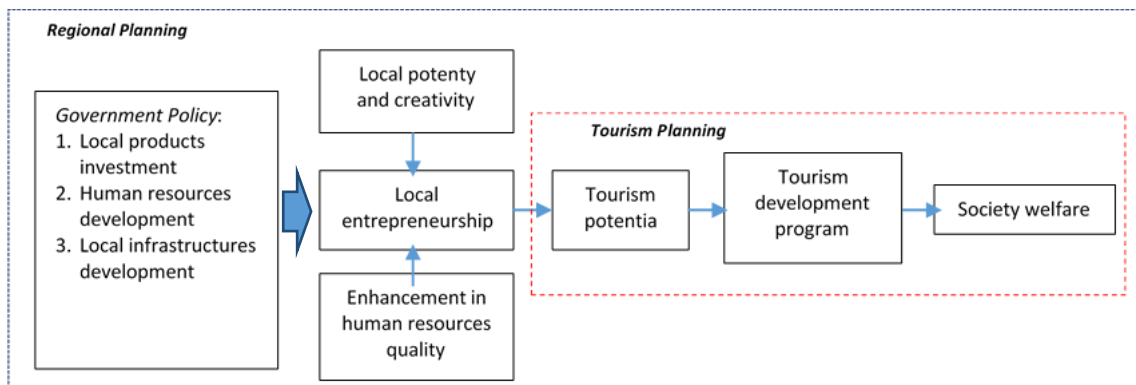
A community-based strategy that promotes local creativity and entrepreneurship was expected to be a more sustainable approach. The strategy can be initiated through increasing the capacity of local communities such as training, education and assistance. Considering the tourism sector, which was projected to be the leading sector in NTB, the development of tourism education institutions, especially those related to the hotel industry and tourism travel services businesses, is very necessary.

3.3.2 Construction of local infrastructure

Local economic development based on creative communities will not be successful without the support of infrastructure that supports the life and production process. The construction of national infrastructures, such as toll roads, urban public facilities, has not been able to reach the needs of the regional community, which is the core in the LED. Development of clean water, electricity, irrigation facilities will be necessary for supporting the sustainability of the creative community. However, this is not a policy that has a direct impact on improving the quality of creative-based products but makes it easier for developing the creative industry.

3.3.3 The Role of Creative Community

Local economic development (LED) is a development approach that emphasises processes involving local communities, local governments and industry [6], [8]. The synergy between these three determines the effectiveness of development. In the case of NTB, these three components have not been able to optimise their synergy. The role of academics or professionals categorised as creative communities plays a vital role, especially in fostering local communities, building business perceptions based on creativity and broadening community knowledge and skills while introducing new technologies (Dewi et al., 2019). Often the skills and creative ideas of local people are conflicted by inefficient procedures, media and resources, so they are inferior to modern technological innovations. The public will get new knowledge regarding the techniques of production and development of art based on trends so that their products can attract global markets.



Source: Field Study

Figure 3. The integration of local creativity-based tourism by the LED approach

Policies that support community development and local entrepreneurship were expected to be a stimulus for increasing regional tourist attraction. Rather than being determined at the beginning as a central government policy, the determination of KSPD needs to be identified through the strength of the potency of local human resources and natural resources generated through the LED strategy. This model would be able to produce tourist areas based on local creativity (Figure 3).

4. Conclusion

The effectiveness of LEDs was determined by an integrative policy between support for the development of local entrepreneurship as well as strengthening the capacity of human resources, which is believed to be able to boost the quality of society for a decent life. When the synergy and integration are well established, the region will be able to bring up tourism potency and manage its area independently in the form of villages or local creativity-based tourist areas.

Acknowledgment

Indonesia Endowment Fund supported this work for Education (LPDP), as the full-ride scholarship from the Indonesian Ministry of Finance, as a doctoral candidate at Bandung Institute of Technology.

References

- [1] Barca F, McCann P, and Rodriguez-Pose A 2012 The Case for Regional Development Intervention: Place-Based Versus Place-Neutral Approaches *Journal of Regional Science* 52: 134–152
- [2] Bessone G I and Spencer J P 2017 Creative tourism as a strategy for regional development and cultural heritage promotion: Sojourning abroad and creativity enhancement *African Journal for Physical Activity and Health Sciences (AJPHES)* 23 (Supplement 1) 1-13
- [3] Bond P 2003 Debates in Local Economic Development Policy and Practice. *an Forum*, Vol 14 No 2-3 April-September 2003
- [4] De Bruin A and Jelinčić D A 2016 Toward extending creative tourism: participatory experience tourism *Tourism review* 71(1) 57-66
- [5] Hasan A 2016 The Impact of Kasongan Creative Industries Marketing for Local Community *Researchers World* 7(1) 23
- [6] Helming A H J 2003 *Local Economic Development New Generations of Actors, Policies, and Instruments for Africa* Public Administration and Development
- [7] Jaelani A 2017 Religi, Budaya dan Ekonomi Kreatif: Prospek dan Pengembangan Wisata Halal di Cirebon *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Islam* Vol 2 No 2 Desember 2017

- [8] Meyer D F 2014 Local Economic Development (LED), Challenges and Solutions: The Case of the Northern Free State Region, South Africa *Mediterranean Journal of Social Sciences* MCSER Publishing Rome-Italy Vol 5 No 16
- [9] Nel E and Rogerson C M 2016 The contested trajectory of applied local economic development in South Africa *Local Economy* 31(1-2) 109-123
- [10] Pike A, Marlow D, McCarthy A, O'Brien P and Tomaney J 2015 Local institutions and local economic development: the Local Enterprise Partnerships in England, 2010 *Cambridge Journal of Regions, Economy and Society* 8(2) 185-204
- [11] Richards G 2011 Creativity and tourism: The state of the art *Annals of Tourism Research* Vol 38 No 4 pp 1225-1253
- [12] Turok I 2010b Towards a development state? Provincial economic policy in South Africa *Development Southern Africa* 27(4): 497-515
- [13] Badan Pusat Statistik Provinsi Nusa Tenggara Barat 2017 Konsep dan Definisi Statistik Kunjungan Wisatawan Mancanegara Access from <https://ntb.bps.go.id/subject/16/pariwisata>

Reproduced with permission of copyright owner. Further reproduction prohibited without permission.