TOURISM EMPLOYMENTS CHANGES IN INDONESIA

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ABSTRACT

Unemployment and poverty are the main problems in every developing country. One solution used to stimulate job creation and poverty reduction is to develop the tourism sector. With its natural beauty, the tourism sector in Indonesia has been able to develop rapidly in recent years. The development of the tourism sector in Indonesia certainly also affects the structure of the workforce. This research was conducted to determine the effectiveness of employment in the tourism sector and provide policy recommendations by the results of the projected labour needs over the next few years. The method used in this research is a mixed-method to look deeper into the condition of the existing tourism workforce. The results showed that the elasticity of employment absorption in the tourism sector in 2010-2018 was 0.02. Also, the projected labour demand for the tourism sector from 2019-2023 shows a positive trend. The low language and tourism education constraints become one of the problems that cause the tourism sector has not yet developed optimally.

Keywords: elasticity, employment changes, tourism, labour demand, Indonesia.

INTRODUCTION

Policymakers in developing countries have been worked hard on reducing unemployment rate in these recent years. In Indonesia, reducing unemployment rate has been viewed as an annual task and leads to make unemployment as a problematic issue to deal with. Compared to other developing countries in Southeast Asia, Indonesia’s unemployment rate is the highest with Mongolia, Pakistan, and Philippines (Trading Economics, 2017). As one of solution to reducing unemployment rate, Indonesia’s government choose to develop tourism to stimulate job creation and economic growth in national and regional level since 2014 (Hrubcova, Obergruber, and Loster, 2016). In these past years, several regions in Indonesia that have been focused in developing their tourism potential have begun experiencing consistent economic growth and increasing community welfare (Hakim, 2016). Many regions are starting to feel the economic impact of tourism development, but the region that has experienced major economic changes in recent years as a benefit of tourism development is Banyuwangi. This research is focused on Banyuwangi as an area that has the greatest impact on tourism development among several other regions so that researchers can know with certainty whether tourism is effective in minimizing unemployment and labor problems that are likely to arise.

Banyuwangi, as part of the most popular tourist destination in East Java, shows rapid economic growth due to developing tourism sector. In 2012, Banyuwangi government changed all its policies to focus more on developing the tourism sector. Various events are held every year to encourage the arrival of tourists both local and international and encourage people to process the natural potential of their respective regions into tourism products that can be served. The development strategy chosen by the Banyuwangi government is used to stimulate job creation and increase community income as a form of strategy in reducing unemployment and poverty. Strategies used are focused on introducing the natural beauty of Banyuwangi, especially coastal areas, and processing natural products of each region into products that can be offered to tourists (BAPPEDA Banyuwangi, 2017). The strategy has proven to be able to provide income increases and reduce unemployment at the national level, especially in developing countries, so that it is adapted by the Banyuwangi government to get the same results (Liu and Wall, 2006; Hrubcova, Loster, and Obergruber, 2016; Yasa and Siswandini, 2016; Wuranti, 2019; Ministry of Tourism, 2015; Goeldner & Ritchie, 2003; Asih & Asih, 2015; Agraj & Murati, 2009; Bank Indonesia, 2018; Association of Indonesian Real Estate Companies, 2019; Hakim, 2016).

The development of the tourism sector plays an important role in increasing Banyuwangi economic growth and encourages the development of other sectors considering the tourism sector is a leading sector, especially in the agricultural and Small Micro Medium Enterprises sectors (BAPPEDA Banyuwangi, 2017). Banyuwangi economic growth which has increased rapidly in the last ten years is expected to be able to encourage job creation and poverty reduction in Banyuwangi. To obtain this, government policy in controlling the labor market plays an important role in reducing unemployment. The creation of labor that is following the needs of the labor market becomes an opportunity for changes in the structure of the banyuwangi workforce, which originally depended on the primary sector to become the service sector. As a form of the effects of Banyuwangi government policy, this research was conducted to look at structural changes that occur in Banyuwangi, the effectiveness of the development of tourism in reducing unemployment and the challenges that the government must face at present and in the future.

Some research that has been done shows that the tourism sector can create jobs and contribute substantial regional income each year. Elasticity is used to see the employment of the tourism sector in a certain time according to research conducted by Rizkhi (2016), Rizal (2016), and Sindi (2018). Unfortunately, existing research is only to look at the amount of labor absorption from the tourism sector using previous years and no one has done projections of labor absorption in the future. Therefore, this study was conducted to complete the remaining gaps, not only to see the employment of the tourism sector but also to estimate labor needs in the future to provide appropriate policy recommendations to the Banyuwangi government in the future. In addition, this study was conducted to see the effectiveness of government regulations in reducing the unemployment rate in Banyuwangi.
MATERIALS AND METHODS

This study uses a mixed method approach in achieving the stated research objectives. The mixed method approach is used to express in a focused and in-depth manner the role of tourism in employment in Banyuwangi by using both quantitative and qualitative approaches (Mukhadis, 2018). The mixed method was chosen to see the employment of tourism workers both formally and informally and explore the problems and conditions of the workforce in Banyuwangi today. The quantitative approach is used to calculate the elasticity results and projected employment in Banyuwangi. Meanwhile, a qualitative approach was taken to look directly at employment in the tourism sector. The key informants in this research are several restaurant business operators, souvenir shop entrepreneurs, guest house owners, and tour guides in one of Banyuwangi tourist destinations. Labor elasticity can be used to estimate employment opportunities absorbed in the tourism sector in Banyuwangi. Besides, the calculation of labor elasticity is also able to describe the absorption of labor in certain sectors. Not only able to describe the conditions of employment, employment projections can be used to estimate employment opportunities in the future so that they can be a reference for policy makers. Appropriate workforce planning is needed so that policy makers can formulate appropriate development strategies and control labor absorption over the long term. In carrying out labor projections, one method that can be used is the geometric method. This method is one of the simplest methods in planning employment (Ananta, 1990).

RESULTS AND DISCUSSION

The increase in population in Banyuwangi Regency is dominated by women population each year with an average growth of 30.20% and a male population of 49.80% (Central Statistics Agency of Banyuwangi, 2020). The population growth that is not too high causes Banyuwangi District to have an expansive population pyramid shape. Where the young population aged 5-19 years and 30-49 years is the dominant population in Banyuwangi Regency. Unfortunately, the size of the productive age group is not matched by a large number of graduates with a high level of education. That is because as of 2019, the population in Banyuwangi Regency is still dominated by elementary school graduates/equivalent of 558,884 (Department of Population and Civil Registration of Banyuwangi, 2020). This, of course, shows that the average worker in Banyuwangi is a blue-collar worker. The main work of the Banyuwangi community is still dominated by workers in the agriculture/livestock/fisheries sector which is indeed the leading sector in Banyuwangi. In addition to the agriculture/livestock/fisheries sector, the tourism sector is also categorized as a leading sector which is expected to absorb a large number of workers considering the number of open unemployment in Banyuwangi tends to increase from year to year. The potential for the development of the tourism sector in Banyuwangi is quite high. This is based on the large natural potential in Banyuwangi which can be developed and promoted as a tourist destination. Not only because of the beautiful natural scenery, but the activities offered are also varied. Starting from seeing turtles laying eggs, surfing, diving along with sharks, and various other activities make the growth of tourism in Banyuwangi relatively fast. The cultural diversity is also one of the tourist attractions that can be developed. Cultural activities such as the Gandrung Sewu Dance, Tumpeng Sewu, Seblang, and other cultural activities were also introduced to be developed into one of the tourist attractions. Some cultural events in Banyuwangi deliberately held on a large scale to attract tourists, especially foreign tourists. Cultural events that are nicely packaged and well-promoted make cultural events in Banyuwangi as one of the tourist activities that are awaited by tourists. The development of the tourism sector will then create great employment opportunities for young people (Haldar, 2007). Especially because the employment opportunities created by the tourism sector do not require high educational qualifications given that tourism education is still limited in some regions (Mayaka and Akama, 2007), so the tourism sector is expected to reduce the number of unemployed people in Banyuwangi.

Over time, the workforce in Banyuwangi which is dominated by the agricultural sector began to shift in the tourism sector. According to data from BPS Banyuwangi in 2010-2018, the tourism sector is described through the manufacturing industry sector; building; trade, retail, restaurants and hotels; and transportation, warehousing, and communication, showed a steady increase every year. The vision and mission of the Banyuwangi government which makes the tourism sector as a leading sector along with the agricultural sector causes a structural shift in the workforce. Although the tourism sector has a good chance of creating new jobs for young people, the decline in the workforce in the agricultural sector also needs to be taken more seriously (Martin, 2008). This is because of the decreasing number of workers in the agricultural sector will affect the amount of production that can be produced. The less amount of energy will produce a smaller amount of production, and vice versa (Pieper, 2000). So the government should be able to formulate policies so that the decline in labor in the agricultural sector will not cause gaps in the future.

As a leading sector, the agricultural sector, which is the main occupation of the majority of Banyuwangi people, has a GRDP and labor growth that is different from the tourism sector. Both GRDP growth and labor growth in the agricultural sector tended to decline due to changes in the structure of the workforce. This is because young people in Banyuwangi tend to prefer working in the tourism sector when compared to the agricultural sector. The tourism sector is considered capable of providing better jobs for young people compared to the agricultural sector in developing countries (Grigoryeva, 2012; Mayuzumi, 2020). Not only has the GRDP growth and employment in the agricultural sector experienced a decline, but changes in the structure of the labor force have also led to changes in land use where rice fields are dwindling and replaced by housing (Koichi, 2015; Isao, 2015). The reduced use of rice land also shows that people in the area have lost interest in working in the agricultural sector, especially young people. In accordance with research Manning and Junankar (1998) which states that young people tend to prefer to wait for a better job than working in a job that is not in accordance with their wishes. This phenomenon is then a source of high unemployment which is dominated by young people.

During the period 2011-2017 the elasticity of employment in Banyuwangi, both the agricultural sector and the tourism sector, tend to be classified in the category of inelasticity. For the agricultural sector, the elasticity calculation results show negative 0.20 and positive tourism sector 0.02. The results of these calculations indicate that the occurrence of economic growth does not result
in a response to the absorption of the number of workers. A negative value on the elasticity of labor in the agricultural sector shows that the higher income will reduce the labor absorbed in the sector. As with the negative elasticity value in the agricultural sector, the tourism sector shows a positive elasticity value which shows that high income also increases labor absorption in this sector. This effect is in accordance with the theory of pattern of development proposed by Chenery and Syrquin (1975). Based on the results of empirical research conducted by Chenery and Syrquin, one form of structural change is that when an area has an increased level of income, the region will undergo a transformation from what initially focused its economy on the agricultural sector turning into an industrial sector.

Changes in the economic structure that occurred in Banyuwangi are also supported by the phenomenon that young people who have good levels of education prefer not to return to the village and stay in the city with various reasons to avoid working as farmers in the village (White, 2012; Soares, 2010; Jeffrey, 2010; Assaad and Ramadan, 2008). The current education system is also proven to contribute to the process of decreasing the ability of rural youth in farming by indirectly showing that unskilled labor has no value so that it does not become one of the curriculum components in educational institutions (Katz, 2004; Crawford, 2011). The role of the government in the form of policy plays an important role in avoiding a decrease in employment in the agricultural sector considering that Banyuwangi is one of the regions with the highest agricultural output in East Java.

This study uses geometric methods in projecting labor in Banyuwangi until 2023 because this method is the simplest method and is more in line with reality when compared with other approaches (Ananta, 1990). Researchers used data from 2010 to 2018 in projecting the workforce in Banyuwangi from 2019 to 2023. Based on the results of the labor projection in Table 1, each year the total workforce in Banyuwangi always experiences an increase or has a positive trend. The increase in the number of workers from 2019 to 2023 had an average growth of 2.3 per cent which was also followed by the growth of the Banyuwangi Regency's GRDP. The highest average labor growth was in the mining and quarrying sector at 25.1 per cent annually and the lowest growth in the electricity, gas and water sector with an average annual growth of 23.2 per cent. Although it tends to experience a decrease in the workforce in the agricultural sector, based on the results of the projected workforce in 2019 to 2023 it is estimated that labor in the agricultural sector has a positive trend with an average growth of 2.4 per cent. The tourism sector also has a positive trend with an average labor growth of 8.8 per cent. Whereas in the financial sector and social services sector, the average labor growth was 1.7 per cent and 1.5 per cent respectively.

<table>
<thead>
<tr>
<th>MAIN JOBS</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>294.526</td>
<td>302.135</td>
<td>310.603</td>
<td>319.925</td>
<td>330.102</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>8.748</td>
<td>-6.324</td>
<td>-2.615</td>
<td>-1.768</td>
<td>-1.400</td>
</tr>
<tr>
<td>Processing industry</td>
<td>162.278</td>
<td>174.350</td>
<td>187.305</td>
<td>201.207</td>
<td>216.126</td>
</tr>
<tr>
<td>Building</td>
<td>61.806</td>
<td>60.717</td>
<td>59.728</td>
<td>58.819</td>
<td>57.974</td>
</tr>
<tr>
<td>Trade, Retail, Restaurants and Hotels</td>
<td>232.352</td>
<td>232.930</td>
<td>233.581</td>
<td>234.281</td>
<td>235.010</td>
</tr>
<tr>
<td>Transportation, Warehouse and Communication</td>
<td>29.247</td>
<td>30.313</td>
<td>31.434</td>
<td>32.614</td>
<td>33.854</td>
</tr>
<tr>
<td>Finance, Insurance, Building Rentals</td>
<td>17.099</td>
<td>17.428</td>
<td>17.784</td>
<td>18.167</td>
<td>18.577</td>
</tr>
<tr>
<td>Community, Social and Individual Services</td>
<td>82.099</td>
<td>83.319</td>
<td>84.759</td>
<td>86.412</td>
<td>88.271</td>
</tr>
<tr>
<td>TOTAL</td>
<td>897.874</td>
<td>906.570</td>
<td>936.807</td>
<td>967.172</td>
<td>1.000.427</td>
</tr>
</tbody>
</table>


When compared to 2010, labor conditions in Banyuwangi were dominated by the agricultural sector with a total workforce of 353,602 workers and then followed by the tourism sector at 329,185 workers. The difference in the dominance of the workforce is due in 2010, the Banyuwangi government has not focused on managing the tourism sector and still relies on the agricultural sector as a leading sector. The new tourism sector has been given serious attention starting in 2012 by holding the Banyuwangi Festival which is routinely held annually. The composition of the workforce in the tourism sector is dominated by workers in the wholesale, retail, restaurant and hotel sectors. This is consistent with research conducted by Bassam (2018) which states that the tourism sector in Banyuwangi absorbs a lot of labor in the restaurant industry. High labor absorption in the restaurant industry due to high demand from tourists who come. In addition, local tourists generally choose to stay in guest houses rather than in hotels so that employees from the hotel industry is not too significant.

The researchers’ observations also show that informal workers in the restaurant industry tend to absorb a lot of labor. For restaurants in the form of stalls such as Warung Biru and Nasi Tempong Mbok Nah, the workforce needed is approximately eight to ten people per stall. Whereas in restaurants in the form of restaurants such as Resto Bik Atik, more labor is needed compared to food stalls. Workers at Bik Atik Resto need approximately ten to fifteen workers every day. The amount of labor needed in the restaurant industry is because the restaurant industry is an industry that requires a lot of labor because the work done cannot be replaced by machines. Although a lot of workers are needed, the workers needed are unskilled laborers who do
not need to require special abilities so that it can be done by anyone. The average workforce working in the restaurant industry is housewives aged 40 to 50 years or men aged 16 to 20 years who do not continue their education at the next level.

The workforce needed by souvenir shops such as Nebula Gift Shop and Anisa Gift Shop requires only about three to six workers. At home-based gift shops, the use of labor can easily be replaced with machines. This is because the workforce needed in the gift shop requires workers who have the perseverance and speed in meeting the targeted production needs. Not only souvenir shops, employment from the guest house or tour guide also absorbs approximately one to two workers per house. In addition, labor in the guest house or tour guide is usually a side job that is done during the long vacation time. Although the Banyuwangi government has given a permit limit to build a hotel as an effort to encourage the community's economy through the guest house business, unfortunately, there are still many Banyuwangi people, especially the people around tourist destinations who are reluctant to open their own guest house in accordance with the wishes of the community.

The existence of language limitations is one of the problems in the difficulty of developing employment in the tourism sector in Banyuwangi. This has also happened in Egypt, where incompetent language skills were one of the difficulties in employment in the tourism sector (Azim, 2012). In addition to language barriers, the low experienced workforce is also a serious obstacle in the tourism sector (George, 2007; Raj, 2008; Mayaka and Akama, 2007). As with tour guides in several tourist destinations, the longer a person becomes a tour guide, the better the services provided. Of course, this proves that workers in the tourism sector not only need theory but also need a lot of experience. Some tourism education institutions, unfortunately, emphasize more on the quality of theory than experience so that a miss-match occurs between the capabilities of the available workforce and the needs of the tourism industry itself (Kelley-Patterson and George, 2001; Zagonari, 2009; Purcell and Quinn, 1996). Cooperation between the government and educational institutions is expected to improve the quality of graduates in tourism schools as an effort to develop the tourism sector and create better jobs.

CONCLUSION

Based on its elasticity, the tourism sector has the potential for large employment absorption in Banyuwangi. Projected, in the next five years, the growth of employment in the tourism sector will beat the current employment of the agricultural sector. The labor projection is also supported by empirical findings data which show that the tourism sector is able to absorb a lot of labor, especially in the restaurant industry even though it is an informal workforce.

Some of the efforts that can be recommended in developing the tourism sector so as to optimize employment absorption based on the results of research that has been carried out are formulated in the following recommendations (1) to coordinate between the government and educational institutions that are specialized in tourism and (2) providing training to the public in the form of online marketing for MSME owners who have not marketed their products online, basic foreign language training to workers in the lower middle restaurant industry, certification to workers engaged in tourism services such as tour guides as a form of encouragement to improve the quality of services to tourists, and training in processing fishery and plantation products into finished goods in the form of souvenirs or providing training to get quality fishery and plantation products so that they can be sold to entrepreneurs of the restaurant industry and the like as the main raw material.

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