

TOURISM AND LABOR ABSORPTION IN ACEH PROVINCE, INDONESIA

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ABSTRACT

This paper is aimed to analyze the change in employment in tourism sector in Aceh Province. The analysis is based on secondary data on employment and tourism. The model used in the analysis is multiple linear regression with independent variables are tourism industry, foreign tourists and tourism object along the dependent variable is employment/labor absorption. Based on the research findings with the regression analysis, it is found that the amount of the tourism industry, foreign tourist and tourism object affect employment/the amount of labor absorption in Aceh Province with adjusted R-squared is 0.8267. Therefore, to promote the tourism industry and labor absorption in Aceh economy, the government intervention is needed in facilitating regulation in tourism sector and setting the effective minimum wage in the effort to create more employment especially in tourism sector.

Keywords: tourism, tourism object, employment, and labor absorption.

Introduction

Tourism is one of the potential sector that can be the instruments of labor absorption because tourism sector or industry is labor intensive industry that develops fastly. Furthermore, tourism is also part of services sector that offers the output in terms of service starting from transportation, accomodation, foods and beverages, banking, insurance, security to the cultures.

Tourism industry is one of the important labor creation in the world that needs various level of skills for the young labors and also women labor in order to enter the labor market (ILO: 2011). Labor absorption is one of the supporting factor for the economic development in developing countries that have the goal to persue economic equality and prosperity to the people. According to Kusumowindo (2007), labor is the amount of population in a country that can produce goods and services if there is the demand for their labor. In the Indonesian Labor Law number 13 Year 2003 in Article 1, it is said that labor is every people that can undertakes the work in the effort to produce goods and services in order to fulfill the society needs.

The development of tourism sector is also aimed to creates more foreign reserves for the country. So, in order to develop tourism industry, it is needed to promote tourism intensively. Thus, it is needed the corporation between government and private sector in promoting and quality assurance via multisector corporation. According to Simanjuntak (1998), the amount of labor demand is based on the people demand on goods and services that produces by the firms. The interests of tourists in visiting tourism objects continuously increase inline with the increase of the number of tourists and also the change in consumer behaviour patterns including the consumption patterns of the tourists. Currently, there is the trend for higher taste for tourism including the culture products, heritages, and also eco-tourism. These changes have to reponed positively via development strategies including promotion. In the government side, it is necessary for the change in policy priorities.

Tourism in Indonesia is one of industrial sector that is developing by the governmnet.

Industrial sector is also hoped to be competitive sector in Indonesia. In year 2012, Indonesian Ministry of Tourism and Creative Economy targeted as much as 8 millions tourists to visit Indonesia with tourism theme is Green and Creative Tourism. In achieving that target, it is necessary the support of another tourism supporting sectors that become the important supports for every province in Indonesia.

One of the province in Indonesia that has interesting tourism potention is Aceh Province. Aceh Province is one of the region with historical and spritual tourism. With those kinds of tourism, Aceh can develops the supporting infrastructures such as hotel, restaurant, and transportation in the effort to give a better service for tourists. Beside that, Aceh province is continously prepares it self to be tourism destination. This is also supported by condusive condition of social and politic in the region. So far, City of Banda Aceh has also launched the program named by “Visit Banda Aceh Year 2011” as tourism visit year with the motto “Bandar Wisata Islami”, a place blessed with natural beauty and as a spritual gateway (www.bandaacehtourism.com). This condition gives the strong signal that tourism industry has to be increased its performance because it can increase economic growth and employment. It is also can be the alternative in reducing unemployment problems in Aceh.

Based on those backgrounds and by considering the current development of tourism industry in Aceh Province, the researcher want to analyze the effects of tourism development on Labor absorption in Aceh Province.

Literature Review

Tourism becomes one potential sector that can be developed as the competitive sector because tourism has a lot of multiplier effect in development in many sectors and also it is believed that tourism is one of future industry that can increase the quality of life to a better life. In many countries, tourism is one important sector as the catalisator for economic development, because tourism industry is believed can increases foreign reserves and also can absorp labor in the society (Yoeti, 2008).

Generally, there are many benefits that can be got from tourism development such as the increase in urbanization as the results of tourism infrastructures development in one region or tourism destination. The activities of some industries that relate to tourism are transportation, accomodation, hotels, restaurants, local arts, and so on.

Based on Harrod and Domar analysis, if the population increase, per capita income will decrease. So far, if labor force increase, thus output will also increase in order to maintain full employment condition, if there is additional invesment, per capita income will aslo increase in order to avoid unemployed capacities (Simanjuntak, 1998).

Based on natural potention that owned by a country, thus it raise kinds of tourism that has its own characteristics. Kinds of tourism can be differed by geographical area those are: local tourism, regional tourism, and national tourism that consist of domestic and international tourism. So far, based on the effect, tourism can be classified as active and passive tourism. Active tourism is including foreign tourists that can create foreign reserves for the country visited. Whereas, passive tourism may has negative impact for domestic economy because of tourists spend the income abroad (Soekadijo, 2000).

As kind of services, tourism also has its supply. The definition of tourism supply is including all the products and services that produces by group of tourism firms, supplied by tourists that come directly or purchase the services via travel agents as the intermedaiator (Yoeti, 2008). Whereas the price that seek by the consumers (tourists) will be formed if the price level is equal to available goods and services as shown by the equilibrium level between demand

and supply.

The equilibrium between demand and supply is said stationer in the meaning of once the equilibrium exist, it tends to stay and stationer where it is. In other word, if there is the change in demand and supply, the price will not change.

According to Nugroho (2011), the supply of tourism can be classified as:

1. Production process of tourism industry.
2. Providing employment
3. Providing infrastructures

Supplying financial services

In discussing about tourism and employment, there are many previous research findings relates to the issues. Abdullah (1998) in his research with the title “Tourism and Employment in Selayar County” finds that the potention of tourism infrastructure as the supporting infrastructure in Selayar that was available at that time was still limited and not sufficient. Agricultural and fisheries sectors were still the main sector for the people in Selayar. In line with lower tourism visits, employment in tourism sector was also very low, but there was the trend for increasing. The relation between tourism visit and employment in Selayar County based on ten years analysis shows positive relationship.

Furthermore, Hafasnuddin (2000) in his research with the title “Factors that affect international tourists visit to Aceh” finds that the potention of tourism infrastructures has become the supporting infrastructures for tourism development in Aceh that available at that time that was still not sufficient. Agricultural and fisheries sectors was still the main sector for Aceh people. He also finds that there are positive relationship between tourism and employment in Aceh.

Government expenditure also has the impact on tourism development. Antara (2002) finds that the decrease in government expenditure can be compensated by the increase in tourists expenditures or private investment. Thus, government expenditures has been not the only expenditure source because tourism in term of tourists expenditures or private investment also have the important role as the growth machine in Bali economy.

Research Methods

This research uses secondary data as the data source, that is the data got from secondary source and Statistic Office. The data come from some government offices (Dinas) relates to tourism and employment supporting by some literatures and reports relates to the issue. The data is range from 1992 to 2012 that consist of the factors that support tourism industry, tourists visit, labor, and also tourism sector contribution to the employment.

In order to solve and analyze the research problems, the method of analysis used is quantitative analysis by using regression model as follow:

$$\text{Log}Y = \beta_0 + \beta_1 \text{Log}X_1 + \beta_2 \text{Log}X_2 + \beta_3 \text{Log}X_3 + \mu \quad (1)$$

Where: Y is the amount of labor absorbed directly at tourism industry

X₁ is the amount of tourism industry

X₂ is the amount of foreign tourists

X₃ is the amount of tourism objects

β's is the constant and regression coefficients

μ is error term.

The regression analysis is also supported by the Classical assumption violation tests that consist of Autocorellation test, multicollinearity test, normality test, and heteroskedasticity

test.

So far, the variables operationalization are as follow:

- Tourism industry is all the collection of all the firms, hotels and other accomodations, restaurants, souvenir shops that produce goods and services that needed by the tourists generally or traveler specifically stated in building unit.
- Labor absorption is the amount of labor that work in one business unit such as tourism industry stated in number of people.
- Tourist is every people that travels from his or her place to the other places with enjoying the travel from that visit stated in number of people.
- Tourism object is everything that has something interesting, unique, and has high values that can be the tourism destination into one region stated in unit.

Results and Discussions

Aceh Province with the region as big as 58,375,63 Km² has many tourism objects both natural, spritual, and historical tourism objects. Various tourism objects can be found in Aceh. Geographically, Aceh that is between Hindian Ocean and Malacca Strait has many beautiful beach. One of the city in Aceh that has very beautiful beach is Sabang. Sabang is also a beautiful Island that visited most by the tourists not only domestic tourists but also international tourists.

The stronger the interest of tourists to visit Aceh, the more facilities in tems of goods and services provided for the purpose of the convenience of the tourists. Those facilities are such as restaurants, hotels, souvenir shops, travel agencies which all can be categorized as tourism industry. Tourism industry in Aceh is developing faster after the Tsunami and earthquakes that hit Aceh in 2004. Started by reconstruction and rehabilitation in Aceh, more volunteer and donor countries had come and visited Aceh, thus the reason has induced more tourists to come to Aceh for leasure.

The number of food shops and restaurants, hotels, souvenir shops and travel agencies in Aceh Province during 1992-2012 has shown significant increase. Since 1992 to 2012, the number of tourism industries in Aceh province on average has increased every year. In 1992, the number of tourism industry was 419 unit, then in 2000 had increased to be 699 unit, so far in 2012, the tourism industry in Aceh has increased significantly to be 1213 unit. This is because of Aceh government is consistent with development program of tourism sector started by arts program, exibition, festival, and promotion domestically and internationally.

In term of labor absorption, we can see that the number of labor absorbed in tourism industry in 1992 was 1727 people with the increase in 1993 to 2736 people. The increase continous every year. Until 2012, the number of labor absorbed in tourism industry has become 4826 people with the current percentage of absorption was 1,58 percent. In 1998 as the economic crisis year that faced by Indonesia, tourism sector in Aceh Province could absorbed 2610 people or there was the decrease 43,95 percent from the previous year.

Banda Aceh city has prepared it self to be tourism destination. The development of tourism industry that has been designed by government and private sector will be directed to increase tourism visit because it can be the source of foreign reserve for the country. Based on the data from Department of Culture and Tourism of Aceh Government, during 2008-2012 the number of foreign tourist visits to Aceh came from Malaysia as much as 23,700 people, then from England as much as 1,085 people, and from Germany as much as 1,045 people. From those data we can seen that dominantly tourists have come to Aceh from Malaysia.

In analyzing the effect of tourism visits, number of tourism industries and number of tourism objects to labor absorption, we can use regression analysis as discussed previously.

Based on the data and research method developed and by using regression analysis, it is found that all those factors have significant effect on labor absorption in Aceh Province. The results are presented in Table 1.

Based on the regression results as can be seen previously, it is found that the variable of tourism industry has significant effect on labor absorption with the coefficient of 0.21367. It means that the increase of 1 percent in tourism industry, will increase labor absorption as much as 0.21 percent in Aceh holding other variables constant. Furthermore, the coefficient of foreign tourist as much as 0.60894 has the meaning that if the number of foreign tourist visit increase by 1 percent, then the labor absorption in Aceh will increase by 0.6 percent holding other variables constant. Finally, the regression coefficient of tourism object as much as 0.16801 means that 1 percent increase in number of tourism object in Aceh will increase 0.17 percent of labor absorption holding other variables constant.

Tabel 1. The Results of Multiple Regression Analysis

Variable	Estimation Coefficient	Standard Error	t-Ratio	P-Value	Note
Constant	5.1898	0.5944	8.731	0.000	Significant
Tourism Industry (lnX ₁)	0.21367	0.1104	2.135	0.050	Significant
Foreign Tourist (lnX ₂)	0.60894	0.2564	2.375	0.030	Significant
Tourism Object (lnX ₃)	0.16801	0.3980	4.222	0.001	Significant
R ² = 0.8267				F-table = 3.1504	
Adj.R ² = 0.7961				F-statistic = 27.031	
DW = 1.6599				t-Table = 2.1098	

Source: Regression Estimation (2013)

Conclusion

Based on the research findings and discussions, it is can be concluded that first, based on partial t-test, the variable of tourism industry, foreign tourist, and tourist object each has significant effect on labor absorption in Aceh Province. Secondly, based on F-test, it is shown that all of the independents variables have significant effect on labor absorption in tourism sector in Aceh Province. This is based on the clue that statistic F is 27.031 is greater than table F as much as 3.1504.

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