

Moving Beyond Local Economic Development Karanganyar Village – Borobudur

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ABSTRACT

Tourism is one of the largest and fastest growing industries in the world. It is often seen as a key element that can enable communities devastated by economic restructuring to regain and enhance their economic independence in regional and national economies, increasingly important source of income, employment and wealth in many countries. However, its rapid expansion has also had detrimental environmental and socio-cultural impact in many regions. This paper aims to examine the main economic benefits and review the development of the sustainable tourism at Karanganyar Village - Borobudur. Tourism economic benefit is important issue facing many local communities in Developing Countries and make tourism as an economic development strategy, local participation and empowerment especially for indigenous peoples, gender issues, ethical tourism, and cultural change. Questionnaires forms, interviews and direct observations are used to study the local community in the area. The local communities in Indonesia have the most invested in the sustainable tourism development on their culture, and that the success of this is encouraging other native groups. A sustainable development has to focus on the local community development, is not necessarily sustainable themselves, but can be used to empower local communities. Preservation of the local culture and local participation in tourism activities are being combined with the need to earn valuable tourism revenue. This will be achieved by emphasis and working partnership. There is a need to blending good profitable business, to emphasize the need for incorporating socio-cultural and economic considerations as well as to ensure true tourism sustainability in their area. As the government of Indonesia, Ausaid and UNESCO, showed help to Karanganyar Village on developing tourism activity in the area. Many local communities have lack of such opportunity especially in getting donor and other incentives from government and other stakeholders. These posed difficult questions, both for the international tourism industry and domestic who see tourism as a fast track to economic development. The research concludes that, to ensure new approaches to sustainable tourism development in Indonesia, we should not only seek to minimize local environmental impact, but also give greater priority to community participation and poverty reduction. It is important more emphasis should be given to a 'pro-poor tourism' market approach at both national and international levels. This paper is expected to provide awareness and brings to the forefront the potential that tourism has to promote new socio-economic opportunities and better livelihoods for local communities in Karanganyar Village while highlighting the critical role that community engagement has in advancing sustainable development.

KEY WORDS: Economic Benefit, Local Community, Sustainable, Tourism

Introduction:

Developing countries like Indonesia usually have low levels of income, uneven distribution of wealth, high levels of unemployment and underemployment, low levels of industrial development hindered by the small size of the domestic market. A heavy dependence on agriculture for export earnings, and high levels of foreign ownership of manufacturing and service industries. These trends have been associated with large regional disparities in economic wealth within many of the developing countries, which lead to a substantial leakage of profits out of the country, high inflation, and shortage of foreign exchange.

The World Tourism Organisation defined sustainable tourism as early as 1988 as “leading to the management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems” (Roe and Khanya, 2001). Those with local and historical knowledge have valuable skills, but often lack commercial information to know how to tailor their product, and access to tourists and market channels. There is a vast amount that established tourism businesses can do to help local cultural products and tours to thrive, such as developing excursions or theme nights in partnership with local residents, training local guides, passing marketing information to guests, and integrating local crafts into hotel furnishings (Mitchell, 2006).

In the past, different people have viewed tourism as having quite different roles in development. The problem is that each view has been partial and incomplete. Government planners and economists in developing countries focused on tourism as a means to bring in foreign exchange, but not as a sector directly relevant to the poor. Meanwhile communities and non-governmental organizations focused on direct participation of poor people in small enterprises, such as campsites and craft centers. They used to pay little attention to the other ways that tourism can reduce poverty (The International Trade Centre (ITC), 2010).

Literature review

Strategies focused on economic benefits

Strategies for Pro-Poor Tourism can be divided into those that generate three different types of local benefits: Economic benefits, other livelihood benefits (such as physical, social or cultural improvements), and less tangible benefits of participation and involvement. Each of these can be further disaggregated into specific types of strategies (Godwin, 2004)

Increase economic benefits	Enhance non-financial livelihood impacts	Enhance participation and partnership
<ul style="list-style-type: none"> • Expand local employment, wages:— commitments to local jobs, training of local people • Expand local enterprise opportunities including those that provide services to tourism operations (food suppliers etc.) and those that sell to tourists (craft producers, handicrafts and guides) • Develop collective income sources fees, revenue shares, equity dividends, donations 	<ul style="list-style-type: none"> • Capacity building, training • Address competing use of natural resources • Improve social and cultural impacts • Increase local access to infrastructure and services provided for tourists roads, communications, healthcare, transport Mitigate environmental impacts 	<ul style="list-style-type: none"> • Create a more supportive policy/planning framework that enables participation by the poor • Increase flow of information and communication between. Stakeholders to lay the foundation for future dialogue • Increase participation of the poor in decision-making by government and the private sector Build pro-poor partnerships with the private sector

In general, staff wages are a massive boost to those few that get them, small earnings help many more to make ends meet, and collective income can benefit the

majority, but can often be misused. Thus, all three types are important for reaching different poor families. Strategies to create these benefits need to tackle many obstacles to economic participation, including lack of skills, low understanding of tourism, poor product quality and limited market access. (Godwin, 2004)

Linkage with local community

Leakage refers to the process through which tourism receipts leave the destination's economy. Revenues may leak out of the local economy in the form of payment for imports or money saved (without reinvestment). Important payments can take several forms, such as repatriation of profits to foreign corporations and salaries to non-local managers, as well as payment for imported goods and for promotion and advertising by companies based outside the destination (Eschborn, 1999). 'Local linkages' is shorthand for a variety of ways in which well established businesses (corporates and medium-sized businesses) can build economic links with micro entrepreneurs, small enterprise, and residents in their local economy. Strengthening linkages is a way to create 'win-win' situations through harnessing the power of private business for the benefit of local development (Mitchell, 2006). Sceptics argue that because tourism is often driven by foreign, private sector interests, it has limited potential to contribute much to poverty elimination in developing countries. It is noted for high levels of revenue 'leakage', and of the revenue that is retained in the destination country, much is captured by rich or middle income groups not the poor (Roe and Khanya, 2001). Some people see direct employment as the pro poor impact of tourism. Formal employment, particularly in accommodation, may indeed provide the major local cash flow. But indirect participation in the tourism value chain is important: supply chains, enterprise linkages and non-financial partnerships may reach more people, and be more accessible to the poor. A strategic approach to maximising local economic impacts means assessing all of the tourism chain to see where linkages with the local economy can be boosted (Ashly, 2006). Figure 1 shows different types of linkages, each of which can be enhanced for local benefit

Figure 1: Different types of linkages between tourism and the local economy



Source: (Ashly C., 2006)

Private business, large and small, has a critical role to play in poverty reduction. Optimizing opportunities to stimulating local economies depends not only on how much business is transacted, but how it is done. The economic boost that can be provided by a company investing in a poor locality should not be underestimated. Beyond the cash value of new contracts for upstream or downstream SMEs, there are dynamic effects resulting from contracts, business advice, new ideas and economies of scale, especially in remote areas with few other modern businesses (Mitchell, 2006).

Local people involvement

Community members should be encouraged to start their own small and medium enterprises or to act as investors or even joint venture partners with the public or private sector (Ministry of Hotels and Tourism, 2013). Growth is more likely to be broad-based and involve the poor if they have decent education and training, health care, access to infrastructure and market information, and do not face too many barriers to entrepreneurship (Ashly, 2006). There are various ways to encourage community

involvement in the tourism industry and to attract community support and participation. According to the international discussion, community participation is a crucial determinant to ensure that local communities will benefit from tourism and that their lifestyles and values are being respected (Ministry of Hotels and Tourism, 2013)

Case: Karanganyar Village

Karanganyar Village holds a lot of tourism potential, of which the location is 3 KM from Borobudur temple. The Village is an administrative sub-district of Magelang Regency, the village is one among twenty villages surrounding Borobudur temple.

Karanganyar Village consists of four Hamlets and twelve RT, among others, are: Ngadiwinatan Hamlet I consist of three RT, Ngadiwinatan Hamlet II consist of three RT, Banjaran Hamlet I (Klipoh) consist of four RT and Banjaran Hamlet II consist of two RT. While the number of overall population of Karanganyar Village as BPS data in 2010 were 572 families with a total population of 1656 inhabitants. Villagers in Karanganyar residents in 2013 has a number of 866 male and female 790, which dominated by high number between the age 25 years and 60 years compared to children below 15 years with an average household family members for every 3 people as shown from the table 1 below;

Table 1: Number of population of Karanganyar Village by age

NO.	YEARS	MALE	FEMALE	TOTAL
1	0 - 4	79	67	146
2	5 - 9	54	59	113
3	10 - 14	91	61	152
4	15 - 19	73	69	142
5	20 - 24	78	58	136
6	25 - 29	91	97	188
7	30 - 39	133	99	232
8	40 - 49	103	101	204
9	50 - 59	93	86	179
10	60+	71	93	164
Total		866	790	1656

Sources: Sari and Suwarno, 2013

Klipoh Hamlet (Banjaran Hamlet I)

Banjaran Hamlet I, this village before had a name Klipoh, comes from Nyai Kalipah, Kali (Krinjing River) and Poh (village). Nyai Kalipah is the first person who lived in a village along Krinjing River. Hence, Klipoh means, a village along the river. Klipoh has a scenic beauty due to its location between Menoreh and Sumbing mountains. Visitors can enjoy sunrise which appear between Merapi and Merbabu Mountain (Sari and Suwarno, 2011)

This village has uniqueness because most of the families are making traditional pottery. Pottery is a very old product made by Borobudur ancestors but they still can keep exist until this time. They usually produce home ware like vase, candle and frying pan. Pottery was the famous stuffs that facilitate people especially for tradition cooking. Figure 2 below shows the villagers producing pottery and foreign tourist learn how to make the pottery from the indigenous people.

Figure 2: Local Villager making pottery from Klipoh Village



Source: researcher documentation, 2014

The back grounds of many people here have low level of educational as most of them have lack of formal education. People with university education background are 27 out of 1656 total population in the years 2013, with a total 353 have junior and high school as they may have opportunity to engage in different tourism activities like tour guide and other unskilled activities and about 128 have no school, this is resulted by the poverty of the families as was explained by the respondents during the interviews (see figure 2).

Figure 2: The total population with their level of education of Karanganyar Village

No.	Level of education	Number of people
1	Universities	27
2	High School	180
3	Junior High school	178
4	Elementary school	791
5	Did not complete Primary School	86
6	Not yet finished Primary School	120
7	No School	128
8	Kindergarten	146
TOTAL		1,656

Sources: Sari and Suwarno, 2013

The tourism industry in Klipoh is not quite developed. Due to many reasons, from the local government, stakeholders till the villagers themselves. Presently, the local government faces some problems which hinder the development of tourism in the region, for the case of some tourism villages in the region there are limited capital especially to help the local people to develop their potential tourism attractions, absence of good infrastructures, inadequate government assistance in terms of budgeting and technical assistances for the local communities, and many others. But for the case of local community they lack of good collaboration between them especially when they come up with idea of developing tourism in their village as was explained by the respondents during interview.

Klipoh hamlet has not yet reached the highpoint of tourism development. Even though the provincial government has tried to promote and advertise its tourist potentials, the number of tourist arrivals is still low compared to other Sub-villages in the region. As the data show that for the years 2005-2006 the tourists arrivals was 27 while there is increasing of tourist visiting the village from 2007 which advances up to 226, even though for the year 2008 and 2009 there was decrease the amount of tourists arrivalto compared with the trend of year 2010 till 2013. (See figure 3) increasing of tourists arrivals in the village show good result of the village to develop their tourism activities and thisresult the development of local people economy.

Table 3: Tourist arrivals, Klipoh, Karanganyar

Years	2005	2006	2007	2008	2009	2010	2011	2012	2013
No. of tourists	15	12	226	114	102	316	354	405	458

Source: Karanganyar district, 2014

Gallery for Public Communities (*Galeri Komunitas*)

For the purposes of tourism development and moving beyond the local economic development in Karanganyar Village, Republic Government of Indonesia launches Gallery for public communities in Karanganyar Village. UNESCO assisted the construction of the gallery and the Australian government as an effort to revitalize the communities living through the creative industries and cultural heritage tourism. The purpose of building gallery for local community among others are to support the growth of community-based heritage tourism, which in turn helps improve the economic well-being of local people. In the Community Gallery, among others local community produces pottery such as the ceramics, which much more modern to compare with those produced before this gallery.

Community Gallery inaugurated the Karanganyar Village on May 14, 2014 by the Deputy Minister for Education and Culture Professor Wiendu Nuryanti. She said people around cultural heritage like many tourists visited Borobudur can enjoy the positive impact of tourist visits. Karanganyar Village itself is known as a producer of pottery that has been developed by 10 generations. "If we are able to grow back, undoubtedly yes behold the relationship between heritages (cultural heritage) with the welfare of society around Borobudur"

Figure 3: Government committee opening CommunityGallery



Source: researcher documentation, 2014

This is to show that the government and other tourism stakeholders contribute a lot in the development of tourism in the local communities and increase the economic welfare of the poor tourism as the government of Indonesia and Australian government take crucial measure in Karanganyar Village to help the indigenous people of the area especially the young one about twelve people who does not have enough education already got training on how to produce modern pottery and sell them in big hotels around Borobudur which will resulting in increasing their economy.

Figure 4: Ceramics produced from Community Gallery in Karanganyar Village



Source: researcher documentation, 2014

At the community gallery apart from producing ceramics, they also produce jam from pineapple and apple, seven people got training on how to produce ceramics and five people got training to produce jam, all of them from Karanganyar Village and combination of boys and girls between 15 – 20 years old. All these projects given to the local community especially to those young to sustain their tourism skills as they will continue to get foreign language training (English), which is also able to sustain their economic development as most of these twelve young people lack of enough high level of education and participation from the recommended project will enhance their economic level. According to local communities interviewed, they jam they produce is targeted for hotel around their province and hotel from Borobudur. However, because of relatively low quality of their products, they are lack of demand for their products. It affects the production level, which become decrease.

In order to minimize the tourism economic loss there must be linkages between stakeholders and local community. This will reduce the leakages income and profit resulted from tourism activities and could the tourism be more beneficial to the local economy. Malaysia, which had the best score for linkages, has the worst score for leakages (Cernatand Gourdon, 2007). For the case of Karanganyar Village and other part of Indonesia on the contrary, tourism in provides “relatively” less leakages but this activity is conducive to a large extent to linkages with the local economy.

Tourism has to continue to be an important economic sector capable of attracting foreign direct investments and supporting sustainable economic development in the area where there is source of tourism attraction where most poor people found, and there must be production of fairly distributed wealth from tourism stakeholders and local people who own tourism resources, the creation of employment opportunities and poverty alleviation for the poor people, particularly in developing countries and least developed countries.

Also in order for tourism in Karanganyar Village to become more sustainable, the systematic application of sustainability objectives and criteria to new and existing infrastructures and rethinking the existing infrastructure at destination is needed, development of tourism services produced by the local community should be

encouraged by finding good market, identifying more innovative modes of tourism attraction in the village such as culture as the much more best seller to their visitors and will employ much more local people which resulting from their daily activities such as farming activities is more interesting for many international visitors.

Moreover, tourism destination whereby the local society can absorb and benefit from the positive effects of tourism especially from their producing their own product and such sustainable tourism development should also provide ways of protecting and enriching the knowledge from local and indigenous culture they have.

Tourism stakeholders especially in Borobudur such as hoteliers, UNGO, tour operators should be encouraged to build capacity for sustainable tourism in the Villages around Borobudur and apply this capacity in their internal operations as well as to influence the decision of other tourism stakeholders. Within this framework, the capacities of local communities and indigenous populations should be enhanced, while respecting their traditions, and enabling them to build sustainable, community-based initiatives.

For the case of Karanganyar as local people did not fully benefit from tourism, there is a need for more voluntary mechanisms, access to training, fostering communication for transferring of knowledge, access to financial mechanisms, as well as consultations with local communities based on sustainability parameters, all have a key role to play in constructing these economic solutions. As we know that these economic benefits from the tourism sector can be offset by negative socio-cultural impacts, which should be addressed and reduced through planning, policies and regulations from their local government.

Conclusion

This this paper has discussed tourism in the Karanganyar Village, its current contribution to poverty alleviation and development, constraints to growth of tourism, and the roles of key tourism stakeholder in the region which encourage development of tourism. Even have relatively low numbers of arrivals also gain considerable benefits from this industry and are seeking to grow tourism further.

On the basis of this paper, there is the potential for much social and economic gain to be realized in Karanganyar through the development of cultural tourism as a tourism diversification strategy. However, the realisation of this potential gain requires a coordinated approach by the tourism industry, hotelier, tour operators, and other local communities around Borobudur. The development of cultural tourism in Karanganyar Village will provide a unique and exciting opportunity to jointly celebrate the arts and the lifestyle that defines the Karanganyar, thereby deepening the tourism experiences of the domestic and international visitors, while enriching the very lifestyle being celebrated.

The international organisations like UNESCO, NGOs, academia and knowledge-brokers should be engaged to support the capacity enhancement of the local community where they have access to tourism development as on the other hand will encourage the development of their tourism and they will help them in poverty alleviation and this should be put in consideration to all tourism stakeholders, including national governments, for the achievement of sustainable tourism objectives.

There is a need also for the public and domestic private institutions and other organisations engaged in tourism development especially for the poor people and engaging in planning, should make use of credible scientific methods and tools encompassing economic and social approaches and assessments for sustainable development that will help stakeholders related to different components of the value chain understand their environmental and socio-cultural impacts. They then should work to maximize benefits and reduce negative impacts especially local tourism economic leakage.

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