

# Public-Private Partnership to Increase Economic Growth of Tourism Sector

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**Public-Private Partnership to Increase Economic Growth of  
Tourism Sector**

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6  
**Abstract**

The performance of the tourism sector in Kedungsepur region increases significantly viewed from the indicators of the number of tourism objects, labors, tourists, income, and the Gross Regional Domestic Product (GRDP) of the tourism sector, but the contribution of the tourism sector to the GRDP and the average of the tourists' length of stay decreases. This shows that the performance of the tourism sector in Kedungsepur region decreases and the public private partnership has not been optimally implemented. Therefore, the researchers use the analysis of SWOT and AHP to find the strategy alternatives to increase the performance indicators of the tourism sector. The research result of the SWOT analysis shows that the development of tourism sector in Kedungsepur region is at the quadrant III, which supports the turn around strategy by applying a strategy formulated in the matrix of SWOT, and the research result based on the AHP analysis shows the priority based on the criteria of aspects and alternatives. The aspect of institutional and the alternative strengthen the institutional internal relationship to be a priority in the development of tourism sector in Kedungsepur region.

**Keywords:** Tourism Sector, Kedungsepur Region, Public Private Partnership.

**JEL Classification:** Z32, H42

### 1. Introduction

Tourism has so broad multiplier effect that increases the local revenue through the levies and increases the income per capita of the community. Holik (2016) mentions by opening of the new object of tourism, economy activities around it will be develop. Job creations will absorb employee in formal and non-formal sectors. This is due to the more expanding economic activity by the community and the outsiders (tourists), not only in the tourism locations but also in the economic activities beyond the tourism. The availability of sufficient funds does not support the great potential of the tourism industry in line with the needs of a relatively large development costs in each region. On the other hand, investment, particularly in some areas, requires special facilities, services and licenses which the private sector alone cannot provide it (Haddadi, 2015). Therefore, the regional government needs to cooperate.

Tarigan (2009) states to optimize a potential sector, cooperation could be an alternatives base on efficiency and effectiveness, synergy and mutual benefit in multi spatial sectors. Central Java Province are one of the provinces who have a lot of tourism spot. There are 467 tourism destination. (BPS, Central Province 2015). An importance of cooperation to support the implementation of regional autonomy makes the region near to Central Java create an agreement between regions. According to Central Java Province Law Number 21 of 2003 about regional spatial planning. There are eight regional cooperation area who established base on development area, such: Kedungsapur Regional Area (Kendal, Demak, Ungaran, Semarang City, Salatiga, Semarang, Purwodadi); then Barlingmascakeb (Banjarnegara, Purbalingga, Banyumas, Cilacap, and, Kebumen); Tangkallangka (Batang, Pekalongan, Pekalongan City, and Pemalang); Purwomanggung (Purworejo,

Wonosobo, Magelang City, Magelang Regency, and Temanggung); Subosukowonostraten (Surakarta, Boyolali, Sukoharjo, Karanganyar, Wonogiri, Sragen, and Klaten); Banglor (Blora, and Rembang); Wanarakuti (Jepara, Kudus, and Pati); and Bergas (Brebes, Tegal regency, and Tegal city).

The focus of cooperation in 2014 is the cooperation in the tourism sector. The cooperation aims to develop the local economy of a region by utilizing the existing potential. The followings are the potential of the tourism sector of each region in Central Java.

Table 1 Number of Tourism Objects, Tourists, Labors, Tourism Sector Revenue, and Contribution to Development Regions in Central Java in 2014

No	Development Regions	Tourism Objects	Tourists (person)	Labors (person)	Tourism Sector Revenue (Rp)	Contributrition
1	Barlingmascakeb	79	5,062,971	641	46,942,515,513	0.378%
2	Kedungsepur	107	6,158,822	1,299	37,253,261,036	0.300%
3	Purwomanggung	44	6,115,013	744	16,920,400,674	0.940%
4	Subosuko wonosraten	86	5,783,824	932	14,816,167,821	0.119%
5	Banglor	24	474,305	260	1,651,239,660	0.130%
6	Wanarakuti	74	4,152,995	260	4,534,207,300	0.360%
7	Tangkallangka	38	1,097,156	318	5,327,137,512	0.430%
8	Bergas	15	1,462,593	135	5,065,968,800	0.410%

Source: Tourism Statistics 2014, Department of Culture and Tourism in Central Java

The table 1 shows that Kedungsepur becomes the region with the largest tourism object in Central Java after 2012 until now. The increase in the number of the tourism objects is also accompanied by the increase in the tourism revenue, but the number and contribution of the tourism revenue in Kedungsepur are smaller than that one in Purwomanggung and

Barlingmascakeb in 2014. This shows that the tourism in Kedungsepur region is not so optimally utilized that the cooperation among the development regions in the tourism sector in Kedungsepur is not maximum.

The revenue of tourism in Kedungsepur region in each regency/city can be described by figure 1:

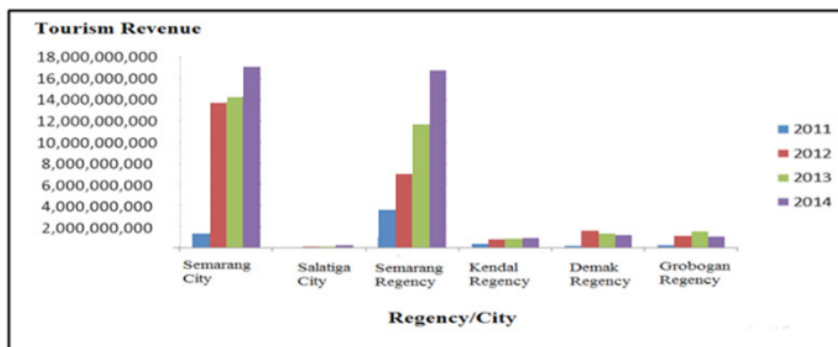


Figure 1

Regional Tourism Revenue in Kedungsepur Region In 2011-2014 (in Rupiah)

Source: Tourism Statistics 2014, Department of Culture and Tourism in Central Java (processed)

Figure 1 shows the inequality of tourism revenue among the regions although the inequality is considered reasonable viewing the state of economy and tourism of each region. However, the inequality of the increase in tourism revenue is also very obvious and the increase in tourism revenue tends to not cover thoroughly into all regions. Due to the differences in the tourism potential of each Regency/City in Kedungsepur region that support the tourism marketing in each region, the regions cooperate by making the joint promotions. This cooperation is intended for the regional economic development through the cooperation of the Public Private Partnership through the Working Unit of Local Device (SKPD) as the operational executor of tourism sector, some stakeholders from the private companies, and the community around the tourism area. It is because all three economic agents are the most affecting and affected ones with the existence of tourism activities.

Based on the description above, the focus of this research is a public-private partnership to improve the economic growth of the tourism sector in Kedungsepur region.

### 1.1 Regional Economic Growth

The regional economic growth is the increase in the community's income as a whole happened in the region, which is the increase in the entire value-added that occurs (Tariq, 2005). The conventional measurement of the economic growth of a region is usually conducted by calculating the increase in the percentage of the GRDP (Gross Regional Domestic Product). The GRDP measures the total expenditure of an economy of a range of goods and services produced in a period and the total income received from the entire production of the goods and services in more detailed.

### 1.2 Tourism Economy

The key components of tourism in Hasan (2015) are: tourism attractions, tourism promotion, infrastructure, tourism management including the management of tourism industry,

and the aspect of economic in the tourism development is in the form of funding, investing, and budgeting that support the tourism activities. While the characters of development that must be considered in the planning of tourism in Fandeli and Mukhlison (2000) mention the criteria of tourism attractions in the form of the physical condition of tourism destinations, the criteria of amenity in the form of infrastructure and facilities that support the tourism activities, the criteria of accessibility, the pattern of tourism activities, the institutional, and the criteria of environment.

In the development of the marketing plan, another important variable is assessing the impact of demographic factors and lifestyle trends, economic conditions, government policies, technology, and competitors in the market in the present and in the future. The difference of these factors may create an opportunity and a problem in the tourism marketing (Hasan, 2015). The marketing concept cannot be separated from the distribution channel and also in the tourism industry. There are three important things in the distribution channel of tourism marketing as follows: cooperation, coordination, and partnership or collaboration in a joint planning. This distribution channel links the tourism with other sectors in an effort to improve the economy of a region.

### 1.3 Relationship between Tourism Economy and Regional Economic Growth

A literature in Nizar (2000) mentions that the tourism economy can be confronted with the regional economic growth through two approaches. *First*, the Keynesian approach of the multiplier that treats the international tourism as an exogenous component of the aggregate demand that have a positive impact on the revenue, and therefore it affects the employment through the multiplier process. But this approach has received criticisms because it is not possible to conclude the impact of tourism in the long term.

Second, the approach of endogenous growth model with two sectors of Lucas, which use for the tourism sector, are pioneered by Lanza and Pigliaru in Nizar. In this model, the tourism is related to the maximum condition of the growth rate. If the productivity becomes a major element of the growth, assuming the technological advances in the manufacturing sector is higher than the tourism sector; the tourism specialization will encourage the growth. This may happen if the change in the exchange value of trade (terms of trade) between the tourism and the manufactured goods is more than just balancing the technological gap of the tourism sector. The condition is applicable if the elasticity of substitution between the tourism and the manufactured goods is smaller than one inelastic.

encouraging, stimulating, maintaining the business activities create the employment.

The local economic development is closely related to the empowerment of the human resources, the institution and the surrounding environment. To develop the local economy is not enough only by improving its human resource capabilities but also it requires an institution that is capable to manage the human resources that have been developed, and it requires the conducive to the environment to enable the local economic institution develop. The local economic development is conducted through the partnership institutional development of all stakeholders (government, business, and society), thus it requires the communication capabilities among all the agencies that ensure the sustainability of the working partners and the business partners. Henceforth, the multi directional communication becomes a basic requirement in the development of the partnership institution.

#### 1.4 Local Economic Development

The Local Economic Development as the process in which the local government and the community organization are involved in

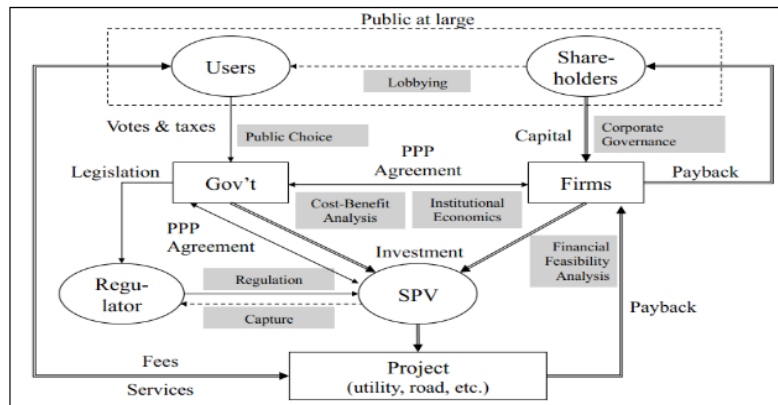


Figure 2 Analysis Model of Public Private Relationship

Source : Moszoro and Krzyzanowska, (2011).

Note: The thick line shows the flow of capital and transfer of business, the usual line shows the agreement and official operational, and the dashed line shows the informal relationship and influence.

11

#### 1.5 Public Private Partnership (PPP)

Public-private partnership (PPP) is a form of cooperation with the institutional relationship between the Government and the Private, which is based on the object, the commitment of

cooperation, and each party is willing to accept the risk in accordance with the income and expenses (Nijkamp et al, 2002). The reasons for the need for PPP are viewed from three dimensions. First is the political reason for creating a democratic

16 government and encouraging the good governance and the good society. Second is the administrative reason due to the limitations of the government resources, both in terms of budget, human resources, assets, and management capabilities. Third is the economic reason, which is reducing the disparity or inequality, spurring the growth and productivity, improving the quality and continuity, and reducing the risk. The model of public private partnerships is described in figure 2.

8 In the Public and Private Partnership, the government is responsible for the service determination by issuing the policies in the form of legislation and other decisions, while the private sector is responsible for the design, construction, operation, and maintenance of the project. The service will certainly fulfill the standard of public services by the Special Purpose Vehicle (SPV), which is engaged in the securitization of assets, issuance of debt securities, and acquisition of assets. By using the management capability of the private sector and the financial capacity, the asset management costs may be lower with better quality. So it would be good for the government, the local communities and the owners of the private company, with the increasing profits, the expanding employment opportunities, other sectors that support, increase the revenue and the economic growth in the region.

## 2. Methods

This research uses the qualitative and quantitative approaches, which is an analysis using the primary and secondary data. The secondary data obtained from BPS, TIC, and Dinbudpar Central Java, and also from the literary journals and books. The primary data is obtained using the techniques of data collection, interviews, and questionnaires to the keyperson and respondents who have control and responsibility in the tourism development in Kedungsepur region through Public Private

Partnership as follows: general coordinator and coordinator of the tourism sector of the Joint Secretariat of Kedungsepur, ASITA Central Java, Java PHRI Central, Bureau of Culture and Tourism (Disbudpar) of Central Java, Board of Regional Coordination (Bakorwil) of Central Java, Central Java Provincial Secretariat, Villagers' Educational Hall (BPMD) of Central Java, and also some tourists in Kedungsepur region.

14 This research uses the Analysis of SWOT (Strength, Weakness, Opportunity, and Threat) and the Analysis of AHP (Analytical Hierarchy Process).

### 2.1 SWOT Analysis

This research uses the SWOT Analysis to determine the right strategy in the implementation of the Public Private Partnership of the tourism sector in Kedungsepur region in accordance with the needs of the development of the tourism sector in Kedungsepur. Ekpenyong (2015) mentions to ensure efficiency and effectiveness towards a successful PPP in the tourism sector, the government should conduct the critical challenges faced by the region people in their environment situation. It's suitable according to Rangkuti (2014) mentions the popular model for the situation analysis is SWOT. Situation analysis is to analysis how to maximize Strengths and Opportunities and to reduce Weakness and Threats. Therefore, the first step begins with the identification of the internal and external factors that influence positive or negatively in planning and implementing the Public Private Partnership to promote the economic growth of the tourism in Kedungsepur.

The following is the identification of the internal factors of the Private Public Partnership of the tourism sector in Kedungsepur reflects in Appendix 1.

8 The identification of external factors of the Public Private Partnership of the tourism sector in Kedungsepur region is as follows in table 2.

**Table 2** External Factors of Public Private Partnership in Improving Tourism Economy Growth in Kedungsepur Region

No	External Factors		
	Factors	Opportunities	Threats
1	Environment	1.1 Product improvement by utilizing existing potency	1.1 Disturbance or natural disaster
		1.2 Relatively stable and conducive safety condition	1.2 Environmental damage due to irregular development
		1.3 Tourism quality improvement through technology and management skill	1.3 Lack of qualified local product as local specific souvenir
		1.4 Creating new business opportunity	
2	Economy	2.1 Increasing Local Revenue	2.1 A lot of less productive labors
		2.2 Increasing income per capita	2.2 Decrease in economy stability in regions
		2.3 Increasing labor absorption and decreasing unemployment	2.3 Inflation
3	Investment	3.1 Increasing investment in Kedungsepur	3.1 Lack of investor
		3.2 Investment Promotion Bureau in marketing local potency in Kedungsepur	3.2 Limited regional private company in big scale 3.3 Longer tender process causing longer project realization
4	Government Policy	4.1 Local Autonomy	4.1 Increasing local regulation
		4.2 Government policy in supporting partnership of government-private	4.2 Long process of bureaucracy for license of business process implementation
		4.3 Government policy in tourism preservation and improvement	
5	Competition	5.1 Strategic position of Kedungsepur in region improvement in Central Java	5.1 Tourism improvement in other regions
		5.2 Semarang as a region in Kedungsepur as centre of growth in Central Java	5.2 More professional tourism management in other regions
		5.3 Kedungsepur as a national region of economy development	5.3 Lack of qualified local product

**Table 3** Comparative Scale in Pairs

Level of Importance	Definition
Value 1	Both factors are the same important
Value 3	One factor is a little more important than the other one
Value 5	One factor is essential or more important than the other one
Value 7	One factor is clearly more important than the other one
Value 9	One factor is completely more important than the other one
Value 2,4,6,8	The values between, between the two judgement values being compared
Reverse Value	If for the activity <i>i</i> gets number 2 if compared with the other

Source: Prajanti and Setiawan, 2013

**2.2 AHP Analysis**

In using the analysis of AHP, the pre-survey interviews have been conducted to obtain the criteria and also the alternatives or policies

required in improving the quality of management of the tourism area. The followings are the criteria and alternatives used in the analysis of AHP:

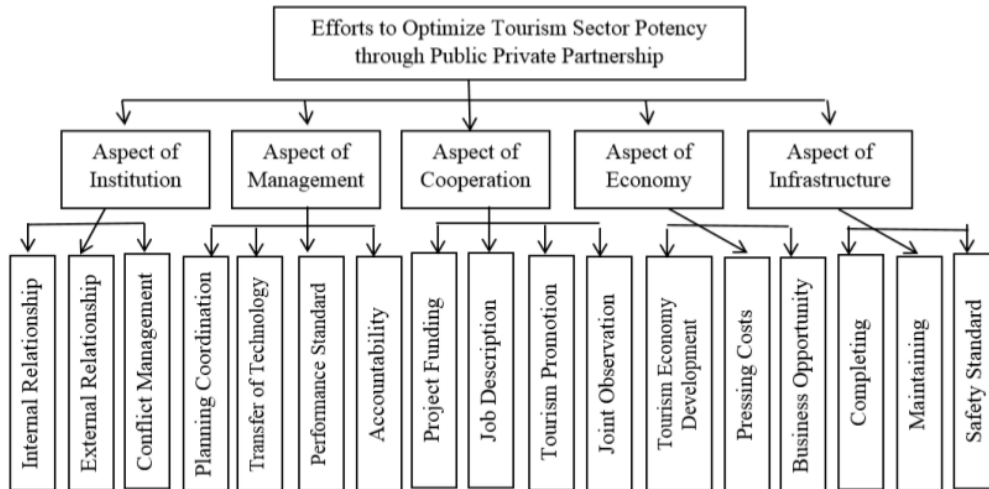


Figure 3 Hierarchy Framework  
Source: Sari, 2011. with Modification

4 The AHP principle is to give the weight of each factor, variable, and indicators with the comparisons among the factors, variables, and indicators of each other. The value of inconsistency ratio should be 10 percents or less (CR <0.1). If more than 10%, the consideration may be random and needs to be fixed.

Table 4 Achievement of Tourism Performance Indicator in Kedungsepur Region In 2010-2014

No	Indicator	2010	2011	2012	2013	2014
1	Number of Tourism Objects	53	56	81	93	107
2	Number of Labors (person)	892	966	1,156	1,169	1,299
3	Number of Tourists (person)	4,046,461	3,734,421	5,061,474	5,760,664	6,158,822
4	Number of Tourism Income (Rp)	4,893,076,438	5,715,316,050	24,428,061,107	29,764,763,863	37,253,261,036
5	Average of Length of Stay (night)	1.27	1.28	1.26	1.18	1.22
6	PDRB of Tourism Sector (Rp)	2,223,103.09	2,288,751.78	2,307,848.84	2,598,932.71	2,740,722.15
7	Contribution of Tourism to PDRB	1.47%	1.42%	1.36%	1.44%	1.44%

Source: Evaluation of Performance of Local Government and RPJMD from 2010 to 2015.



### 3. Results And Discussion

#### 3.1 Performance of Tourism Sector in Increasing Economic Growth in Kedungsepur Region

Table 4 is the data of achievement of the tourism performance indicator based on EKKPD (Evaluation of Performance of Local Government) and RPJMD from 2010 to 2015.

The performance of the tourism sector in Kedungsepur region in 2010 to 2014 has increased from year to year if viewed from the number of tourism objects, the labors, the number of tourists, the number of admissions or tourism revenue, and the total GRDP of the tourism sector in Kedungsepur region. However, if viewed from the contribution of the tourism sector to the GRDP and the average length of stay of the tourists, the tourism sector's performance has decreased

since 2010 until 2013 and increased in 2014 for 1.22 nights. This indicates a lack of power of a region to hold the tourists to stay longer in the Kedungsepur region.

Being specified in each Regency / City of Kedungsepur Region, the performance indicators of the tourism sector in 2014 are reflects in Appendix 2..

The revenue contribution of the tourism sector of Kedungsepur region to the tourism revenue of Central Java is 16.02% and Semarang City donated the greatest number in the tourism revenue in Kedungsepur region amounted 7.35% and in its contribution to the GRDP of Kedungsepur amounted 3.14%. The GRDP of Kedungsepur region if viewed from the contribution of each sector is as follows:

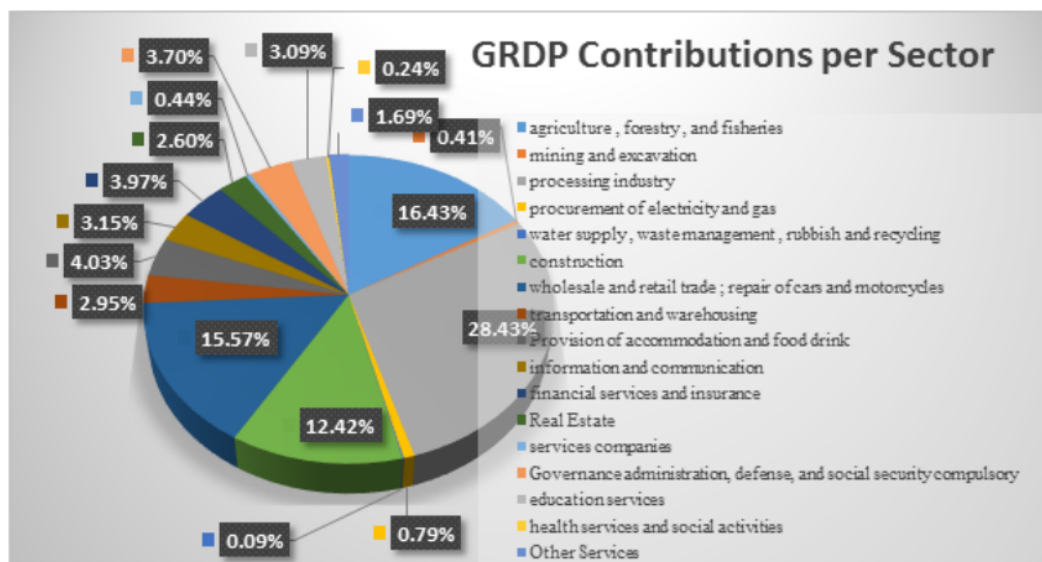


Figure 4 GRDP of Kedungsepur Region in 2010-2014 Specifying Each Sector According to Constant Price 2010 Source: BPS Central Java Province 2015 (Processed)

Other service sectors including the tourism services give the 5<sup>th</sup> smallest contribution to the GRDP specified into 17 sectors. However, the

tourist expenditure components are not only on the tourism services because the tourism sector does not walk alone in the economy of a region.

### 3.2 Strategy of Public Private Partnership in Increasing Economic Growth of Tourism Sector in Kedungsepur Region

The SWOT analysis uses the calculation of the rating average of each factor of the SWOT analysis. The aim of rating is to give a scale from 4 to 1 based on the influence of these factors to the economic growth of the tourism sector through the Public Private Partnership.

The weighting is conducted to give effect to the factors. The weighting is obtained from the weight  $= \frac{m_x}{m_e}$ ;  $m_x$ , which is the mean of the total factor of  $x$ , and  $m_e$ , which is the mean of the total internal factor. The total value obtained by multiplying the rating and the weighting indicates how the tourism development should be to increase the economic growth in the tourism sector through the Public Private Partnership reacting to the strategic factors both the internal and external ones.

Based on the calculation conducted through the SWOT analysis, it can be found the final value reflects on table 5.

Table 5 Recapitulation of Counting Result of Strength, Weakness, Opportunity, and Threat

No.	Analysis	Value
1	Internal Factor	
	Strength	1.3380
2	Weakness	1.3805
	External Factors	
	Opportunity	1.7775
	Threat	1.1289

The table shows that the value of opportunity is greater than the value of threat, but on the other hand the value of strength is lower than the value of weakness. If the value is inserted into the Grand Strategy Matrix, it is visible the the position of tourism development to increase the economic growth of the tourism sector in Kedungsepur region through the Public-Private Partnership described by figure 5.



Figure 5 Grand Strategy Matrix in Tourism Development to Increase Economic Growth in Kedungsepur Region through Public-Private Partnership

Based on the figure 5 above, the cutting point of the internal and external factors is in quadrant III,  $(-0.0425; 0.6486)$ , in which the situation can be done using the *turn around* strategy. Defined as a reversal of the company's direction from the decreasing performance, this strategy is used to improve the company having many obstacles but still have adequate resources to find the solutions. Based on the SWOT matrix, the strategies that can be found on table 6.

The formulation of strategies produced are used for managing the condition of tourism in Kedungsepur region with the aim of attracting the tourists. The better the tourism management is, the more interesting the tourism attractions will be. So the tourism is able to strengthen the economy of a region from the tourism sector and the other ones. This is because the tourism sector is a sector that has a multiplier effect on the other sectors.

Table 6 SWOT Matrix, Tourism Development to Increase Economic Growth in Kedungsepur through *Public – Private Partnership*

Sector	Strengths	Weaknesses
Opportunities	Strategy of SO : <ul style="list-style-type: none"> <li>Developing the tourism objects by performing product innovations and tourism attractions</li> <li>Managing the tourism by participative management</li> <li>Overall Promotion and Advertising</li> </ul>	Strategy of WO : <ul style="list-style-type: none"> <li>Revitalizing the uninteresting tourism objects</li> <li>Determining the maintenance standard and the use of tourism facilities</li> <li>Improving the quality of customer service</li> </ul>
Threats	Strategy of ST : <ul style="list-style-type: none"> <li>Improving the quality of competitive local products</li> <li>Giving incentive to the investor in tourism sector</li> <li>Improvement and development of the environmental friendly tourism</li> </ul>	Strategy of WT : <ul style="list-style-type: none"> <li>Improving the infrastructure especially the access to the tourism places</li> <li>Improving the diversification of product and packaging as the tourism attraction</li> <li>Determining the mechanism standard of the tourism cooperation</li> </ul>

### 3.3 Strategy of Priority through Public Private Partnership to Increase Economic Growth in Tourism Sector in Kedungsepur Region

The tourism development strategy through the Public Private Partnership in Kedungsepur region cannot be conducted together on every aspect and policy alternatives. It requires an

analysis to find the strategy of priority by using the AHP analysis.

The processed result of AHP to determine which aspects that should be a priority to develop a tourism to increase the economic growth in Kedungsepur region through the Public Private Partnership on figure 6.

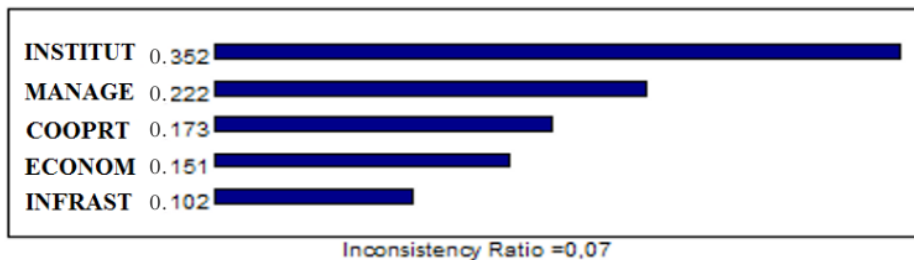


Figure 6 Aspect of Priority in Tourism Development in Kedungsepur Region through Public Private Partnership

Based on the processed AHP, it is known that the criteria having the highest value is the Aspect of Institutional with a value of 0.352 and the criteria having the lowest value is the Aspect of Infrastructure with a value of 0.102. It is known that the most preferred aspect of the four other aspects is the Aspect of Institutional because the institutional tourism sector that will support a destination worth to visit is in the form of attributes of human resource, system,

and institution. The Aspect of Institutional could be the support of the security institution, the tourism institution as the destination manager, and other supporting institutions to create the tourists' comfort, so it requires the management and structuring as follows:

1. Structuring the business centers of the local communities that can be implemented as follows: a market selling all kinds of specific souvenirs from Kedungsepur region, tra-

ditional food, traditional art performances, spa therapy, and physiotherapy to relieve the tourists' tiredness after the tour.

2. Structuring the inns, hotels, and the like that can be directed to the sub-urban areas to reduce the urban congestion.
3. Structuring the areas of tourism attractions both the natural and artificial tourism that is directed to the rural areas or the countryside.

Although more attention is given to the Aspect of Institutional, the other aspects should also be considered because all these aspects influence each other. Neglecting the implementation of one aspect will have an impact on other aspects and affect the quality of management. Thus,

management of tourism must be run well in accordance with the intended goals.

### 3.4 Aspect of Institutional

The alternative priority in the Aspect of Institutional is obtained from the processed AHP on figure 7.

The strategy alternative in the Aspect of Institutional having the highest value is the Intern with a value of 0.581 and the inconsistency value indicates the number of 0.03, which means that the respondent's answer is consistent because the value is smaller than 0.10. So the alternative of strategy of priority on the aspect of institutional is strengthening the internal institutional relationship.

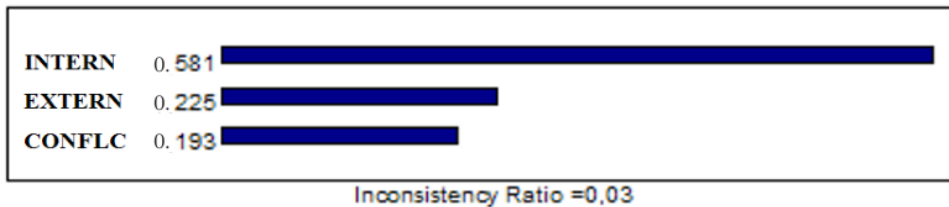


Figure 7 Priority of Aspect of Institutional in Tourism Development in Kedungsepur Region through *Public Private Partnership*  
Source: Data Processed

In the business world, the institutional internal is adjusted to the concerned organizational sector. In the tourism sector, the organization is in the form of government agencies, trading companies, and service companies. The strong institutional internal relationships reflects the strong cooperation, thus the tourism management will be well coordinated and the goal are expected to be achieved. If there is a strong internal, the

external parties will be interested in joining and becoming the investor of the tourism activities in Kedungsepur Region and the conflict will be easily resolved.

### 3.5 Aspect of Management

The priority of the strategy alternative in the Aspect of Management is obtained from the processed result of AHP on figure 8.

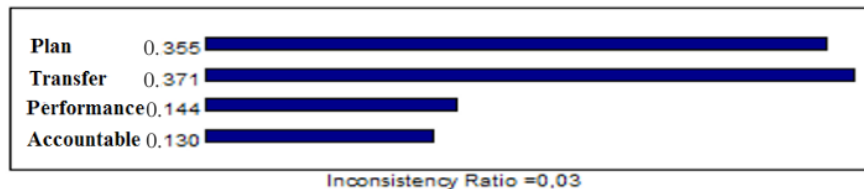


Figure 8 Aspect of Priority in Tourism Development in Kedungsepur Region through *Public Private Partnership*  
Source: Data Processed

The alternative having the highest value in the Aspect of Management is Transfer with a value of 0.371 and the alternative having the lowest value is Accountable with a value of 0.130. and the inconsistency number indicates the number of 0.03, which means that the respondent's answer is consistent because the value is smaller than 0.10. So the strategy alternative of the priority in the Aspect of Management is the transfer of technology and the management skills in the tourism management.

The transfer of technology and the management skill of the private sector are more required in the management of the tourism management. Because the skills of the government and the private in the tourism sector are different, the private has more skills in controlling the

tourism management. With the public private partnership, there will be a cooperation using the transfer of technology and management skills. The tourism destination will stagnate without the good technology and management skills in the tourism. The tourism destinations that have no change at all from the past to the present are less attractive for the customers because those tend to be boring. With the transfer of technology and management skills, the tourism destinations will have so pleasant image that attract the tourists to come.

### 3.6 Aspect of Cooperation

The priority of the strategy alternative in the Aspect of Cooperation is obtained from the processed result of AHP on figure 9.

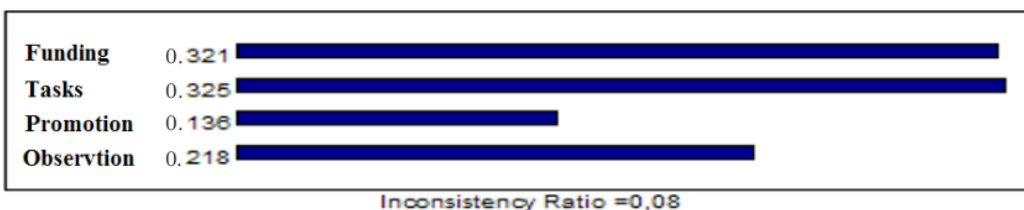


Figure 9 Priority of Aspect of Cooperation in Tourism Development in Kedungsepur Region through *Public Private Partnership*  
Source: Data Processed

It is known from the figure that the alternative having the highest value is Task with a value of 0.325. The inconsistency number indicates a value of 0.08, which means the the respondent's answer is consistent because the value is smaller than 0.10. So the strategy alternative of the priority in the Aspect of Cooperation is the division of tasks and risks in the management of the tourism objects.

In the public private partnership, it is essential to make the division of tasks and risks or responsibilities of each party because the public private partnership requires the partner that is capable of performing the roles in accordance with its capacity. The established cooperation relationship can be seen in the cooperation contract as the basis for negotiations. In such

contract, each part of the organizational structure will determine the object, tasks, financial, and responsibility. In this case, the parties have to invest their material and non-material resources in the cooperation. This will have impact on the decision-making and the division of authority in the implementation of the tourism management. The goal is to make the implementation of the the cooperation more focused, the inter-agency cooperation relationship and responsibilities the risk become clear in accordance with the implemented cooperation. Therefore, the division of tasks and risks in the Aspect of Cooperation of the tourism management is the most preferred alternative in terms of the cooperation of the Public Private Partnership of the tourism in Kedungsepur region.

### 3.7 Aspect of Economy

The priority of alternative in the Aspect of Economy is obtained from the processing results of AHP on figure 10.

Based on the processed result of AHP, it is known that the alternative having the highest value is Ecotourism, which is a tourism development as the ecotourism attraction with

a value of 0.615; and the alternative having the lowest value is Opportunity, which is a business opportunity and an employment with a value of 0.115. The inconsistency number indicates a value of 0.06, which means that the respondent's answer is consistent because the value is smaller than 0.10.

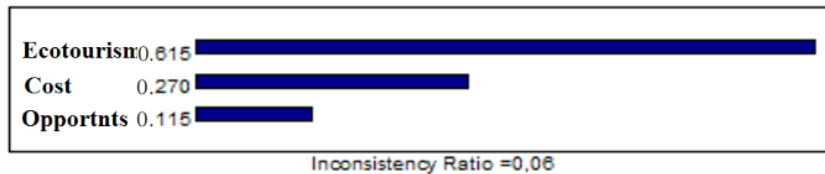


Figure 10 Priority of Aspect of Economy in Tourism Development in Kedungsepur Region through *Public Private Partnership*  
Source: Data Processed

In the Aspect of Economy, the development of tourism objects as the ecotourism attractions must be prioritized because the tourism object development as an output of the public private partnerships in the tourism sector will bring the positive economic impacts on the surrounding area of tourism objects and the region itself. The impacts of the ecotourism attractions are:

increasing the community's income, creating the business opportunities, and increasing the foreign exchange.

### 3.8 Aspect of Infrastructure

The priority of strategy alternative in the Aspect of Infrastructure is obtained from the processed result of AHP on figure 11.

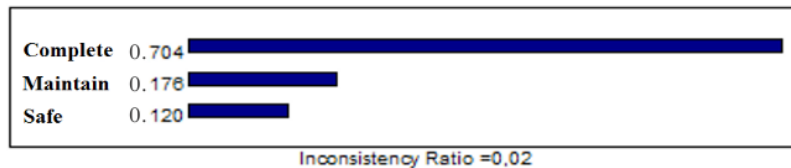


Figure 11 Priority of Aspect of Infrastructure in Tourism Development in Kedungsepur Region through *Public Private Partnership*  
Source: Data Processed

The strategy alternative in the Aspect of Infrastructure having the highest value is Complete, which is completing the facilities and infrastructure of tourism with a value of 0.704 and; the alternative having the lowest value is Safe, which is the security of the tourism facilities and infrastructure with a value of 0.120. The inconsistency number indicates the value of 0.02, which means that the respondent's answer is consistent because the value is smaller than 0.10.

The completeness of infrastructure is related to the provision of the tourism infrastructure in Kedungsepur region. The provision should be a priority of concern in the Aspect of Infrastructure. Within the regional framework and the Public Private Partnerships, the local needs of the increasing infrastructure will be more easily fulfilled than one region to the another. This relates to the amount of budget that must be covered if implemented alone. Thus in the Aspect

of Infrastructure the cooperation must prioritize the provision of infrastructure as the output form of cooperation, whether in the joint funding, impressing the construction and operational costs, or the management.

### 3.9 Role of Public Private Partnership Cooperation in Economic Growth of Tourism Sector in Kedungsepur Region

Understanding the function of each stakeholder is built on the perception of the benefits and disadvantages of the tourism

activities in Kedungsepur region. In general, there is a similarity of viewing the benefits of tourism. But in viewing the losses, particularly the Aspect of Environment those are the threat of damage and the accumulation of waste due to the arrival of tourists, it is only the manager or labors who understand it.

All the stakeholders need to be strongly committed to help realize the motivation in accordance with the ability, role, and function of each. The description of functionality, flow, and relevance of each stakeholder is explained on figure 12.

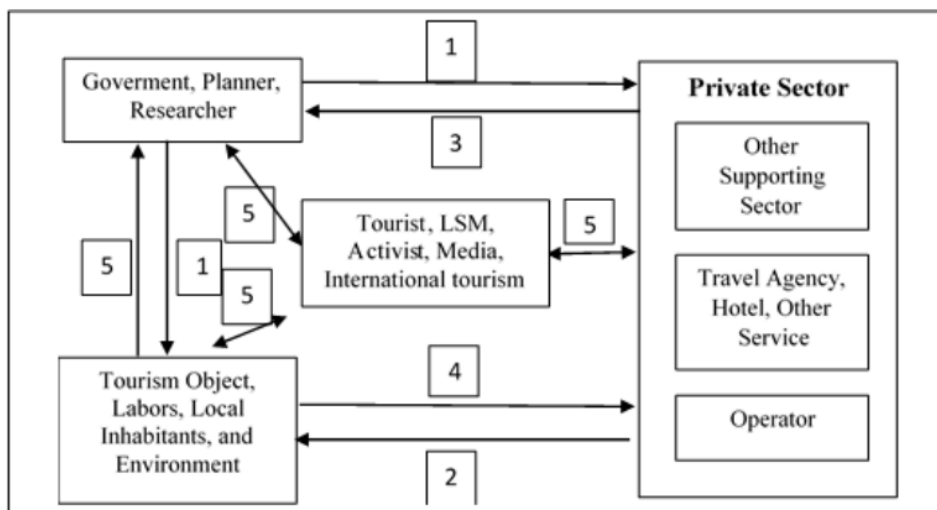


Figure 12  
Relationship among Stakeholders in Tourism Sector  
Source: Nugroho, 2011

Note : 1= Policy; 2= Economy Advantage, 3= Taxes and Levies; 4= Service; 5= Policy Advice

Figure 12 indicates the relevance of each party in the implementation of tourism activities in Kedungsepur region. The government makes a policy regarding the tourism development, in which the policy is implemented by the actors of tourism activities whether the labors of the tourism object attraction management, the community, or the private parties engaged in the tourism sector. In returns the government receives the taxes and levies from the tourism activities produced by the object attraction and

the private sector. Besides, the advice and input from the tourists are also very supportive for the government, particularly in making the policy of the tourism development.

As for the tourism objects, the labors and the tourism facilities provide the services to the private sector, and the policy recommendations or the options to the government and the tourists can be used in the decision making for the development of tourism object itself. As the reciprocity of the services provided, the tourism

objects receive the benefits in the effort to develop the tourism objects in the form of policy advice from the government and the private parties, while the reciprocity received by the tourism objects from the private parties is the economic benefits in the form of income, employment, promotion, and financing.

The operators of tourism services, travel agencies, hotels and other services, and also the tourism supporting sector have the same function in the tourism activities, so it can be defined as the private sector in the tourism activities. The private sector gives the taxes and levies to the government. The private sector investment for the implementation of tourism gives the economic benefit for the tourism objects, which benefits ultimately have a positive impact for all parties.

#### 4. Conclusion

The finding research is performance of tourism sector in Kedungsepur region has increased from year to year since 2010 until 2014, but it seems to relatively decrease if viewed from the indicator of the average of length of stay of the tourists and the contribution of the tourism sector to the GRDP in Kedungsepur region. The strategic of *Public Private Partnership* to increase the economic growth of the tourism sector in Kedungsepur region based on this research should focus on the Turn Around strategy that minimizes the internal problems so that it can seize the better market. In the tourism management of Kedungsepur region, the priority that can be preceded in the *Public Private Partnership* to increase the economic growth of the tourism sector in Kedungsepur region based on the Expert Choice is the Aspect of Institution with an Alternative to strengthen the institutional internal relations.

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**6. Appendix**

Appendix 1 Internal Factor of Public Private Partnership in Increasing Tourism Economy in Kedungsepur Region

No	Internal Factors		
	Factors	Strengths	Weaknesses
1	Physical Condition	1.1 A lot of number of tourism objects in Kedungsepur	1.1 Unmaintained tourism objects
		1.2 Adequate number of labors	1.2 Lack of qualified labor in tourism sector
		1.3 A lot of number and increasing tourists every year	
2	Infrastructure	2.1 Available tourism infrastructure	2.1 Unmaintained tourism infrastructure
		2.2 Available public infrastructure supporting tourism activities	2.2 Uncoordinated garbage management
		2.3 A lot of and increasing number of hotel and restaurant	2.3 Unmaximum safety standard of infrastructure
3	Funding	2.4 Available public transport	2.4 Not all roads in Kedungsepur in good condition
		2.5 Easy access to tourism objects	2.5 Limited public transport
		2.6 Uneven distribution of infrastructure in each region	2.6 Uneven distribution of infrastructure in each region
4	Partnership	3.1 Available other funding source for development and improvement of tourism objects	3.1 Lack of investment in tourism sector
		3.2 Solution of government funding limit for tourism in Kedungsepur	3.2 Unoptimal tourism funding expenditure
		3.3 Risk distribution between government and private	3.3 Unrealized tourism target of income
5	Management	3.4 Pressing costs of construction, promotion, and improvement of tourism	3.4 Not so big profit
		4.1 Coordination between government and private in planning tourism management	4.1 Lack of knowledge and experience in cooperation of government-private
		4.2 Observing joint management of tourism	4.2 Limited cooperation project
5	Management	4.3 Accountability improvement in joint project continuity	4.3 A little of cooperating private sector
		5.1 Encouraging transfer of technology and better management skill in tourism management in Kedungsepur	4.4 Limited private ability in partnership in tourism sector
		5.2 Creating more standardized coordinated job climate	4.5 Relatively complex organization structure of partnership of government-private
			5.1 Unclear responsibility and limit of authority of each party
			5.2 Limited mobilization of policy procurement
			5.3 Limited standard and coordination of performance of each party

No	Internal Factors		
	Factors	Strengths	Weaknesses
6	Promotion	6.1 Available formal web from each Regency/City as tourism promotion media	6.1 No formal web for coordination in Kedungsepur
		6.2 Tourism promotion as responsibility of all joint parties	6.2 No formal web for tourism sector
			6.3 Unmaximum use of social media in tourism promotion
			6.4 No specific events as tourism promotion media
7	Government Policy	7.1 Licensing policy in business improvement in tourism sector	7.1 Government policy of partnership of government-private not reaching its operational
		7.2 Joint licensing policy and joint agreement in tourism sector	7.2 Government policy in tourism sector not reaching performance supervision and continuity of tourism project
		7.3 Government support in forming institutions helping regulation and guarantee in tourism project	

Appendix 2 Achievement of Performance Indicators of Tourism Sector in Kedungsepur Region in Each Regency / City in 2014

Regency/ City	Tourism Objects	Labors (person)	Average Length of Stay (night)	Tourists (person)	Revenue (Rp)	Contribution to Local Revenue (Rp)	GRDP of Tourism Sector (Rp)	Contribution to GRDP
Semarang City	36	625	1.51	2,704,982	17,093,817,239	7.35%	1.181,766.33	3.14%
Semarang Regency	22	289	1.05	1,526,549	16,728,383,185	7.19%	324,854.62	1.18%
Demak Regency	6	109	1.10	1,432,182	1,208,851,026	0.52%	383,169.82	1.15%
Kendal Regency	25	80	1.00	186,470	918,793,549	0.40%	303,594.24	1.30%
Grobogan Regency	12	42	1.02	223,413	1,051,230,634	0.45%	472,271.50	2.72%
Salatiga City	6	154	1.63	85,226	252,185,403	0.11%	75,065.64	1.02%
Total	107	1299	1.22	6,158,822	37,253,261,036	2.67%	2,740,722.15	1.75%

Source: Tourism Statistics, Central Java, 2014

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