

SUSTAINABLE TOURISM DEVELOPMENT MODEL IN REALIZING THE ECONOMY AND COMMUNITY WELFARE IN THE KANIUNGAN ISLAND REGION, INDONESIA

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Abstract

Tourism has a strategic role for the Indonesian economy through its contribution to the formation of GDP (Gross Domestic Product), foreign exchange earnings and employment. Kaniungan Island Tourism Area is one of the leading tourism destinations in East Kalimantan. However, analytical data shows that the tourism sector has not had an optimal impact on improving the welfare of the community around the tourist area. In improving the optimization of the role of tourism on the economy and community welfare, it is necessary to develop a sustainable and inclusive tourism development based on an adequate understanding of the characteristics of the conditions and constraints faced by creative economy-based MSME business actors in the tourism sector. Primary data was obtained from interviews with 12 expert resource persons consisting of local government, village government, Berau DPRD, banks, academics, and entrepreneurs. Secondary data came from several official government agencies at the central and regional levels. The results of this study show that the majority of businesses are mostly micro-scale, engaged in providing food and beverages, and in the form of individual businesses. The main constraints faced include technical constraints, namely limited public facilities and clean water; economic constraints, namely limited buyers and intense business competition; social constraints, namely the role of associations, assistance and training that are not yet optimal; and environmental constraints, namely the lack of environmental and waste management and rampant fish bombing. Tourism development in the Kaniungan Island area is carried out by prioritizing financing and investment to further strive for sustainability and inclusiveness. The main approach (*driver*) of the development is through policy, which is directed to carry out two main strategies in the form of increasing MSME businesses and the creative economy, competence and quality of human resources, and increasing connectivity, both physically and business systems between tourist destinations. The sustainable and inclusive financing and investment-based tourism development strategy in the Kaniungan Island Tourism Area comes from government collaboration.

Keywords: Development Strategy, Tourism, Economy, Welfare, and Berau.

1. INTRODUCTION

Tourism development is one of the sectors that plays an important role in improving the economy in the region. Tourism development is able to stimulate business activities to produce significant social, cultural, and economic benefits for a region. When tourism is well planned, it will certainly be able to provide benefits to the community in a destination. In the midst of its development, the Berau Regency Tourism Area is considered not to have an optimal impact on the economy and welfare of the people in the surrounding area. This is indicated by the picture of community welfare that is still not good enough. Data from BPS Berau Regency shows that in 2022 the poverty rate in Berau Regency was still relatively high, at 13,620 people and decreased in 2023 to 13,310 people. Although still lower than the poverty rate of East Kalimantan Province, it was almost double the national poverty rate of 9.22% in the same year.

Although Berau Regency's GRDP has consistently increased every year, tourism's contribution to economic growth is still low. In relation to domestic investment, especially in Berau Regency, it is the second largest in East Kalimantan Province at Rp 635.13 billion or 29.21% in 2023. This contribution has urgency for the future economic development of Berau Regency, both in the context of encouraging growth and improving people's welfare.

Kaniungan Island Tourism Area is one of the leading tourism destinations in Berau Regency. In addition, the local government of Berau Regency has conceptualized the direction of tourism development policies in the Kaniungan Island Tourism Area of Berau Regency. One of the tourism development concept schemes is through a government investment scheme that can be realized in financing policies through the provision of financial and fiscal assistance to encourage tourism businesses. In this regard, the government can play a role by establishing a policy of providing stimulus for businesses and banks. The stimulus that can be provided by the government is by providing guarantees to business actors for financing provided by banks, as well as providing tax incentives to business actors who will invest in the Kaniungan Island Tourism Area. Government investment can also be done by developing public services such as roads, electricity, connectivity, communication including *security* and *safety*. The private sector will be interested in investing if they see that the infrastructure is sufficient and there is a high government commitment for its sustainability.

In addition to infrastructure or superstructure investment and business financing, the government's role in tourism can also be realized through investment in marketing aspects (Seetanah and Sannasee 2015; Witt and Witt 1995). The Berau Regency Government with its flagship slogan *Pesona Berau* is one example of the current government's investment in the tourism sector through the Berau Regency Tourism and Culture Office in promoting tourist destinations in Berau to be visited by domestic and especially foreign tourists. Similar efforts are also made by governments in other countries such as Korea with the slogan *Imagine Your Korea*, Singapore with the slogan *Passion Made Possible* and so on. According to Bodlender (1982), government investment in the tourism industry benefits the local economy in terms of employment, increased regional income, and increased community spending as well as the findings of the macro impact analysis of tourism in this study. These aspects will have a *multiplying* impact on economic conditions, both directly and indirectly. Therefore, government investment is needed in tourism areas, especially for new and developing areas (Gautam 2018).

As one of the tourism locations designated as a tourist destination for Kaniungan Island, the role of all parties is needed to encourage massive investment in the Kaniungan Island Tourism Area. Moreover, the tourism industry is one of the *capital-intensive industries* that requires large capital for the development of infrastructure and superstructure (Gautam 2008). Although the results of the analysis show that the government is a priority source of financing, this cannot continue because the excessive role of the government will distort market mechanisms and business competition (Badulescu et al. 2016). Investment sources can also come from the private sector. However, private investment generally requires profitability (Bodlender 1982). The private sector will participate in financing if it has the potential to generate profits and is

done carefully by considering various risks. Similarly, private involvement is still minimal in investing in the Kaniungan Island Tourism area. The very limited fiscal space of the central and local governments and the low participation of the private sector in financing tourism sector development will affect the development of the Kaniungan Island Tourism Area. Therefore, the Kaniungan Island tourism area requires the direction and design of a sustainable tourism development model in realizing the economy and community welfare in the Kaniungan Island area to respond to the challenges of integration, sustainability and inclusiveness.

In the Indonesian context, a tourism development study was conducted by Latuconsina et al. (2013) which examines community-based tourism development strategies in Ambon City. Likewise, there are several studies that focus on Tourism Areas in Indonesian Regencies, such as Erb (2014); Marry and Kristanto (2013); Sugiarto and Mahagangga (2020); Kodir et al. (2020) and Suasapha et al. (2020). However, to date, no studies have been found that specifically examine the sustainable tourism development model in realizing the economy and community welfare in the Kaniungan Island area, especially those based on appropriate empirical data in the inclusion of technical, economic, environmental, and cultural aspects in an effort to increase the increase in Creative Economy-based tourism that can be achieved through increased investment, not only relying on government financing through the APBN and APBD in the Kaniungan Island Tourism Area, Berau Regency.

2. LITERATURE REVIEW

2.1. Tourism Policy

According to Law Number 9 of 1990 concerning Tourism, tourism is a travel activity or part of the activity **that** is carried out voluntarily and temporarily to enjoy objects and tourist attractions. Meanwhile, tourism is everything related to tourism, including the exploitation of objects and tourist attractions as well as businesses related to this field.

2.2 Welfare Theory

Welfare theories in economics can generally be classified into three types, namely *classical utilitarian*, *neoclassical welfare theory*, and the *new contractarian approach* (Albert and Hahnel, 2005). The *classical utilitarian* approach emphasizes that a person's *pleasure* or *utility* can be measured and increased. Different levels of pleasure felt by the same individual can be compared quantitatively.

2.3 Regional Economic Growth

Regional economic growth is the increase in people's income that occurs in the region, namely the increase in all added value that occurs in the region. The increase in income is measured in real value, meaning it is measured in constant prices. It also reflects the returns to the factors of production operating in the region. The prosperity of a region is not only determined by the amount of added value created in the region, but also by how much *transfer payments* occur, namely the part of income that flows outside the region or gets a flow of funds from outside the region (Richardson, 1999).

2.4 Financing and Investment-Based Tourism

Financing or funding is the main key to successful development, including tourism development. Tourism development requires investment with the right amount and approach (*mode of investment*). Financing for these investments can come from public or private sources. The capital ownership factor is very influential on the role of the tourism sector in improving the economy (Hironimus et al. 2019).

2.5 Creative Economy-Based MSMEs

MSMEs are one of the commodities that can help Indonesia in significantly improving the Indonesian economy, MSMEs can be a means of alleviating poverty, this can be seen from the high number of employment in the MSE sector. The concept of the creative economy according to Jhon Howkins (2001) defines the creative economy as an economic activity that makes creativity, culture, cultural heritage and the environment the foundation of the future the creative economy is closely related to the creative industry, but the creative economy has a broader scope than the creative industry.

2.6 Sustainable Tourism Development

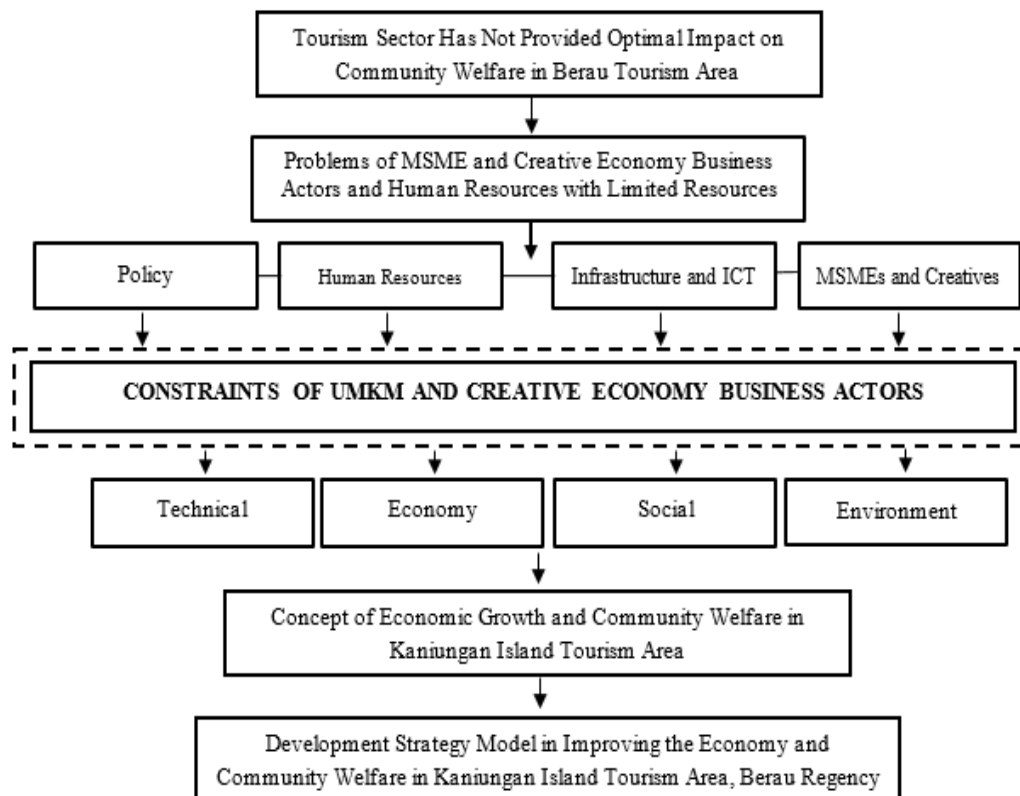
Economic, environmental and social *sustainability* are depicted as partially encompassing circles with *sustainability at the center*, allowing society to prosper. So then there is an economic flow that runs continuously, without reducing the level of welfare from generation to generation.

- 1) Economic Aspects.
- 2) Social Aspects.
- 3) Cultural Aspects.

3. RESEARCH METHODS

3.1. Research Design

In accordance with the research design in Figure 1, the research model used by researchers is qualitative research. Qualitative is a method used by researchers by first analyzing document data and then compiling the results to explain them in more detail with interviews and direct observation to Kaniungan Island (Creswell 2014). Figure 1 also shows that researchers conducted an analysis related to the sustainable tourism development model in realizing the economy and community welfare in the Kaniungan Island area. In addition, the researcher also explored each aspect based on legal compliance, village fund management, leadership, and village development, in accordance with previous case studies.



3.2. Data Analysis Technique

Creswell (2014) mentions that in this research strategy model, it will first collect documents, analyze the results, and then compile the results to explain them in more detail with interviews and observations. Data analysis is carried out with a qualitative approach in order to analyze data with the stages of identification, analysis and reporting patterns or themes contained in the data.

- a. The steps taken are six steps proposed by Creswell (2014) as follows;
- b. Process and prepare data for analysis.
- c. Read through the data.
- d. Start *coding* all data.
- e. Apply the *coding* process to describe the *settings*, people, categories and themes to be analyzed.
- f. Indicate how the descriptions and themes will be restated in the qualitative narrative.
- g. Interpretation in qualitative research.

3.3. Qualitative Analysis

The following are the results of interviews with the Government, Legislative, Entrepreneurs, Business Actors, Banking and Non-Banking Parties. Interviews were used to answer research questions related to the tourism development strategy model in the Kaniungan Island Tourism Area so as to increase community growth and welfare. Semi-structured interviews were conducted with participants. To be displayed in this paper with the participant code (R). The details of the participants based on the participant code are as follows;

Table 1: List of Research Interview Respondents

ID	Agency/Institution/Business
R1	Berau Regency Investment Office
R2	Berau Regency Tourism and Culture Office
R3	Dinas Korperindag Kabupaten Berau
R4	DPRD Berau Regency
R5	Head of Teluk Sumbang Village
R6	HIPMI Berau Regency
R7	KADIN Berau Regency
R8	Bank Syariah Indonesia
R9	Rector of Universitas Muhammadiyah Berau
R10	Academician of Universitas Muhammadiyah Berau
R11	Owner of Panorama Kaniungan Resort
R12	Labuan Cermin Resort Owner

Table 1 shows that the number of participants who have the role of executing local government officials is three participants (R1, R2, R3), the role of the local government legislature is the Berau DPRD as much as one participant (R4), and as a village head (R5), the role of entrepreneurs is HIPMI Berau and KADIN Berau as much as two participants (R6 & R7), as the financing party is from Bank Syariah Indonesia (R8), as academics especially in Berau (R8 & R9) and as business actors are from (R11 & R12).

Based on the issues that arose during the interview process, researchers grouped the issues into several themes. In determining the themes, researchers took themes that were adjusted to previous research that was in accordance with this research related to the kaniungan island tourism development strategy, which concluded that there were four indicators, including; Policy, Human Resources, Infrastructure and Technology, and MSMEs & Creative Economy.

From the results of research in the Kaniungan Island Tourism Area, the results of four themes that often appear. In addition, to strengthen the research results, the themes that emerged from the interviews were cross-examined from document data and observation data as supporting evidence, which is also known as triangulation of data sources and techniques.

Based on the results of interviews, documents, and observations, several themes can be drawn as explanatory issues related to tourism development strategies based on sustainable and inclusive financing and investment on Kaniungan Island as follows;

Table 2: Research Themes

Code	Theme
T1	Policy
T2	Human Resources
T3	Infrastructure and Technology
T4	MSMEs and Creative Economy

4. RESULTS AND DISCUSSION

The concept of *public private partnership* (PPP) is a contractual agreement between the private sector and the government in terms of sharing expertise and assets to provide services and facilities for the general public (Nipa et al. 2015). PPP aims to prosper the community in the form of infrastructure development and services through cooperation between the government and the private sector to meet the needs of the community (Anwar et al. 2018).

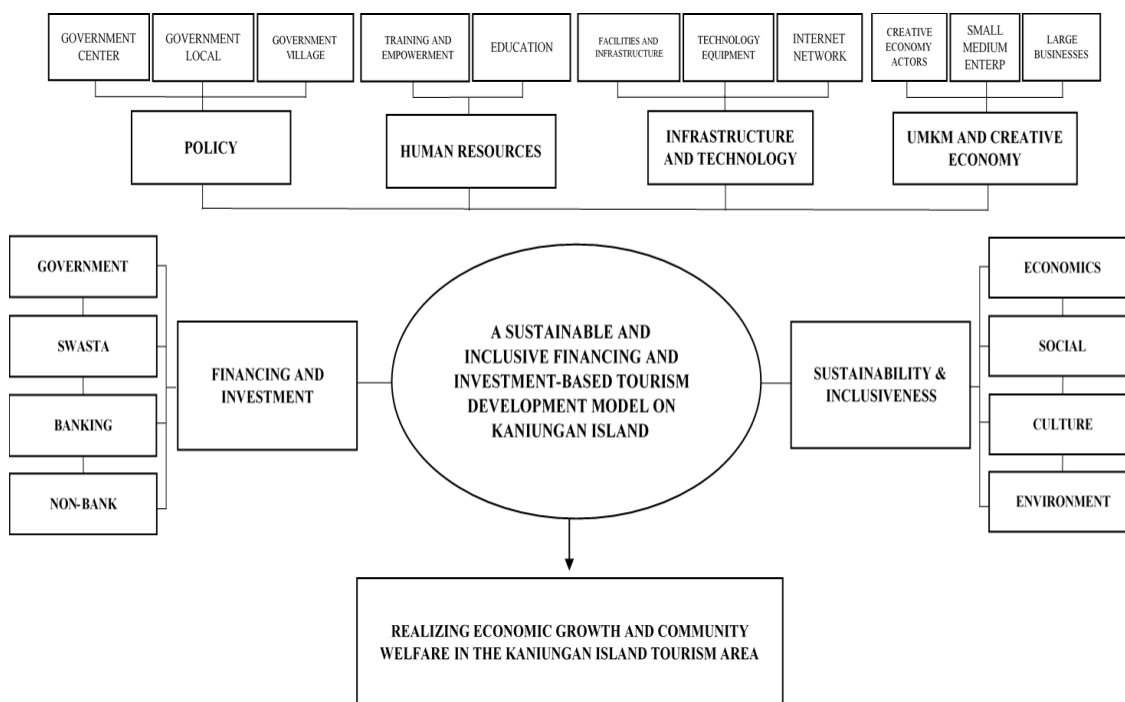


Figure 1: Model of Tourism Development Strategy in Berau Regency

The research findings of Zapata and Hall (2012) in Spain revealed that the implementation of PPP in the tourism sector needs to consider the legitimacy and effectiveness of local tourism cooperation. The existence of this concept is an alternative in increasing financing, this cannot be separated from alternative financing which is mainly the government. With the above approach, consequently, the source of investment financing for the development of the Kaniungan Island Tourism Area which is still relatively newly developed is prioritized from the government, both central and local governments, while still opening opportunities for the private sector and financial institutions to participate.

1) Financing and Investment

Development financing in Berau Regency, especially in the tourism sector, is not only sourced from the government but can also be through active private partnerships so as to be able to carry out business activities that provide added value and create jobs. For this reason, it is necessary to engineer development financing that is not conventional but based on partnerships with the public and private sectors. According to Saleh (2008), partnerships in investing can take the form of:

- (1). Providing ease of investment and
- (2). Public and *private partnerships*.

The public and private sector partnership models include *partnership companies*, *private finance initiatives* and *partnership investments*. *Partnership companies* are the entry of private sector ownership into BUMN/BUMD, while still guaranteeing or prioritizing public interests and public policy objectives through regulation, legislation, partnership agreements, or holding special government shares (Saleh, 2008). Statements that support this include the following statement from informant R1 as the Investment Office of Berau Regency;

"..... The concept of financing and investment in Berau Regency has been compiled and conceptualized by creating an investment map, especially in the tourism sector, in order to increase investment from the private sector and from abroad ... the government and companies are partnering with the entry of private sector ownership into BUMN / BUMD on Kaniungan Island"

From the results of interviews with the Berau Regency Investment Office at the Berau DPMPTS Office, researchers found that the Berau Regency government has conceptualized tourism development by creating a financing and investment map in Berau Regency. This can help tourism managers to obtain financing and investment by working with the private sector and government companies.

a. Financing or funding assistance from public and private parties is the key to community welfare

According to research conducted by Barus JJ, Muturi W, Kibati P, Koima J. (2020) stated that financial assistance and funding from the government and private sector is one of the keys to community welfare. *Partnership investment* is a model where the public sector contributes funding to private sector project *investments*, so that the public sector will get a profit share from the investment. Statements that support this include the following statement from informant R1 as the Investment Office of Berau Regency;

".... financing and investment in Berau Regency can accelerate infrastructure development, especially in the tourism area, this can contribute to PAD and community welfare... this concept is to contribute funding to private sector project investments, so that the public sector will get a profit share from the investment..."

This is reinforced by participant R8 as an employee of Bank Syariah Indonesia (BSI) as follows;

"...The Bank has prepared financial assistance in the form of KUR or Kredit usaha rakyat in accordance with applicable regulations and conditions for capital assistance to accelerate the management of the tourism sector... This can develop businesses around tourism that can have an impact on the welfare of the community..."

From the results of interviews with the Berau Regency Investment Office at the Berau DPMPTS Office and staff from Bank Syariah Indonesia (BSI) in the Discussion Room, researchers found that community-based tourism development on Kaniungan Island is carried out by providing capital reinforcement for those who already have a business, for example through KUR and PNPM Mandiri. In Berau Regency until the end of December 2022, KUR distribution has reached Rp 12.9 billion for 804 customers. In addition, Biduk-Biduk Sub-district is the area that absorbed the most KUR funds at Rp 2.2 billion.

b. Banking financing can improve tourism facilities and infrastructure

Financing from banks or non-banks can show that although public facilities and infrastructure such as roads and electricity have been built by the Berau government, it has not yet focused and optimized on implementing physical funding for the development of facilities and infrastructure and other tourism supporting facilities. Statements that support this include the following statement from informant R5 as the Head of Teluk Sumbang Village, Berau Regency;

"...the obstruction of the development of facilities and infrastructure in the Kaniungan Island tourism area is due to the lack of financing from the private sector which is less than 80%... the government should take more initiative to continue to seek financing to accelerate tourism development..."

An interview with the Village Head of Teluk Sumbang, Berau Regency revealed that tourism objects are less developed because they are not managed by the private sector (80%) and there is no cooperation between the local government and the small, medium and large scale private sector to develop regional tourism (80%). As for infrastructure development to support tourism development connectivity:

- (a). Government financing (APBN or APBD) for infrastructure with relatively low commercialization potential or pioneering in nature, such as village roads and bridges.
- (b). Private financing for infrastructure development with relatively high commercialization potential, such as internet network infrastructure.
- (c). Banking support through construction loans with encouragement accompanied by incentives from the government.
- (d). Participation of investment institutions or non-banking financial institutions in financing and managing digital infrastructure (*software*).

c. Investment from the private sector To increase the development of the Tourism Sector on Kaniungan Island

Investment is the investment of a number of funds at this time in the hope of obtaining future profits (Abdul Halim in Fahmi, 2009). Investments are made to add factors of production so as to increase the production of goods and services in the future. According to Afdi (2011), tourism activities have direct and indirect impacts on the economy. This direct impact can be measured through the level of tourism foreign exchange expenditure and its impact on employment. While the indirect impact includes measuring the effects on national income (economic growth). Statements that support this include a statement from informant R7 as Head of Tourism and Investment of KADIN Berau Regency as follows;

"...Investment facilities in the Kaniungan Tourism Area can have an impact on the economy if they can simplify the licensing process for investment, land and spatial planning, tax management, and goods traffic... With this extraordinary convenience, we hope to invite more investors to invest in the tourism sector in Indonesia, especially the Kaniungan Tourism Area..."

An interview with the Head of Tourism and Investment of KADIN Berau revealed that in the long term, the effects of tourism on increasing economic growth can be identified through several different channels, as follows:

- (1). Tourism is a sizable earner of foreign exchange, which is available for payment of imported goods or basic raw materials used in the production process.
- (2). Tourism plays an important role in encouraging investment in new infrastructure and competition between local firms and firms in other tourist countries.
- (3). Tourism stimulates other industries, both directly and indirectly and through stimulation effects.
- (4). Tourism contributes to job creation and income generation. Based on the long-term effects of tourism above, tourism has an important role in encouraging investment which in turn will encourage economic growth (Sutawijaya, 2010).

2) Sustainability and Inclusiveness

In the context of tourism development in Indonesia, the adoption of the ethos and principles of sustainable tourism development is mandated by the Law and the National Tourism Development Strategic Plan. Law of the Republic of Indonesia No. 10/2009 on Tourism states that the organization of tourism in Indonesia is based on principles that are in line with the ethos and principles of sustainable tourism development. Chapter II Article 2 of Law No. 10/2009 states that the principles of organizing tourism in Indonesia are benefits, kinship, fair and equitable, balance, independence, sustainability, participatory, sustainable, democratic, equality, and unity. Furthermore, Article 5 of Law No. 10/2009 also mandates that the implementation of tourism in Indonesia must be based on aspects that include the ethos and principles of sustainability. Statements that support this include the following statement from informant R4 as a Legislative Member (DPRD) of Berau Regency;

"...sustainable tourism already exists in the Law of the Republic of Indonesia Number 10 of 2009 concerning Tourism... this is one of the significant means to drive the economy and support efforts to achieve the SDGs targets in tourism development..."

From the results of interviews with Berau Regency Legislative Members (DPRD) revealed that sustainable tourism is related to public policy, in accordance with the results of research by Cetinel and Yolal (2009). This research reveals a theoretical analysis of public policy and sustainable tourism in Turkey, explained that Turkey is one of the largest countries in Europe and the Middle East with an area of approximately 800,000 km². This has implications for the difficulty of regulating the tourism industry in such a vast land because of the different priorities and needs of each region and destination. Radical changes and democratization of the country and political structure are needed for better management of tourism resources and industry. This should be followed by a regional planning approach, which entails decentralization of central government powers to regional and local authorities. Focusing on quality rather than quantity can reduce the negative impacts of tourism without sacrificing the expected economic benefits. Another study conducted by Xu and Sofield (2013) revealed that in accordance with the principles of sustainability, low energy use, protecting the environment, and rational use of resources can create sustainable tourism development.

This was reinforced by participant R10 as a UMBerau academic as follows;

"..... Sustainable investment is the answer to making investments more resilient to future shocks and challenges... Sustainable investment is a term that encompasses investment approaches that consider the harmonization of environmental, social, and governance factors..."

Interviews with UMBerau academics revealed that policies against environmental pollution from tourism activities are regulated in three policies: Beijing in 2001, Chongqing in 2005, and Guizhou in 2002. Although sustainability is very important in Chinese society, economic growth is still very vital in the Chinese government system.

This is reinforced by participant R4, an entrepreneur from the HIPMI organization as follows;

"...Sustainable tourism development must pay attention to environmental preservation which is an important element in the development of sustainable tourism..., This is important because if there is environmental damage, it has an impact on environmental and ecological impacts and damages the growth of the sustainability of kaniungan island tourism..... .."

From the results of interviews with Entrepreneurs from the HIPMI Organization revealed that to carry out environmental and ecological preservation strategies are as follows. (1) Development of environmental infrastructure: Government financing through APBN / APBD for basic infrastructure or facilities for environmental preservation such as waste and waste treatment plants, Private financing for environmentally friendly operations, such as procurement of solar thermal for water heaters in hotels and inns, Financing through public-private partnerships for the construction of large-scale installations such as seawater

desalination plants into clean water, *Green* credit financing (*Green Financing*) from banks for infrastructure in the field of environmental preservation, *Financing* support through international grants for the development of conservation support infrastructure by utilizing the position of the Kaniungan Island Tourism Area as an international heritage. (2) Non-infrastructure Private financing for the use of national/regional media for environmental preservation campaigns, Banking loan facilities through Green Financing schemes for businesses that support environmental preservation, Financing cooperation and partnerships with Non-Governmental Organizations (NGOs) engaged in environmental preservation in the form of monitoring and environmental preservation campaigns.

3) Policy

Referring to the tourism activities contained in the Berau RKPD, it appears that these activities are in accordance with those mandated in the Berau RPJM 2021-2026. Statements that support this include a statement from informant R4 as a Legislative Member (DPRD) of Berau Regency as follows;

"...The provisions of the Berau Regency tourism sector policy have been carried out according to the rules agreed upon with the legislature... the policy to accelerate the tourism sector is a rule that must be carried out according to existing directions..."

This was reinforced by participant R2 as the Berau Regency Tourism Office as follows;

"...The policies carried out by the Berau government are in accordance with the RPJM and RPJMD in every tourism development program, especially in collecting contributions for each tourist attraction.... This is to be a measure of leading sector development that can improve people's welfare..."

From the results of interviews with Berau Regency Legislative Members (DPRD) and the Berau Regency Tourism Office revealed that the activities in the RKPD only implement two policies in the Berau Regency RPJM 2021-2026, namely: 1). Improve, develop and preserve tourism objects and tourist attractions through promotion and marketing and 2). Improve the quality of the apparatus and community participation in supporting tourism development. This program is more directed at forming a network of tourism cooperation areas (*networking*) both regionally, and between regions in the East Kalimantan Province. The government of Berau Regency has conducted various development programs but has not been optimal in supporting the tourism sector, which is also the dominant Gross Regional Domestic Product (GRDP) forming sector.

This was reinforced by participant R5 as the Head of Teluk Sumbang Village, Berau Regency as follows;

"... Village policies have followed the policies made by the regions where the regions have adjusted to the provincial and central levels..., this requires an incentive and disincentive system for the financial management of the APBN / APBD to improve the tourism sector..."

From the results of interviews with the Head of Teluk Sumbang Village, Berau Regency revealed that financing and investment to carry out the strategy of developing incentive and disincentive systems is through the government in the form of APBN / APBD for:

- 1) Development of facilities/incentives in order to encourage private and community participation at various levels to support the implementation of tourism development strategies; such as tax deductions, ease of licensing and subsidies.
- 2) Develop and *enforce a* system of disincentives for unsupportive community or organizational behavior, such as license revocation, fines and additional taxes.

4) Human Resources

In addition to having qualified knowledge and skills, the performance and fulfillment of workers' rights also need to be considered and fulfilled so that the quality that is built will be sustainable. Statements that support this include the following statement from informant R2 as the Tourism and Culture Office of Berau Regency;

"...The quality of human resources can affect the quality of tourism in Berau Regency, so education and training in the tourism sector is developed gradually, so that all elements and in accordance with the concept of the local government..."

This was reinforced by participant R3 as the Koperindag and UMKM Office of Berau Regency as follows;

"...Training to improve human resources in MSMEs and the Creative Economy can improve the quality tourism sector..., so tourism training has become the main thing to be developed in every business actor to match the development of performance in MSME business actors..."

5) Tourism Infrastructure and Technology

. All of this will certainly have a very large *multiplier effect*. We are optimistic that the main economic sector that will quickly rise is the tourism sector. Statements that support this include the following statement from informant R2 as the Tourism and Culture Office of Berau Regency;

"....The development of tourism infrastructure in Berau Regency is growing year by year, especially the development of roads that are always road construction ... This is to facilitate access to tourism locations, of course, it will have a very large multiplier effect ..."

This was reinforced by participant R12 as the owner of Labuan Cermin Resort in Berau Regency as follows;

".... With the development of adequate infrastructure, we as business people really feel the impact of the increase in people traveling in this village... The main obstacle for less visitors to come to Kaniungan Island is due to inadequate roads and facilities that are less considered by the government. But, this is under construction for the better..."

Financing and investment models for implementing technology development strategies to support tourism on a broad/large scale that supports tourism development:

- (a). Government financing through APBD/APBN to facilitate the development and adoption of technology,
- (b). Private financing through partnership financing support for technology development such as providing internet providers,
- (c). Public-private partnership financing for technology development investments such as fiber optic internet infrastructure development,
- (d). Banking financing for the development of application-based financial services (*software*) such as e-banking,
- (e). other financing support through international partnerships both bilaterally and international institutions for internet procurement in villages and disadvantaged areas.

6) MSMEs and Creative Economy

Tourism has a wide multiplier effect, so that it can increase local revenue through local taxes and levies and can also increase people's per capita income. This is due to the expansion of economic activities by the community and migrants (tourists) not only in the tourism location, but also economic activities outside tourism (Ni'mah, 2016). Statements that support this include a statement from informant R12 as the Owner of Panorama Kaniungan Resort as follows;

".... We as tourism businesses have contributed to regional revenue sourced from taxes, parking fees and tickets or can bring in visits to tourism will also grow economic businesses which are mutually strung and support their activities so as to increase community income"

From the results of interviews with the owner of Panorama Kaniungan Resort in the Kaniungan Island area, researchers found that the role of the community towards the tourism development strategy of Kaniungan Island revealed that institutional strengthening for tourism is very important, especially a tour that is managed institutionally by BUMDes, UMKM kreatif and marine tourism institutions in Berau Regency. This was reinforced by participant R3 as the Berau Regency Cooperindag Disk as follows;

"....The economic wheel in the tourism area must be developed through Creative MSMEs and creative elements that can improve and move the wheels of the rural and island economy as a tourism sector...."

From the results of interviews with Diskoperindag at the Koperindag Office, researchers found that these MSMEs are also expected to be able to stimulate and drive the economy in rural areas, economic assets in the village must be fully managed by the village community, the substance and philosophy of creative MSMEs and marine tourism institutions must be imbued with a spirit of togetherness and efforts to strengthen the economic aspects of their institutions.

a) Synergy between Stakeholders in the Development of Beach Tourism and Creative Economy

Cooperation and synergistic effects between stakeholders in the development of coastal tourism and creative industries, including job creation, increased employment, indirectly reducing unemployment and also increasing community income.

The development of tourist villages can open up even more new jobs (Khomzi et al., 2020). In addition, businesses emerge indirectly, either managed directly by partners or accidentally growing in coastal tourism areas, and their growth increases the welfare of the surrounding community. Statements that support this include a statement from informant R3 as the Koperindag Office as follows;

"... The economic impact that occurs at the Kaniungan Island tourist attraction, which has been visited by many tourists in Berau Regency, is an increase in income for the surrounding population obtained by local residents by selling food and drinks. This is what is called the multiple impact of coastal tourism development on other sectors, one of which is the creative industry..."

From the results of interviews with the Diskoperindag at the Koperindag Office, researchers found that the presence of the creative economy as a form of creative ideas of innovation from the community and its economic benefits has not been able to make the Berau Regency government immediately react with structuring and regulation as well as the development of businesses and creative products that can provide economic benefits and added value that can be felt directly by the community. Statements that support this include the following statement from informant R5 as the Village Head;

"...Development of creative businesses and products that can provide benefits and added economic value that can be felt directly by the community and business actors.... This is very important for the development of a strong and sustainable coastal tourism and creative economy..."

From the interview with the Head of Teluk Sumbang Village, the researcher found that a close, mutually supportive and beneficial relationship between these actors is essential for the development of a strong and sustainable coastal tourism and creative economy.

The local government cannot act alone in developing the region because its duties and functions are limited, so the development of coastal tourism and the creative industry cannot be done thoroughly if only handled by the local government. In the concept of collaborative governance, an effective communication model is needed, which facilitates the coordination and cooperation of actors.

This is reinforced by participant R2 as the Tourism and Culture Office of Berau Regency as follows;

"..... the actors involved can optimize their respective roles and functions so that they have an understanding ... of the development model that will be applied to develop beach tourism and the creative economy ..."

Inter-organizational cooperation can only be seen in mutually agreed upon goals by recognizing the capacity of each party (Mah & Hills, 2012).

Thus, the actors involved can optimize their respective roles and functions so that they have the same understanding of the development model that will be applied to develop Berau Regency's coastal tourism and creative economy, namely universities, local government, private sector, community and media.

People who collaborate often claim that the lack of progress is due to a lack of commitment from all members involved and the solution is to get more commitment from all members (Huxham & Vangen, 1996).

This is reinforced by participant R11 as the Owner of Panorama Kaniungan Resort as follows;

"... Businesses must have a sense of collaboration that the lack of progress is due to a lack of commitment... from all members involved and the solution is to get more commitment from the private sector and government..."

Limited financing of tourism development by the local government and the private sector also impacts the development of coastal tourism and creative industries in Berau Regency.

Therefore, the development of coastal tourism and creative industries in Berau Regency requires collaboration between stakeholders and a focus on strategic priorities that have been developed so that coastal tourism and creative industries can grow inclusively and sustainably.

Forms of interaction between these stakeholders.

This is reinforced by participant R12 as the Owner of Labuan Cermin as follows;

"... Our needs are limited financing of tourism development by local governments and the private sector... thus impacting the development of coastal tourism and creative industries, and technological advances to accelerate orders on MSME products..."

This was reinforced by participant R3 as the Head of the UMKM Division as follows;

"...Training for creative actors on kaniungan island in order to help and become an additional promotion for tourism objects on kaniungan island..."

From the results of interviews with the owner of Labuan Cermin and the Head of the UMKM Division, the researcher found that various policies were carried out as a step to strengthen the tourism sector and MSMEs.

MSME products will have an impact if there is synergy between the government and the private sector in providing financing and investment for business actors and MSMEs must continue to be developed, so that the development of the tourism industry and creative industries can bring real benefits to improve the welfare of the people in Berau Regency.

This is reinforced by participant R8 as KADIN Berau as follows;

"...Tourism has also become a dynamizer of the socio-cultural life of the community because it provides benefits to the community through the creation of ..."

This is reinforced by participant R7 as HIPMI Berau as follows;

"...The concept of planning the development of resorts on the island must be developed in order to increase tourist visits.... Superior development without destroying the environment by improving the concept of..."

The positive impact of the presence of tourism is to improve the welfare of the community through MSMEs, Tourism has also become a dynamizer of the socio-cultural life of the community because it benefits the community through job creation, increasing foreign exchange, encouraging exports and changing the economic structure of the community for the better.

5. CONCLUSION

- 1) Tourism development in the Kaniungan Island area is carried out by prioritizing financing and investment to further pursue sustainability and inclusiveness. The main approach (*driver*) of the development is through policy, which is directed to carry out two main strategies in the form of increasing MSME and creative economy businesses, competence and quality of human resources, and increasing connectivity, both physically and business systems between tourist destinations. The sustainable and inclusive financing and investment-based tourism development strategy in the Kaniungan Island Tourism Area comes from government collaboration.
- 2) Factors that significantly influence the economy of business actors are the level of education, business form, type of business, business scale, location, partnership, distance from residence to business location, amount of initial capital, source of capital, access to finance, technology adoption and quality human resources.
- 3) MSME and Creative Economy businesses in the Kaniungan Island Tourism Area are mostly micro-scale businesses managed by individuals and engaged in the accommodation sector, namely food and beverage providers. Various obstacles faced by business actors include technical constraints such as limited public facilities; economic constraints such as limited buyers and purchasing power; social constraints such as the suboptimal role of local government; and environmental constraints related to environmental and waste management.

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