

CHAPTER I

INTRODUCTION

1.1 Background

Tourism sector being the main industry that deserve policy attention and become a global socioeconomic phenomenon. Tourism sector also being the industries that determine the worlds long-term economic growth. A successful tourism is able to give significant contribution to development of regional economic.

According to the World Travel and Tourism Council (WTTC) tourism being the most fast growing industry in the world with rate in 2016 of direct contribution of Travel and Tourism to global Gross Domestic Product (GDP) is 3.1 % of the total GDP or around and is forecast to rise 3.6% in 2017. Tourism also contribute to the employment in global with rate in 2016 3.6% of the total employment. Tourism give big contribution to the region, labor and can create job opportunity to local community through product and services.

Most tourism research in the world only focus to the contribution of tourism to the economic such as contribution to GDP and Employment but beside that there is also contribution by tourism to another sector like local economy in the region of tourism such as Micro Small Medium Enterprises (MSEs) that influenced by this sector. Local community in the region of tourism can increase their income and standard living by opening micro or small business along the tourism area. In other word tourism can provide the greater benefit to the local community.

Bookman (2006) on his research proved that tourism has effect of empowering the income generation to the local community. MSEs being the favorite business that open by local people in tourism area because this kind of business didn't need high amount of capital and the barriers to entry is also low. That's why along the tourism area we will see there are a lot of MSEs sell product and services that can fulfill all the visitors need.

MSEs in tourism area usually open business in food production, because generally people will just feeling thirsty or hungry when they joy their leisure time in tourism area. But not only food in tourism destination there are lot of product that offer by MSEs like accessories, some entertainment stuff and souvenir, but still the number of this business is not as much as food business. Othman and Rosli (2011) classified the MSEs in tourism destination into food, souvenir, travel agent, transportation and other services that mostly need by visitor in region of tourism area. The tourism activities should be follow by increasing the income and welfare of MSEs in tourism area. The number of visitor that come to the area can also influence the number of income of MSEs. So the development of tourism is important in order to keep the large number of visitor. Repair and updating recreation facilities in tourism area can be a good way to attract the visitor keep coming to tourism area.

Based on research by Streimilkiene and Bilan (2015) the theories of tourism development based on travel life cycle by Butler analyze that the changes in tourism market happening not because of the economic or social reasons but

because of the changing of visitor motivation to come. When the location is popular, there will be a lot of visitors who come to the area.

Indonesia as one of popular tourism destination country with the number of population over 262,576,135 is also concerned about the development of tourism and MSEs inside it. It prove by there is a law that regulate the relation between tourism and local business in Indonesia. Law of UU No. 10 year 2009 about tourism that explained the development of tourism is a part of national development in Indonesia that have a goal in expand and flatten business opportunity, employment, and the welfare of people.

West Sumatera as territory focus in this research based on West Sumatera Central Bureau of Statistics (2016) note that the number of visitor who visit West Sumatera is around 5,195 million people. According to Mansour and Mahin (2013) people visit some area come for many reasons such as holiday, business activity, seminar, and looking forward to traditional events that held once a year. This kind of people are really help in contributed to the growth of economy in the tourism destination that they visit. The people especially the younger in West Sumatera, also make tourism destination as trend that very interesting to explore. West Sumatera province having a lot of popular nature tourism destination such as beach, mountain, and hill that attract many visitor to come.

Tourism destination area in West Sumatera is also conducted by large number of MSEs especially in marine area. The type of tourism business in marine area like beach in West Sumatera dominated by micro business that without spend lot money for capital easily to open the business. Micro business that located in

beach tourism area usually coming from the local community that live near the area. For them this business is the source of income that their daily life depend on this sector.

Tourism destination being the sector that really influence the income of the micro business in that area. Like Mshenga and Richardson (2010) said on their research that the important thing in growing the micro business is the location of the business, gender of the entrepreneur and subsector. If the tourism destination has a lack of visitor than the income of the micro business in there area will decrease because the opportunity to get profit is also low. This situation can treat the welfare of micro business it self because slow but sure the business will hard to fulfill the production cost and the business will be crash.

Tourism destination such as beach in West Sumatera is the popular tourism that available in this province. In this study the author will focus in 2 beach tourism area which is Padang beach with the city of Padang and Gandoriah beach with the city of Pariaman. The research find out the impact of the tourism destination to the welfare micro business in tourism area.

Padang beach is one of popular tourism in West Sumatera that located in the central of Padang City. This beach usually called Taplau by the citizen, this area there area a lot of MSEs along the beach with selling many kinds of product like food, accessories, souvenir and entertainment stuff. Visitor that coming this area free to choose what ever they need because everything is completed in this tourism area. Along the Padang beach there is more than 100 micro business that sell a food to the visitor, open the business in food production is dominate in this

area because the opportunity to get high income is higher than the others product. Micro business along the beach is mostly coming from the local community that live near the beach, business that they open in this area being their main job or source of family income that running by the husband and wife. The micro business that they build are owned and manage by them self which is in many cases owned by married couples and being family business (Rashid et.al, 2013). That's why micro business along Padang beach is drape their life with the this tourism destination.

The number of visitor that visit the area direct will also influence the number of income and the welfare of micro business. According to Stynes (2010) there is 2 types of economic effects of tourism that area direct and indirect effect, in direct effect is the number of visitor directly increased the sales of business in the tourism area. Indirect effect of the tourism is the changes in job and income to the linen supply industry (the industry who produce product that sell by micro business).

Gandoriah beach as the second research location on this study is also the popular beach destination that invite lot of visitor to come, this beach is located in Pariaman City that is only 60km from Padang city. Gandoriah beach every year held traditional cultural festival that by local people called Tabuik, that always held 10th of Muharram since 1831. This event aims to remembrance the muharram among the Minangkabau people. with the unique cultural tradition and the beautiful landscape that offer by this beach, it attract many visitor to come to this area especially in Tabuik festival. On that day there

will be full of visitor and even the micro business who sell some product will also full of customers.

In this area there are a lot of MSEs along the beach that selling traditional food like nasi sek and sala lauk, accessories, souvenir and entertainment such us kites that visitor than play near to the beach. There is more than 100 micro business in this area sell food and drink which is contained to traditional food and snack. Micro business that open food is dominated than other product in this area. The owner of the micro business coming from different places not only from local people that live near Gandoriah beach. Same as micro business in Padang beach, micro business in this area also drape their life with the tourism development. It because their income and business welfare direct or indirectly affected by the visitor who coming to the location that later on being their customer and buy some product from the micro business.

This study is based on an integrated economic model of tourism destination and the welfare of microbusiness. It focuses on the handling of scarce resources and express activities and outcomes of activities in monetary terms. So it needs to be seen how tourism destination can affect the welfare of microbusiness in tourism area. It is interesting to study, therefore the author doing research for thesis with the title :

**“The Impact of Tourism Destination to The Welfare of Micro Business
In West Sumatera”**