THE ESTIMATION OF WILLINGNESS TO PAY AND IDENTIFICATION OF ECONOMIC BEHAVIOR OF LAKESIDE RESIDENT IN TANJUNG RAYA SUB-DISTRICT, AGAM DISTRICT
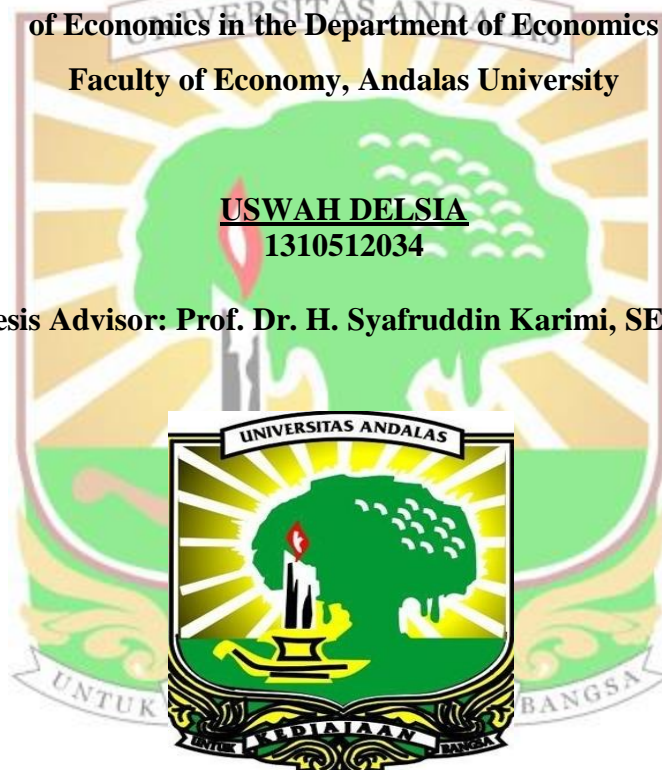
THESIS

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ABSTRACT

This research examine lakeside resident perception of declining water quality, WTP for water quality improvements using contingent valuation method and its influencing factors using logistic regression, and motives underlying WTP using descriptive analysis. Based on survey data, lakeside residents' perception regarding environmental conditions on Lake Maninjau, they felt the occurrence of water pollution and realized that water pollution that occurred was the contribution of the existence of fish farming, waste and household disposal and hydropower. Contingent valuation results showed that the average value of WTP is Rp 59,179.70/household/month. Logistic regression output showed that lakeside residents' WTP in the first bid class offered was significantly influenced by income level and dependency on water quality, lakeside residents' WTP in the second bid class offered was influenced by dependency on water quality. In the third bid class offered, lakeside residents' WTP was significantly influenced by income level, number of dependent and dependency on water quality, while in the fourth bid class offered, lakeside residents' WTP was influenced by dependency on water quality. The motives that underlying lakeside resident willingness to pay were water quality improvement, increase in productivity of fish and better management for Lake Maninjau sustainability.

Keywords: Lake Maninjau, Water Pollution, Willingness to Pay, CVM, Logistic Regression