MEDIATING LABOR ABSORPTION TOWARDS ECONOMIC GROWTH IN THE TOURISM AREA OF LOMBOK ISLAND

by Mochammad fahlevi

MEDIATING LABOR ABSORPTION TOWARDS ECONOMIC GROWTH IN THE TOURISM AREA OF LOMBOK ISLAND

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ABSTRACT

The poor quality of labor causes low productivity and competitiveness. The objective of this study was to mediate the effect of labor absorption on economic growth in the tourism area of Lombok island. This study used the total population of the Lombok island community in three popular destinations to date among others are Senggigi Beach, Kuta Beach Lombok, and Gili Trawangan Beach with a total of 275.267 respondents. This study used random sampling because the total population is more than 100 respondents. The sampling techniques used Taro Yamane or Slovin method (Priyono, 2016). There is a total sample of 100 respondents that are proportionally distributed in the tourism area of Lombok island. The research instrument is in the form of questionnaires with 5-point Likert scale questions to know the response of the respondents. The data collection method was direct observations, interviews, questionnaires, and documentation. Data analysis used SEM-PLS version 3.0.

The result found that direct or indirect effects in mediating labor absorption towards economic growth in the tourism area of Lombok island are great. Other results showed a strong indicator in each variable that affects labor absorption towards economic growth in the tourism area of Lombok island namely having the skills and fair business competition.

Keywords: Labor Absorption and Economic Growth

INTRODUCTION

Tourism is various kinds of tourism activities and is supported by various facilities and infrastructures provided by the community, the private sector, and the local government (Pitana and Diarta, 2009: 2). Thus, the development of tourism continues to be improved and developed to increase foreign exchange earnings, to equalize business opportunities and employment, encourage regional development, improve the welfare and prosperity of the people, enrich national culture and maintain national personality, including the maintenance of religious values.

Based on its development, tourism will have a positive impact on each country that develops it. Nowadays, there are a lot of countries that make the tourism industry as one of the mainstays in generating foreign exchange due to the history of the decline in commodity trade, tourism continues to show an increasing trend. Therefore, the tourism sector in Indonesia is a growing and developing industrial sector. In terms of national economic life, the development of tourism will have many positive impacts including the emergence of small industries that will bring prosperity to the people so they can lift the Indonesian nation in a higher political, social, economic, and cultural life.

For that reason, Indonesia must look at tourism trends in 2020, where world travel will reach 1.6 billion people and among them, 438 million people will visit the Asia Pacific region and 100 million people will visit China. Looking at the large number of tourists, Indonesia can offer its tourism attraction to bring the tourists to seize the tourism market share (Sedarmayanti, 2014: 14). Hence, it needs cooperation among the local community, entrepreneurs (investors), travel agents, and local governments in an integrated manner to make the maximum effort to develop tourism potential that consider the advantages and benefits of many people.

Tourism in Lombok Island is currently starting to improve from the north, middle to south sides. The purpose is to attract tourists, bring prosperity to the community, develop regional potential, and support economic growth. Tourism in this area includes various aspects namely facilities and infrastructure, such as hotels, travel, restaurants, representative airports, tourist objects and attractions, such as natural beauty, cultural attractions, and the diversity of flora and fauna. All of this is a potential that can be utilized to support the development of tourism and economic growth. Theoretically, Austriana (2005) stated that the longer the tourists stay in a tourist destination, the more money is spent in the tourist destination, at least for eating, drinking and lodging while staying in the area.

The Manpower and Transmigration Office of West Nusa Tenggara (NTB) claimed that there are about 22.843 residents in the area who are currently unemployed. This condition makes the NTB provincial government in need of special attention in reducing unemployment. Many people also choose to become Indonesian Migrant Workers (TKI). High open unemployment triggers the high number of poor people as shown in Figure 1. The Number of Job Seekers Registered at The Manpower and Transmigration Office (Disnakertrans) Based on Gender in NTB Province 2016 is as follows.

Table 1. The Number of Job Seekers Registered at The Manpower and Transmigration Office (Disnakertrans) by Gender in NTB Province 2016

Description	Male	Female	Total Number
Job Seekers that have not been placed at the end of last year	1.807	1.065	2.872
Job Seekers registered	5.116	3.436	8.552
Job Seekers that have been placed	29	510	539
Job Seekers that have been removed	5	2	7
Job Seekers that have not been placed this year	6.889	3.984	10.873

Source: West Nusa Tenggara Central Bureau of Statistics (in number), 2017

Table 1 shows the percentage of the poor/unemployed population in 2016 is still relatively high. In general, many fundamental problems cause high poverty/unemployment, namely limited employment and a lack of government attention in empowering communities in development. Local governments continue to work to reduce unemployment and poverty by encouraging improvements in the quality of human resources (HR) of the existing workforce. The objective is to be able to absorb employment opportunities or be able to open up employment opportunities by themselves. With the increasingly active development in this area, the government hopes that unemployment can be reduced and poverty decreased, especially with the commencement development activities of Mandalika Special Economic Zone (SEZ), so that it is expected to create opportunities and wider employment for regions in Central Lombok Regency.

Economic growth always involves human resources as one of the agents of population growth, hence the population in a country is a major element in economic growth. The large population does not always guarantee the success of economic growth and even it can be a burden for the sustainability of economic growth. A large number of population and a disproportionate number of the availability of employment will cause some of the working-age population unemployed (Todaro, 2000: 18).

The increase in the wage level of labor further influences the increase in capital risk on the workforce so that there is a decrease in labor demand. As a result, some problems arise such as unemployment and income inequality. In short, economic growth tends to reduce the problem of poverty and income distribution only in the initial stages of development, then in the later stages, it will be the opposite (Irawan, 2002).
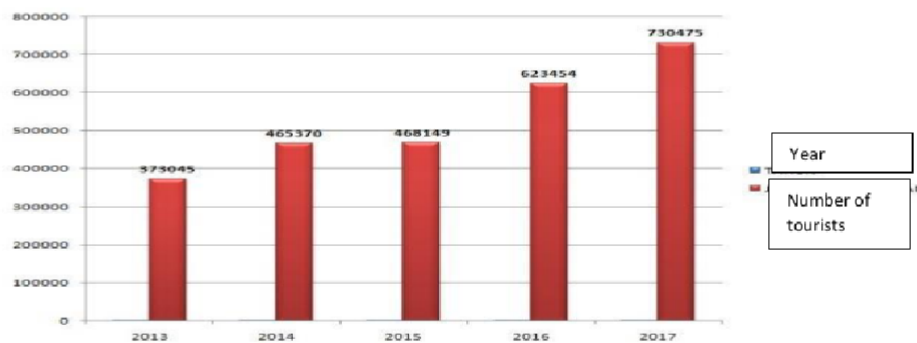
Mankiw (2007) stated that the goals to be achieved by economic policymakers are low inflation and low unemployment at the same time, but often these two goals are conflicting. According to him, there was a trade-off between inflation and unemployment. When it needs high output, it means that unemployment will be lower, because companies need more labor when they producing more. Conversely, the motive to increase the amount of output is driven by high demand, which also means that the price level is relatively high from the previous year (inflation). Thus, policymakers' actions to increase aggregate demand in the short term will reduce unemployment, but inflation increases. Conversely, a decrease in aggregate demand will increase unemployment, and inflation will decrease.

One of the tourism areas that are currently in the spotlight is the Mandalika Special Economic Zone (SEZ), which is expected to add a very large program and have an impact on economic growth namely open new job opportunities from the sports arena, entertainment, restaurants, homestays, hotels, and employees who work in the Mandalika Special Economic Zone so that it will provide benefits to increase employment for the people on Lombok island. Furthermore, it can also reduce unemployment and can create new business activities such as increasing the number of travel agents that can absorb labor directly or indirectly.

For the most popular marine tourism in the province of West Nusa Tenggara (NTB) are Senggigi and Gili Trawangan, where the district is a tourist destination in NTB. This area is the "second Bali" in Indonesia. There are lots of local and foreign tourists who come to this place. One of the most famous areas with beautiful beaches is Senggigi Beach and Gili Trawangan, a

beach that offers the charm of large waves that have a length of 200 meters with a height of 4-5 meters making this beach as a place of interest for surfers from various countries, especially from America, Europe, and Australia.

According to the data of the Culture and Tourism Office of West Nusa Tenggara, in 2014 the number of tourists visiting Lombok and Sumbawa reached 1.6 million visitors (to be exact 1,629,122 tourists). The visit of foreign tourists and domestic tourists increased from the previous year. If in 2013 the total number of visits was 1,357,602, then in 2014 the total number of tourist visits was increased as many as 1,629,122 with 752,306 foreign tourists and 876,816 domestic tourists. Specifically in the West Lombok region, tourist visits have increased from year to year in the past 5 years (from 2013 to 2017). The number of tourist visits can be seen in Figure 1 as follows.

Figure 1 Chart of Tourist Visits to West Lombok from 2013 to 2017

Figure 1 shows the development of tourism that occurred in Senggigi and Gili Trawangan apart from the various activities conducted by the local government and also the local citizens in providing various kinds of facilities for domestic tourists who will spend their time on the coast. Therefore, the local government and also the local community make an effort to meet supporting facilities in the tourism sector such as lodging, tour guides, restaurants, surf equipment rentals, souvenir shops, and travel services.

Based on the data of NTB Tourism and Culture Office, there are many tourism attractions, both marine tourism, culinary tourism, cultural tourism, and religious tourism which have not been

optimally managed by the local government and related agencies. It does not involve the local people as businesses, and they are only as spectators in their own area. This can create a less harmonious atmosphere between the local people/community and the government because it is not involved in development especially development in the region (Arif Yahya; 2017). If community participation is increased, the tourism sector will increase, and other sectors that will have an impact on economic growth.

Based on the background of the problem about economic growth condition on Lombok Island and its relevance to the literature references that have been described above, this research formulates research problems and tries to establish a problem solving model described as the renewal of this dissertation. The research problem formulated is that the current conditions of unemployment and poverty are still very alarming, whether these conditions are implications of the role of local government and community participation in the absorption and availability of labor by local provincial governments in the Mandalika Special Economic Zone (KEK). According to research conducted by Sudesh Prabhakarana, Vikneswaran Naira, Sridar Ramachandran[b,c], Procedia-Social and Behavioral Sciences, 2014, interrelated and progressive relationships are needed for community participation in the tourism environment, the community consciously contributes voluntarily in development programs and is involved starting from planning, implementation, monitoring to the evaluation stage, is also in accordance with research (Arif Yahya, 2017) in which it is found that if tourism development is managed optimally by the local government and related agencies, it does not involve the community as a business actor, and the community only as a spectator in its own territory, this can create a less harmonious atmosphere between the community and the government. If community participation is increased, it will increase the tourism sector and other sectors. The increased tourism sector will also create jobs for the surrounding community and reduce the number of unemployed and reduce poverty to create economic growth and sustainable development.

RESEARCH OBJECTIVE

Based on the background and research problem explained before, this research aims to mediate the effect of employment in the economic growth in the tourism area of Lombok Island.

RESEARCH METHOD

The types of the data used by the researcher about employment for economic growth were primary and secondary data. Sugiyono (2011:137) explains primary data, "Primary sources are data sources that directly provide data to data collectors".

This research used primary data because the researcher collects the required data directly from the first object to be examined. After the data was collected, the data would be processed. Thus, it will become information for researchers about the state of the research object. The primary data in this research were the results of observations and interviews.

Sugiyono (2011:137) states, "Secondary sources are sources that do not directly provide data to data collectors". This research also used secondary data because researchers collected information from data that has been processed by other parties, such as information about problems of the Lombok island.

Time and Research Site

This research was conducted in July to August 2019. The research sites ware in several tourism destinations on Lombok Island, which are Senggigi Beach Area, Kuta Beach and Gili Terawangan.

Research Subject

The research subject was government involved in managing tourism and the informants were the local people in each tourism areas such as Senggigi Beach, Kuta Beach and Gili Terawangan.

Data, Instrument and Technique of Collecting The Data

The data sources were government involved in tourism management. Data collection techniques were carried out by observation, semi-structured interviews and documentation of the completeness of the archives or documents of the institution. Data collection instruments derived from the researchers as key instruments that could develop observation guidance instruments, interview guidelines, and documentation guidelines.
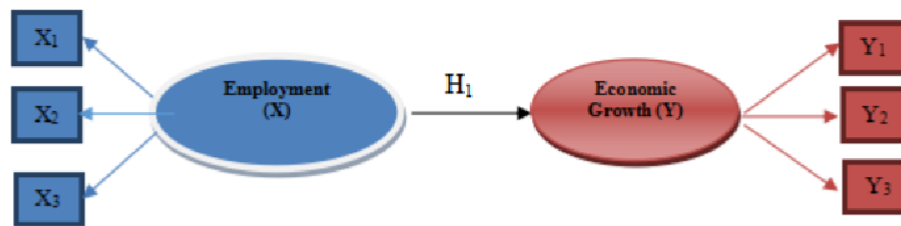
Data Analysis

Processing the data were conducted data editing, data entry into the computer, and data fireplace, at first. In the initial stages, there were several main activities such as editing, coding, and tabulating data (Churchill, Jr., 1983; Zikmund, 1994). Editing involves checking and rectifying each questionnaire or observation format in order to obtain some minimum quality standards in the raw data. It was also checking data perfection, instrument readability, consistency, and response uniformity. Coding is a technical procedure for categorizing data. It is the activity of assigning numeric symbols to data collection instruments so that they can be tabulated and calculated and transferred to a computer for processing.

The next important step is conducting data tabulation. This activity is to arrange data in sequence in a table or other summary format. Tabulation activities include scoring indicators that need to be scored, giving codes to indicators that are not scored, and changing the type of data to match the analytical techniques used. For example, the questionnaire format for the sales organization's control system uses a 5-point scale, for the category of statement strongly agree given a score of 5, conversely for statements that strongly disagree given a score of 1.

Based on the research concept in Figure 2, Data analysis used in this research was quantitative analysis. Quantitative analysis is used to answer the first, second and third problems, using Partial Least Square (PLS) analysis. PLS as an alternative to Structural Equation Modeling with a weak theoretical basis can be used as a confirmation of the theory (Wold, 1966). PLS is a method that uses SEM (Structural Equation Modeling) model to overcome the problem of relationships between complex variables but the data sample size is small (30-100). SEM method has a minimum data sample size of 100 (Hair et al. 2010).

This research used PLS analysis tool with depiction of the flow of the studied variable as shown in Figure 2 below.

Figure 2. Research Flow

RESULT AND DISCUSSION

Structural Equation Model (SEM)

The aim of this research is to mediate the effect of empoyment toward economic growth in the tourism area of Lombok Island. Through a sample of 100 respondents proportionally distributed in the area of Lombok Island, research instruments in the form of questionnaires with statement items arranged on a Likert scale of degree 5 were used to determine the opinions of respondents. The conceptual model of research is constructed as shown in Figure 3 below.

Figure 3. Research Conceptual Model

Based on figure 3 above, employment is independent variable with three indicators. Economic growth is a dependent variable. Indicators of independent and dependent variables will be explained in Table 2.

There were two variables in this research, which are dependent and independent variables. each variable has three research indicators. These variables were called latent variables because they cannot be measured directly through several indicator variables, It is Table 2 below.
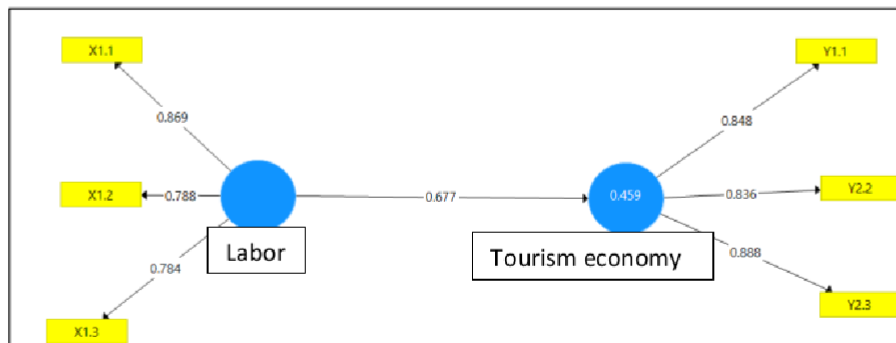
Table 2. Research Indicator Based on Variable

No	Variable	Research Indicator
1.	Employment (X)	$X_{1.1}$: Having *skill*
		$X_{1.2}$: Educated
		$X_{1.3}$: Trained
2.	Economic growth (Y)	$Y_{1.1}$: reducing poverty
		$Y_{1.2}$: Reducing unemployment
		$Y_{1.3}$: Fair business competition

Source: Researcher's data (processed)

Table 2 shows that emloyment us independent variable with three indicators such as having skills ($X_{1.1}$), educated ($X_{1.2}$), and trained ($X_{1.3}$). Economic growth as a dependent variable has three indicators such as reducing poverty ($Y_{1.1}$), reducing unemployment ($Y_{1.2}$), and fair business competition ($Y_{1.3}$). The research equation model will be provided in Figure 4.

Paying attention to the the instruments and items that compose sub concepts have good reliability and validity values, so the data matrix deserves further analysis. The structural equation model used in this research is first order structural equation modeling (SEM). Figure 4 shows the SEM operational model, in which there is a correlation coefficient for each indicator.

Figure 4. Research operational model and Correlation coefficient

Figure 4 shows that the employment variable (X) has a relationship with the economic growth variable (Y) with a correlation coefficient of 0.677. The employment variable (X) has the strongest relationship with having skills ($X_{1.1}$) with a correlation coefficient of 0.869. The

economic growth variable (Y) has the strongest relationship with fair business competition ($Y_{1.3}$) with a correlation coefficient of 0.888.

Measurement Model

The measurement model is a sub-model in SEM used to evaluate the quality of the relationship of the latent variable with its manifest variable, in the case of this study, between the latent variable and its measuring indicator items. The evaluation of the measurement model must be carried out before the structural model which is the center of the model established by the researchers. The evaluation of the measurement model actually involves several stages of analysis, including:

a) **Loading factor**

At this stage, the researchers will examine the significance of the loading factor to verify the validity of all indicators from the questionnaire in the following Table 3.

Table 3. Cronbach's Alpha Values and Outer Loading Item-Total

Variable	Alpha	Indicator	Alpha
Employment (X)	0.747	$X_{1.1}$: Having skills	0.869
		$X_{1.2}$: Educated	0.788
		$X_{1.3}$: Trained	0.784
Economic Growth (Y)	0.821	$Y_{1.1}$: Reducing poverty	0.848
		$Y_{1.2}$: Reducing unemployment	0.836
		$Y_{1.3}$: Fair business competition	0.888

Source: Researchers' data (processed)

In Table 3, it shows that all indicators have significant or significantly different loading factors. This confirms, as with the validity value of each indicator, that the measurement model of the latent variable is very good.

b) **Convergent validity**

If the indicators are reflective latent variables or the latent variables are reflective, then the researchers are required to check the convergence validity by observing the Average Variance Extracted (AVE) or Composite Reliability (CR) values of each latent variable. The following Table 4 presents the cut-off points values that are considered to meet the convergence validity criteria of 0.5 for AVE and 0.7 for CR (Peng & Lai, 2012).

<div align="center">**Table 4. Convergence validity values**</div>

Variable	Cronbach's Alpha	Rho	Composite Reliability (CR)	Average Variance Extra (AVE)
Employment (X)	0.747	0.753	0.855	0.664
Economic Growth (Y)	0.821	0.827	0.893	0.736

Source: Researchers' data (processed)

In Table 4, each latent variable has a conference validity value that has exceeded the cut-off points for each criterion. This shows that the latent variables are feasible to study because they meet the requirements.

Structural Model

In the following section, the structural model is displayed, in which in Table 5, the relationship between the latent variables and indicators is presented. Table 6 presents the path coefficient values on the relationship between the latent variables.

a) The relationship between the latent variables and indicators

The following Table 5 presents the results of the loading factor of the regression for each indicator.

<div align="center">**Table 5. Loading factor values of the regression for each indicator**</div>

Variable	Indicator	Original sample	Standard Deviation	T-statistic	P-value
	$X_{1.1}$: Having skills	0.869	0.054	16.073	0.000
Employment (X)	$X_{1.2}$: Educated	0.788	0.077	10.193	0.000
	$X_{1.3}$: Trained	0.784	0.074	10.659	0.000

	$Y_{1.1}$: Reducing poverty	0.848	0.033	25.863	0.000
Economic Growth (Y)	$Y_{1.2}$: Reducing unemployment	0.836	0.042	19.779	0.000
	$Y_{1.3}$: Fair business competition	0.888	0.044	20.100	0.000

Source: Researchers' data (processed)

Table 5 shows the relationship between the indicator and each latent variable. All indicators have a p-value of less or less than 0.05. This indicates that each indicator has a relationship with each latent variable with a high level of significance.

b) **The relationship between the latent variables**

The following Table 6 presents the results of the path coefficient values on the relationship between the latent variables.
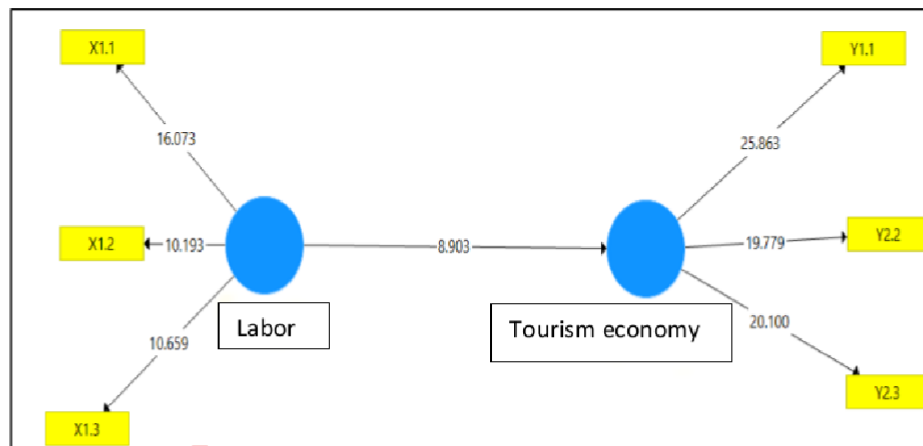
Table 6. Path coefficient values on the relationship between the latent variables

Causal Relationship	Sample Mean	Standard Deviation	T Statistic	P value
Employment → Economic growth	0.687	0.076	8.903 **	**0.000**

Note:

**: significant at the test level of 5 percent

Table 6 shows that the T value is statistically significant, meaning that there is a direct influence of employment on economic growth in the tourism area of Lombok Island. In the structural equation model, the direct influence of a variable on other variables can be seen in each path coefficient on the model of the causal relationship established in Figure 5 below.

Figure 5. Research Operational Model and Regression Coefficient

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS

Based on this study, it can be concluded that the higher the employment, the better the economic growth in the tourism area of Lombok Island and it supports the improvement of sustainable tourism development on Lombok Island. By being mediated by the employment variable, the economic growth variable can be considered significant. This shows that employment is very synergistic, both with the private sector and government in tourism development on Lombok Island.

SUGGESTIONS

Based on the conclusions of the results of the study, it is suggested that employment is the basis for developing tourist destinations on Lombok Island. If the government develops tourism on Lombok Island, they must partner with the community through training so that the community can have the skills, educated and trained, which is the basic step in driving the development of tourism on Lombok Island. The role of the private sector must be further optimized in promoting tourism on the Lombok Island through print or electronic media and organizing tourism events. The private sector should partner with communities around tourist destinations in building accessibility and cooperating with the government and related stakeholders, in the field of HR development. Tourism that is developed on Lombok Island must still maintain cultural values, customs and norms applying in the community so that local culture is not impaired or displaced

due to tourism development. The diverse culture and customs must be established to become a tourist attraction. Art galleries must also be developed by the government, so that the community continues to maintain the culture and customs in the development of sustainable tourism. The role of the private sector must be increased, strengthened by the Regional Regulation, which regulates the role of the private sector in the development of sustainable tourism on Lombok Island.

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