EFFECTIVENESS OF POLICIES AND PROGRAMS IN OPTIMISING TOURISM RESOURCE POTENTIALS IN INDONESIA: A RESEARCH NOTE

Novita Wulandari
Ph. D of Governmental Science, Post Graduate Lecturer of University of Tamansiswa Palembang. South Sumatera
Email address: novitawulan@satyagama.ac.id/wulanrhendhu@gmail.com

and

Carunia Mulya Firdausy
Professor of Economics, Faculty of Economics and Business, University of Tarumanagara and Research Professor, Centre for Economic Research, Indonesian Institute of Sciences
Email address: caruniaf@pps.untar.ac.id/cmfirdausy@gmail.com

ABSTRACT

This study aims at analyzing factors determining the effectiveness of policies and programs in optimizing tourism resource potentials in Indonesia, by taking into account tourism resource potentials in Sarolangun Regency, the province of Jambi as a case study. Apart from the workshop, semi-structured interviews, Focus Group Discussion (FGD), and distribution of questionnaires were also conducted to gather data in the fieldwork. Data collected using questionnaires were analyzed by applying the statistical method of Multiple Regression analysis. The study found that to optimize tourism resource potentials effectively in Indonesia, both central and local governments need to give serious concern to provide facilities needed by business actors, compliance with components needed for well-implemented policy, and creating a conducive investment climate in tourist locations. The limitations of the study were discussed so caveats apply to interpret the findings from this study.

Keywords: Tourism policy; Effectiveness of Policy; Business actors; Investment; Policy Implementation; Indonesia.

1.   INTRODUCTION

Tourism plays a significant role and contribution to the economy and the welfare of the people in Indonesia. Before the pandemic of coronavirus decease (Covid-19) hit badly the economy of Indonesia in early March 2019, this sector contributed to about 15 percent to Gross Domestic Product (GDP). The contribution of this sector to foreign exchange earnings was estimated to be more than US 20 billion dollars. This sector also absorbed more than 10 percent of Indonesia's total national workforce. The increasing contribution of the sector to the economy in 2019 was because of the increasing number of tourists visiting Indonesia. The number of foreign tourists visits in 2019 was about 16.1 million, falling short of the government's target of attracting 20 million tourists. This number, however, was still significantly different in comparison with the number of foreign tourists in 2016 at about 12 million. Similarly, the number of domestic tourists in 2016 was 260 million and it increased to 275 million in 2019 (Central Board of Statistics, 2020).

The achievement above has made Indonesia's travel and tourism (T&T) competitive index improved from the rank of 42 in 2017 to 40 in 2019 (see, World Economic Forum, 2019 for details). In ASEAN countries, the growth rate of tourism in Indonesia was in the second position after Vietnam. The growth rate of Indonesia's tourism was 22 percent in 2019, while the growth rate of tourism in Vietnam was 29 percent. The rest of Southeast Asian countries, like Malaysia grew at 4.0 percent, Singapore at 5.7 percent, and Thailand at 8.7 percent. The average growth of the tourism sector in the world was 6.4 percent and 7 percent in ASEAN.

Although the economic contribution of the tourism sector has shown significant improvement, policies and programs to optimize tourism resource potentials in Indonesia for the benefits of the economy have been criticized (see, for instance, Agus Cholik, 2017; Dewi and Muhajir, 2005). The criticism rose simply because many tourism resource potentials were observed to be ineffectively well-managed by the government. This, for instance, can be easily found in Sarolangun regency, Jambi province. In this regency, the bulk and diverse tourism resource potentials remain economically unexploited. These unexploited tourism potentials do not only consist of natural tourism (e.g. Bukit Dua Belas National Park Hill, Hot Water Area, Arung Jeram Waterfall Area, Waterfall, Caves, Lake, Bukit Tempurung, Temulun Hill, Protected Forest Area), but also cultural or heritage tourism (e.g. Suku Anak Dalam, Sacred tombs, and traditional villages), sports tourism (e.g. Pacu Biduk, Rock Climbing, Laman Basamo Sriwijaya), historical tourism, eco-tourism, religious tourism, and culinary tourism to name a few.

The unexploited tourism resource potentials in many parts of Indonesia were not because of no tourism policies and programs. Both the central and the local governments have already issued many tourism policies and programs toward the development of tourism resource potentials in Indonesia. At the central level, for example, the government through the Ministry of Tourism and Creative Economy and the National Development Board locally called BAPPENAS has formulated the Long-

Term National Tourism Development Plan (RIPPARNAS), and its tourism Mid-term Strategic Plan, 2019-2024 (RENSTRA). At the provincial/regency level, there has been the Regional Tourism Development Plan so-called RIPPARDA. These documents emphasize the need to address people's welfare and quality of life, conserve natural and cultural resources, and promote international cooperation to advance the country's development objectives. Policies and programs in these development plans include infrastructural development, community empowerment, the improvement of the quality of human resources, especially communities around the tourist sites, marketing, and promotion to name a few (Ministry of Tourism and Creative Economy of the Republic of Indonesia, 2019).

The policies and programs introduced above partly have been suggested by many studies advanced in the literature (see, Gunn Gun, 1988; Hall, 2000; Matias, et. al., 2007). Matias et.al. (2007), for instance, suggested factors that need to be given attention for the success of tourist development include the growth of incomes and wealth, improvements in transport, changing lifestyles and consumer values, increased leisure time, international openness, and globalization, immigration, special events, education, information, and communication technologies, destination marketing, promotion, and improved tourism infrastructures.

In connection to tourism infrastructures, Agus Cholik (2017) and Jovanovic (2016) specifically pointed out that infrastructure is the basis of tourism development as well as a base for the utilization of destination resources. The importance of tourism infrastructure is reflected in the fact that it can contribute to increasing the efficiency of the production and distribution of tourism services. For tourists to be able to reach some tourist destinations, there should be a developed transport infrastructure, which is a precondition for consuming other tourism services of the destination itself.

In addition to infrastructure, other factors that are also very important in the success of tourism are marketing and promotion (Zeithaml, et.al., 1985; Middleton, 2001). Middleton (2001) in particular suggests that for tourism companies to be successful in promotion, they must be more creative and spectacular, attractive and uniqueness of publicity messages, more frequent advertisement as well as good advertisement techniques. Whilst Ali Ali Soofy et. al. (2018) in their study in the selected Organization of Islamic Cooperation (OIC) countries showed that GDP per capita, real exchange rate, population, and trade openness have a positive impact on tourists receipts. These factors play a crucial role in tourism demand. Whilst the Consumer price index (CPI) variable was found to be insignificant in explaining tourism demand. They further suggest that the adoption of appropriate economic policies, in line with the tourism development policies, such as the appropriate rate of exchange, can help to reduce the travel costs and it enhances the competitive advantage of this industry.

Furthermore, Kuek et, al. (2017) based on their study of factors affecting the China Tourist Arrival in the United States found that the increase in the number of terrorism and the increase in the number of natural disasters harm the tourist arrival

from China to the United States. The results also indicated that there is a long-run relationship between the tourist arrivals, exchange rate, and terrorism. Similarly, Kosnan et.al. (2012) and Borhan and Arsad (2016) examined that there is a relationship between the number of international tourist arrivals to Malaysia from six European countries and economic variables. They indicated that there exist long-run co-integration between the number of international tourist arrivals and exchange rate, level of income, tourism price, and substitute tourism price for all countries. Whilst DaiKarimzadeh, et.al. (2014) in their study in Iran showed that the cost of travel in the destination country has a negative effect, but the exchange rate, per capita income, and behavioral habits, have had positive and significant effects on the tourism demand of this country.

Another study conducted by Mordecki (2014) also supported the above studies in that he found that real exchange rate, behavioral habits, and the per capita income of tourists in the countries of destination have positive and significant impacts on tourism demand in Uruguay. While Yazdi (2012) and Chasapopoulos, et.al. (2014) found that the demand for tourism was affected by the satisfaction of business, religious, historical, and natural tourism and the facilities available. In other words, to increasing tourism demand, there should be many improvements at the quality and quantity of the facilities needed by the tourists including restaurants, tour services, health care, housing, parking, and tourist guide.

Despite extensive research focusing on determinant factors affecting tourism demand as discussed above, there have been limited empirical studies that specifically determining factors of the effectiveness of tourism policies and programs in optimizing tourism resource potentials in Indonesia. The only relevant studies that are worthy to be mentioned here were studies done by Noveria (2015), Dewi & Muhajir (2005), Agus Cholik (2017), and Fitriah Badarab, et. al. (2017) to name just four studies.

Noveria (2015), for example, in their research on the effectiveness of tourism development policy in Palembang, Indonesia found three determining factors. These factors were the lack of infrastructure, business actors, and the lack of tourist policies and program implementation. They further suggest that these three factors should be given attention by the local government in this city. Whilst Dewi and Muhajir (2005) indicated six factors are determining the effectiveness of policy and program in optimizing tourist resources potentials, namely, the importance of Standard Operating Procedure, the quality of human resources, community participation, policies and programs implementation, the cooperation of stakeholders, and conducive social, economic and political environments.

Agus Cholik (2017), however, in his study title the development of tourism industry in Indonesia indicated that the major problems faced by the country to optimize the tourist resources potential were the lack of infrastructures both soft infrastructures and hard physical infrastructures. His finding was also confirmed by Fitriah Badarab, et. al. (2017). Fitriah Badarab, et, al. (2017) in particular pointed out the effectiveness of policy and programs in optimizing tourism resource potentials was

not only affected by the availability of infrastructures but also affected by investment, community participation, business actors, and well-implemented tourism policy and programs.

This research aims at updating the previous studies above. The significance of this study is due to the fact of the recent policy and program introduced by the government of Indonesia to develop 10 tourism destinations outside Bali since 2016. These ten areas are Lake Toba - North Sumatra, Mandalika - West Nusa Tenggara (NTB), Morotai- North Maluku, Tanjung Lesung-Banten, Labuan Bajo -NTB, Kepulauan Seribu -DKI Jakarta, Wakatobi -Southeast Sulawesi, Belitung Islands, Bromo-East Java, and Jogjakarta. Through this study, it is therefore expected there will be the best inputs that can be learned by the governments at the central and regional levels to improve effectively their tourism policies and programs to optimizing tourism resource potentials in Indonesia.

The remainder of this paper is organized as follows. The next section 2 presents the detail of the research method. Section 3 deals with results and discussion of the findings. In this section, the discussion begins with the profile of the respondents under the survey and followed by statistical findings of the estimated model. Finally, the last section concludes the paper.

2.   METHODOLOGY

This research was conducted in three months from February to April 2019. The method used to collect the data was by using qualitative and quantitative surveys. The qualitative survey was taken by visiting two sub-districts, namely, Sarolangun and Limun in the Sarolangun Regency, the province of Jambi. In addition to field observation, the study firstly organized a workshop at the office of the Head of District in Sarolangun district. Invited participants to this workshop included the official staff of the District Tourist office, Representatives of the Head of two sub-districts of Sarolangun regency, local travel agents, students, and lecturers of the University of Jambi, and local media of the province of Jambi. This workshop was intended to gather general data and information related to types and sites of tourism resource potentials in survey locations as well as problems faced by the district in optimizing those tourism resource potentials.

Apart from the workshop, semi-structured interviews and Focus Group Discussion (FGD) were also conducted to sharpen and clarify any data and information gathered from the workshop and the results of quantitative analysis. The participants of the semi-structured interview included the Head and three staffs of the local Tourist office, two staffs of tourist travel agents, the Head of the Youth and Sports office, two local historians, and four persons of local communities. For each interview, it took almost half an hour. Whilst the participants of FGD consisted of 15 resource persons of the local staffs of the tourist office, the local representative staffs of the Indonesian National Police, the representative staffs of the two Sub Regencies of Sarolangun District, lecturers and students of local universities, staffs of Non-governmental

organizations, local communities, and media representatives. This FGD took about 90 minutes and it was held at the Tourist Office in Sarolangun regency.

The quantitative survey was conducted by distributing questionnaires to sample respondents. The sample size of this study was determined by using Slovin's formula which mathematically can be written as:

$$n = N/ (1 + Ne^2) \ldots\ldots\ldots\ldots\ldots\ldots (1)$$

where: n = the sample size; N= the population size; e = margin error (see, Prasetyo and Jannah, 2007).

Given the total population (N) in the district at about 74 660 (Sarolangun Statistics Office, 2019) and the margin error (e) of 10 percent, the sample size was calculated to be 99.87 or rounded up to 100 respondents.

As the number of the sample size of 100 respondents has been calculated by the Slovin's formula, we then selected 100 respondents by using random sampling techniques. The list of the sample respondents was provided by the Statistical Office in Sarolangun District. The questionnaires were then distributed to these 100 sample respondents with the help of the official staff of the Statistical Office and local university students.

The composition of the sample respondents selected consisted of 88 respondents of local communities, and the rest of 12 respondents were the staff of local tourist agents, official representative staffs of the Tourist office, and local Non-government organization staff. Note that, since the units of indicators of both dependent and independent variables estimated were not in numbers, we quantified these subjective preferential thinking feeling and action in a validated and reliable manner by Likert scale from 1 to 5 (from strongly disagree to strongly agree). See, Joshi, et.al. (2015).

After the questionnaires have been completed by 100 respondents, we then analyzed these data by using multiple linear regression analyses with the help of the SPSS software program version 25. The model of multiple linear regression analysis can be written mathematically as follows.

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e \ldots\ldots\ldots\ldots\ldots\ldots (2)$$

Where: Y   = The effectiveness of tourism policies and programs
      a   = constant
      b_1, b_2, and b_3 = coefficients of X_1, X_2, and X_3.
      X_1 = Business actors
      X_2 = Investment
      X_3 = Policies and programs implementations
      e   = error terms.

It is worth noting that before the estimated model above was regressed, both reliability and validity tests to know how well the method used and the accuracy of a measure were firstly undertaken. Also, four key assumptions associated with the multiple linear regression, namely, linearity, normality, multicollinearity, and heteroscedasticity were examined (see, Sekaran & Bougie, 2010; Gujarati, 2009 for detail statistical tests for OLS assumptions). The results of these tests indicated that the model estimated did not violate both reliability and validity tests as well as the Ordinary Least Square (OLS) assumptions. Hence, the model was justifiable for inference or prediction.

3.   RESULTS AND DISCUSSION

3.1   A Brief of Respondents' Profiles

As mentioned above, the number of sample respondents who responded to the quantitative survey using questionnaire was 100 respondents. The profile of the respondents in terms of marital status was mostly married. The proportion of the married respondents was 65 percent, while the rest of 35 percent was unmarried. This shows that the respondents under survey relatively know issues and problems associated with the tourism resource potentials available in their location.

The age profile of the majority of the respondents was in the age group between 20 and 29 years of age. The proportion of the respondents in this age group was 39 percent. This is followed by the age group between 40 to 49 years at about 30 percent. The rest of the respondents were in the age group between 30 and 39 years (18 percent) and between 50 and 59 years (13 percent). This indicates the respondents under survey were in the productive ages and they can respond and relatively understand any questions related to the tourism potentials in their surrounding environment.

Concerning educational attainment, however, the large percentage of the respondent has an educational background above the Senior High School level (38 percent). Whilst the proportion of the respondents with an educational background above the bachelor's degree was 28 percent, followed by diploma degree at about 22 percent, and a Master's degree at about 7 percent. The percentage of respondent who has educational attainment less than senior high school was only 5 percent. No of the respondents who have no educational background at all. This suggests that the sample respondents under survey were able to answer and understand the survey questions given to them.

3.2   Factors Determining the Effectiveness of Policies and Programs in Optimizing Tourism Resource Potentials

As detailed in the method part above, the model estimated did not violate both reliability and validity tests as well as the Ordinary Least Square (OLS) assumptions. This suggests that the model was justifiable for inference or prediction. By using SPSS

program software v. 25 it was found that the estimated multiple regression model was as follows.

$$\hat{Y} = 1.454 + 0.711 X_1 + 0.053 X_2 + 0.299 X_3$$

The model above showed that the business actors (X_1) and the policy implementation (X_3) have greater coefficient values than the investment variable (X_2). The coefficient of the business actors, for instance, was found to be 0.711 which means that for one unit increase/decrease of the business actors, it will increase/decrease the effectiveness of the tourism policies and programs in optimizing tourism resource potentials in Sarolangun District by 0.711. While for the policy implementation, the beta coefficients were 0.299 meaning that one unit change of policy implementation will change the effectiveness of tourism policy and programs by 0.299. The investment, however, contributes only 0.053 which means that an increase/decrease of one unit investment will increase/decrease the effectiveness of tourist policies and programs by 0.053.

Note that, the use of the unstandardized coefficients (Beta coefficients) to interpret the regression result are simply because the unit of independent variables used was not standardized. In other words, the unit used for each independent variable differs between one and another. Besides, the use of an unstandardized coefficient is easy to be interpreted as we do not need to relate it with the deviation standard of variables (See Gudjarati, 2009).

The study also found that those three independent variables have positive and significant influenced in determining the effectiveness of tourism policy and programs. They are significant since the estimated t-values of the independent variables were greater than the t-statistical tables at a 5 percent level. Similarly, in terms of the probability sig values, those three independent variables have probability sig values less than 0.05 (Table 1). These indicate that the null hypothesis that stated that each independent variable does not affect the dependent variable was rejected. This finding suggests that the three independent variables of business actors, investment, and policy implementation partially have a positive and significant influence on the effectiveness of tourism policies and programs in optimizing tourism resource potentials in the District of Sarolangun, Jambi.

TABLE 1 HERE PLEASE

Those three independent variables were also found to have simultaneously or jointly affected the effectiveness of tourism policies and programs. The significant effects of business actors, investment, and policy implementation on the effectiveness of policy and program can be seen from both F-sig value and F calculated value. As shown in Table 2, the probability of F-sig value was less than 5 percent, while the estimated F-value was 35.8 which is greater than the F-statistical table. This finding suggests that these three independent variables simultaneously or jointly are critical in

determining the effectiveness of tourism policies and programs in optimizing tourism resource potentials.

TABLE 2 HERE PLEASE

The significant effects of those three independent variables on the effectiveness of policy and programs to optimize tourism resource potentials were also confirmed by the R square adjusted value. The adjusted value of R square was found to be 0.892. This means that eighty-nine percent of variation explained by only the independent variables that affect the dependent variable. The remaining eleven percent can be attributed by other (unknown) variables that are not accommodated in the estimated model.

The findings above supported the previous studies undertaken especially by Dewi dan Muhajir (2005), and Fitriah Badarab, et.al. (2017). Dewi dan Muhajir (2005), for instance, found that the causes of the ineffectiveness of tourism policy and programs were the lack of infrastructure, business actors, and the lack of tourist policy and program implementation. Whilst Fitriah Badarab, et.al. (2017) found the effectiveness of policy and programs in optimizing tourism resource potentials was not only affected by the availability of infrastructures but also influenced by investment, community participation, business actors, and well-implemented policy and programs. Therefore, business actors, investment and policy, and program implementation are positive and significant in influencing the effectiveness of policy and programs to optimizing tourism resource potentials in Sarolangun, Jambi Province. This finding also may be generalized for Indonesia as a whole.

For tourism policy details, it is worthy to examine the statistical results above by examining the values of the Likert scale for indicators of each independent variable. First, in terms of the business actors, all indicators of this variable judging from Likert scale values were pointed out by the respondents under the survey to be important to attract business actors to invest. These indicators were the improvement of travel agents, promotions, hotels/inns, restaurants, souvenir centers around tourist sites, the quality of human resources in the tourism sector, and employment opportunity as well as the empowerment of the community in the tourism sector. Therefore, to attract business actors to invest, the indicators above should be provided by both the central and local governments.

Second, in the context of investments, indicators that were pointed out by the sample respondents to be invested by the government judging from the Likert scale are a conducive investment climate, market access, the availability of production inputs (e.g., raw materials, machinery, and plant equipment and all other capital needed in the production process, office buildings, employee residential buildings, and other construction buildings), and other soft infrastructures. This finding was not surprising as investors, on one hand, tend to minimize their investment risks and to gain profit from their investments on the other hand.

Third, in terms of indicators of the policy implementation, the respondents judging from the Likert scale emphasized the importance of the following indicators. These indicators are detail management plan at both central and local levels, the availability of management agencies, the quality of human resources, leadership and its commitment, synergy of the governments at the central and local level, local administration organization capacity, and the available data associated with the number of foreign and domestic tourists. These indicators are critical to making policies and programs implemented by the government work effectively and efficiently (Dunn, 1999; Ayorekire, et.al., 2017; Kajornburn & Dhirathiti, 2019).

The importance of those indicators was also pointed out from the results of the qualitative survey using semi-structured interviews and Focus Group Discussion (FGD) with resources persons. They stated a conducive investment climate is a must. The components needed under this conducive investment climate include the legal certainty, minimum barriers of local regulations (tax and other disincentives), and labor rigidity. These three components were pointed out important by the interviewees and FGD participants simply because they found these components are still problematic not only in Sarolagun District in particular but also in Indonesia in general (Fitriah Badarab, et.al. 2017; Ruhanen & Reid, 2014).

Apart from the components above, interviewees and FGD's resource persons also emphasized the importance of the involvement of the local community in optimizing the tourism resource potentials. In other words, the local community expected the development of tourism resource potentials should be able to create employment opportunity especially for the young generation in Sarolangun District. The involvement of the young generation is argued to be important as there are many of them are unemployed and/or migrated to other provinces seeking works. Thus, education and training should be given to the young generation in this District so that they are capable to work in this tourism sector and can protect their local environment.

Other points that are also suggested by the interviewees and FGD's resource persons in optimizing the tourism resource potentials in the District are marketing and promotion, the establishment of the Regional Tourism Office, issuing conducive regional tourism regulations, and establishing the Regional Tourism Development Master Plan. Marketing and promotion can be done, for instance, through Regional Tourism Events including local culture and culinary festivals. However, for making this suggestion work, the development of tourism infrastructures both hard and soft infrastructures are essential. These include the availabilities of roads, electricity, water, accommodations, restaurants, souvenirs shops, cleanliness, sanitation, and other health services facilities.

4.   CONCLUSION

Tourism is expected to play a significant role and contribution to the economy in Indonesia. However, policy and programs to optimize the available tourism resource potentials in this country were still considered ineffective. This study found that the

effectiveness to optimize these tourism resource potentials in Indonesia, learned from Sarolangun Regency, Jambi province was influenced significantly by the availability of business actors, investment, and well-implemented policy and programs by the government. Of these three explanatory variables, business actors and well-implemented policy have greater beta coefficient values than the coefficient value of the investment.

The policy implication of the finding is that both the central and the local governments need to give serious concern to provide facilities needed by business actors, comply with components needed for well-implemented policy, and creating a conducive investment climate in tourist locations. Examples of the facility to attract business actors to invest in tourism are the provision of infrastructures including travel agents, hotels/inns, restaurants, souvenir shops, and the quality of human resources in the tourism sector. Whilst for well-implemented policy, there should be well management of tourism plan at both central and local levels, the availability of management agencies, the quality of human resources, leadership and its commitment, synergy, and well-coordinated actions of the governments at the central and local level, and the available data associated with the number of foreign and domestic tourists.

Both the central and the local governments also need to create a conducive investment climate. The components needed under this conducive investment climate include the legal certainty, minimum barriers of local regulations (tax and other disincentives), and a friendly labor market for the investors as well as business actors.

While much remains to be done by the central and the local governments to improve the effectiveness of tourism policies and programs, the study, however, has limitations. These limitations include the small number of respondents randomly sampled, and the number and the tourist locations of this study. Future research may survey by adding an adequate number of respondents on one hand, and more representative tourist locations on the other hand. Therefore, caveats apply.

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Table 1.   Beta coefficients, t-values, and Sig-values of Business Actors, Investment And Policy Implementations

Description	Unstandardized Coefficients		Standardized Coefficients	t-values	Sig-values
	Beta	Std. Error	Beta		
(Constant)	1.454	0.487	0.126	2.986	0.004
Business actors	0.711	0.185	0.275	3.843	0.003
Investment	0.053	0.017	0.022	2.986	0.001
Policy implementations	0.299	0.084	0.216	3.542	0.002
Dependent Variable: the effectiveness of tourism policies and programs					

Source: SPSS v. 25, print out.

Table 2. The result of F- test statistics

ANOVA					
Description	Sum of Squares	df	Mean Square	F	Sig.
Regression	1156.766	3	385.589	35.800	0.000
Residual	1033.994	96	10.771		
Total	2190.760	99			
Dependent variable: the effectiveness of tourism policies and programs; Predictors: Business actors, Investment, and the implementation of tourism policies and programs.					

Source: SPSS v.25 print out.