

The Development of Accommodation and Food Service Industry to Support Tourism in Yogyakarta Special Administrative Region

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Abstract

Accommodation and Food Service is an industry that is unevenly distributed across DIY (especially Kulon Progo). This research aims to: 1) identify key industries with the potential to support tourism industry development, 2) identify the tourism development strategies and programs needed to support Accommodation and Food Service Industry. The research used secondary data, which were analyzed using Klassen Typology and LQ Analysis. Research results show that : 1) Sleman district and Yogyakarta city are the leaders in the development of accommodation and food service industries, while, Kulon Progo, Bantul, and Gunungkidul are laggards in that respect. LQ Analysis results indicated that Bantul and Yogyakarta regions are leaders in the Accommodation and Food Service sector, while Gunungkidul is promising and Sleman has good prospects, but Kulon Progo is an underperformer in the sector; 2) the development of Accommodation and Food Service industry has high potential hence need government attention. This is reflected in the contribution which the setor makes toward local government economy in terms of value of economic activities and employment generation. During 2013-2017, the industry contributed 10.12% of GRDP on average, and employed 13.87% of total workforce on average in the same period.

Keywords: *mainstay area, superior industry, tourism.*

INTRODUCTION

The last five years have witnessed a shift in the contribution of sectors toward the local economy of Yogyakarta special region. Manufacturing contributed 13.33% of Gross Regional Domestic Product (GRDP) during 2013-2017 period, making it the largest sector contributor to the local economy, followed by agriculture (10.54%), accommodation and food service (10.12%), construction (9.42%), and the rest of the industries (contributing less than 9% each). Evidence to support the notion that local industries promote regional economic development is discernible in the contribution of industry to the local workforce, GRDP, which is measures of the value of economic activities in a given area (Nurpita & Nastiti 2016). Based on previous literature, there are several theories that explain the importance of regional development (Arsyad, 2002). In general, such theories fall into two categories, inter alia, those that focus on conducting an analysis of the regional economy and those that examine factors that influence regional economic growth.

An analysis of the local government economy, shows that by mid-2017, wholesale, retail trade, and accommodation and food service industries provided employment for 27% of workforce, followed by agriculture (22%), other service activities (19.4%), and manufacturing industry (15.8%). Each sub category in the category in the rest of industries provided employment for less than 10% of workforce (Badan Pusat Statistik 2018). In terms of contribution to gross regional domestic product, accommodation and food service activities ranked third which makes tourism a highly promising industry with a lot of potential for expansion. The industry is an important source of employment that are related to various tourist-related activities: 1) tourist attractions; 2) tourist destinations; 3) coaches; 4) tour packages; 5) foods and beverages; 6) accommodation; 7)

entertainment and recreation; 8) MICE; 9) tourist information services; 10) tourism consultancy; 11) tour guides; 12) water tourism; and 13) spa (Kementerian Pariwisata 2017). However, with regards to geographical location, most tourist-related businesses are concentrated in urban areas (Yogyakarta, Sleman and Bantul), while most tourist destinations are located in far away from urban areas. The government has designated Yogyakarta Special Region's coastal areas – spanning two districts, Bantul and Kulon Progo – as a National Tourism Strategic Area (KSPN). With such designation, the government aims to encourage the development of tourist destinations, boost marketing, and support tourism related industry and agencies in the area (Dinas Pariwisata Provinsi DIY 2016). To that end, there is need for support from all stakeholders that are involved in accommodation and food service industry. The concentration of tourist-related businesses in urban areas, which are far away fro tourist destinations may pose difficulties in the development of targeted destinations in Bantul and Kulon Progo. Singgalen, Wiloso, & Sasongko (2017) argues that the development of tourism activities has four four principal components, inter alia, inter alia, the tourism industry, tourist destination, marketing, and institutionalization of tourism. North Halmahera local government, is one of local governments in Indonesia, which have adopted the above perspective in the development of its tourism industry.

However, the task of developing tourism industry also requires to undertake benchmarking efforts. Goral (2016) argues that for a nation that aspires to build and expand its tourism industry, it should conduct an evaluation and review of the prices that are on offer in similar tourist destinations it by its competitors. Today, such a practice is considered common due to the fact that the demand for tourism services is

sensitive to prices. Nurbaeti, Janianton, Baiquni (2016), point out that environmental quality, human resource, and infrastructure are crucial factors that influence the decision for a tourist to visit to certain tourist destination. Thus, the above study confirms that social-economic condition in a tourist destination, is not one of the important factor that influence the perception of respondents. The implication of the study results is that enhancing competitive edge of a tourist destination requires efforts toward systematic improvement of the environmental conditions, human resource development, and infrastructure.

This research focuses on tourism development, and in that respect is similar to two previous studies Goral (2016) and Nurbaeti, Janianton, Baiquni (2016). Nonetheless, this study is different from previous studies on tourism development with respect to methodology. Goral (2016) study was based on price competitiveness index, which was calculated using purchasing power parity, and exchange rate, while a study by Nurbaeti, Janianton, & Baiquni (2016) used data description analysis that was based on Kruskal-Wallis statistics test. Meanwhile, in research on tourism development (Yusral, Junaidi, & Bakti, 2015) used Shift Share Analysis.

This study used several techniques to analyze data, inter alia, Static Location Quotient (SLQ), Dynamic Location Quotient (DLQ), and Klassen typology, and used results from previous studies, including Arafah and Matheos (2017), Hidayati (2015) and Yusral, Junaidi & Bakti (2015) to determine key economic sectors in the regional economy that were the focus of analysis. A study by Arafah and Matheos (2017) identified wholesale and retail trade, repair of motor vehicles and motorcycles, real estate, public administration, defense and compulsory social security, and other services activities as key sectors of Bantaeng district, South Sulawesi during 2013-

2014 period.

Hong Trinh (2016) underscored the importance of developing local tourism cluster, participation of enterprises and local government in transforming tourism into a key industry. For data analysis, Hong Trinh (2016) used Location Quotient and Shift Share techniques, while Hariyanti, & Utha (2016) used Location Quotient and Klassen typology. What makes data analysis techniques used in this study from that employed by Hariyanti, & Utha (2016), is that the former used a combination of Static Location Quotient (SLQ) and Dynamic Location Quotient (DLQ).

Conducting a study on the importance of the tourism industry and key sectors of the regional economy is crucial to gain an understanding on how best to develop a competitive and sustainable tourism industry. The focus of this study is on accommodation and food service businesses in Yogyakarta Special Region, which are mostly located in urban areas (Yogyakarta Municipality and Sleman) and are rarely tourist attractions and destinations (Kulon Progo). To that end, the objectives of this study were: 1) identify key industries, the development of which has the potential to support the tourism industry; 2) identify and assess Accommodation and Food Service products and services that are required to formulate strategy and action plan to boost tourism. Research findings provided key inputs into the policy making process on tourism development of coastal areas in Yogyakarta Special Administrative Region – often referred to as the southern coast, and in creating a competitive and sustainable tourism industry by strengthening respect and incorporation of local culture into tourism development programs.

RESEARCH METHODS

Yogyakarta provincial regulation no. 1 of 2012: 3-4 defines tourism as any tourist-

related activity which is multidimensional and multidisciplinary in nature, that constitutes a manifestation of the needs of each person and country, as well as the interaction between tourists, the local community, fellow tourists, government, regional government, and entrepreneurs. Tourism refers to various tourist activities that require the support of various amenities and services provided by the community, entrepreneurs, government, and regional government, both tangible and intangible (including creative products such as cultural performances; amenities that support the functioning of tourism processes and activities, assist tourists to fulfil their needs comfortably. Meanwhile, tourism industry is a collection of tourism businesses which are interlinked, whose goal is to produce goods and/or services that meet the needs of tourists (Pemerintah Provinsi DIY 2012).

Data and Analytical Tools

The study used both primary and secondary data. Secondary data, which consisted of gross regional domestic product (GRDP) for district/city and province levels, GRDP per capita the number tourism indicators, regional regulations that concern tourism development in Yogyakarta Special Region, and other relevant data used was limited to 2013-2017 period. Primary data were collected using observation, desk study, and interviews. Meanwhile, to analyse the data, the study used employed descriptive statistical methods that were supplemented qualitative descriptive techniques that were based and informed by theories, previous empirical results, and practice. The study also used Klassen typology and Location Quotient (Static LQ and Dynamic LQ) approach to analyze secondary data. The various analytical tools were used in order to determine the source of live hood for each area as well as key economic sectors that have the potential to be developed into important tourism sup-

porting industries.

Using Klassen typology sheds light into the pattern and structure of growth in a region, thereby providing insights into the potential and importance of various economic activities in the local economy (Widodo 2006); uses growth and contribution of each economic sector to total RGDP to rank economic sectors in an area into prime, potential, developing, and underdeveloped categories, and categorizes areas based on regional economic growth and per capita income (Kuncoro and Idris (2010). To that end, Klassen typology categorises an area ranging from fast-growing and fast-developing (high growth and high income), developed but depressed (high income but low growth), fast-growing (high-growth but low-income), to underdeveloped (low growth and low income).

Based on the above advantages of Klassen typology, this study used it to classify districts/cities that were covered by the study into four categories, inter alia; a) fast-growing and fast-developing was a city/district that registered higher rates of economic growth and per capita income than the average provincial rate; b) developed but depressed is a city/district that had higher rate of per capita income but a lower rate of economic growth than the average provincial rate ; c) fast-growing was a city/district that had higher rate of economic growth but a lower rate of per capita income than the average provincial rate; d) underdeveloped was a city/district that had lower rates of economic growth and per capita income than the average provincial rate. An indicator for a district/city is rated as high if its value is higher than that of the average for the province and rated low if it is lower than the average for the province.

LQ analysis was used to determine key industries in the regional economy. The analysis is based on the modified version of

Bendavid-Val formulation (1991: 74) as presented below:

$$LQ = \frac{X_r / RV_r}{X_n / RV_n} \dots\dots\dots(1)$$

Whereby, X_r represents GDRP value for industry I in a district/city (in millions of Rupiah); RV_r refers to total GRDP value for all industries in a district/city (in millions of Rupiah); X_n represents GDRP value for industry at the provincial level (in millions of Rupiah); and RV_n refers to total GRDP value of all industries in the province (in millions of Rupiah).

Bendavid-Val (1991) notes that $LQ > 1$ implies that the rate of specialization of a given industry is higher at the district/city level at the province level. On the contrary, if the rate of specialization of a given industry is lower at at the district/city level than at the province level, the LQ value is less than 1. Meanwhile, if the rate of a given industry at both the district/city and province levels is similar, LQ has values of 1. The value of $LQ > 1$ indicates that the industry in question is superior and has the potential to be developed into a regional economic driver, while the value of $LQ < 1$ implies that the industry is not superior, making it less likely to become a leading sector in the regional economy.

To put it simply, LQ , which better known as Static Location Quotient (SLQ), is an index that can be modified to become Dynamic Location Quotient (DLQ). The modification is necessary in order to accommodate the continuous growth in the accommodation and food services industry. DLQ index is presented below ((Kuncoro and Idris 2010) :

$$DLQ_{ik} = \left[\frac{(1+g_{ik}) / (1+g_k)}{(1+G_{il}) / (1+G_l)} \right]^t = \frac{IPPS_{ik}}{IPPS_{il}} \dots\dots\dots(2)$$

Whereby g_{ik} and G_{il} refer to the growth rate of (i) industry in (k) area and in the reference area (province); g_k and G_l

represent the average growth rate of accommodation and food service industry in (k) area and in the reference area; and (t) refers to the gap between the final year and the initial year. Meanwhile, $IPPS_{ik}$ stands for development potential index for industry (i) in (k) area; while $IPPS_{il}$ refers to the development potential index of industry (i) in reference area. Interpretation of the DLQ value is as that $DLQ > 1$ refers to the condition where the growth rate of development potential of (accommodation and food service) industry (i) is faster than that of similar industries in district/city; $DLQ < 1$ represents a situation whereby the growth rate of development potential of i (accommodation and food service) industry (i) is slower than that of similar industries in district/city.

Consequently, a) $DLQ > 1$ and $SLQ > 1$ is a situation where an industry is superior and it has the potential to excel in the next few years; b) $DLQ > 1$ and $SLQ < 1$ is a situation where the industry is promising but has yet to achieve the status of superior classification; c) $DLQ < 1$ and $SLQ > 1$ is a situation where the industry has huge prospects and fulfils the superior status criteria but has the potential to fall back in future; and $DLQ < 1$ and $SLQ < 1$ refers to an industry that is underperforming. This is an industry that is currently neither superior nor has the potential to achieve that status in future.

FINDINGS AND DISCUSSION

Tourist Mainstay and Superior Industry

Based on Klassen typology, the average economic growth and GRDP per capita during 2013-2017 period at the district/city and province level, were used to determine the status of economic performance of district/city. Table 1 shows the results.

Based on table 1, it is apparent that Yogyakarta municipality and Sleman district are classified as fast-growing and fast-

Table 1. Average Economic Growth and GRDP per capita of A District/ City and Province based on Market Prices 2013-2017

| District/City | Growth (%) | Income PC (Rp) | Classification |
|----------------|------------|----------------|---|
| 1. Kulon Progo | 4.98 | 18,748,148 | A somewhat underdeveloped region |
| 2. Bantul | 5.04 | 19,854,480 | A somewhat underdeveloped region |
| 3. Gunungkidul | 4.81 | 19,291,641 | A somewhat underdeveloped region |
| 4. Sleman | 5.27 | 29,105,847 | A fast-growing and fast-developing region |
| 5. Yogyakarta | 5.18 | 64,934,399 | A fast-growing and fast-developing region |
| DIY | Growth | 5.11 | |
| | Income PC | 27,597,992 | |

Source: Central Bureau of Statistics at Yogyakarta Special Region, 2017-2018, already processed

developing. The two regions registered higher economic growth and per capita income than the average figure for the province. To that end, the two regions play an important role in the economic growth and development of areas in their vicinity. Yogyakarta municipality and Sleman registered economic growth rate of – 5.18 per cent and 5.27 per cent, respectively, which are higher than the average growth of Yogyakarta province (5.11 per cent). Similarly, the values of per capita income in Yogyakarta municipality (IDR 64,934,399) and Sleman (IDR 29,105,847.00) were higher than the per capita income at provincial level (IDR 27,597,992.00). Meanwhile, other areas such as Kulon Progo, Bantul, and Gunungkidul, which depend heavily agriculture are classified as underdeveloped districts. This is because three regions registered lower economic growth rates than is necessary to increase GRDP significantly. The average annual growth rate in the primary sector (agriculture and mining) during 2013- 2017 was only at 1.63 percent. However, the performance of regions varies during the period (2013-2017).

To that end, the economic performance

of regions in the province significantly differs from that posted during 2010-2014 period. During 2010-2014 the growth rate that Sleman registered qualified it to fall into of the fast-growing and fast-developing category, while, Yogyakarta municipality fell into the developed but depressed area, Bantul and Gunungkidul were in the fast-growing category, and Kulon Progo fell into the somewhat underdeveloped district (Hidayati 2015). (*Nonetheless, years below 2013 do not fall under the time limit your set for the research (2013-2017)*)

Meanwhile, LQ analysis results of the best performing industry in each district/city based on the formulation that, IQ valor (SLQ and DLQ)> 1 are presented in Table 2.

Table 2 depicts an even distribution of superior industries in the five districts/cities. Table results also show that disparity in the distribution of the three non-superior industries, including water supply; sewerage, waste management and remediation activities; information and communication, and financial and insurance activities in the five regions of the province. Accommodation and food service industry is superior in Yogyakarta municipality and

Table 2. Classification of Industry in Each District/City in Yogyakarta Special Region based on SLQ and DLQ 2013-2017

| Category of Industry | District/City | | | | | | | | | | Classification of Industry | | | | | |
|----------------------|---------------|-------|--------|-------|-------------|-------|--------|-------|------------|-------|----------------------------|----|----|----|----|--|
| | Kulon Progo | | Bantul | | Gunungkidul | | Sleman | | Yogyakarta | | KP | BT | GK | SL | YK | |
| | SLQ | DLQ | SLQ | DLQ | SLQ | DLQ | SLQ | DLQ | SLQ | DLQ | | | | | | |
| A | 1.914 | 0.880 | 1.380 | 1.112 | 2.411 | 1.537 | 0.784 | 0.500 | 0.016 | 0.081 | P | U | U | T | T | |
| B | 2.613 | 2.940 | 1.134 | 0.625 | 2.445 | 0.420 | 0.760 | 1.154 | 0.007 | 0.994 | U | P | P | A | T | |
| C | 0.918 | 2.120 | 1.148 | 1.332 | 0.709 | 1.634 | 1.022 | 0.682 | 1.036 | 0.947 | A | U | A | P | P | |
| D | 0.633 | 0.991 | 0.975 | 1.051 | 0.648 | 1.048 | 0.818 | 0.733 | 1.535 | 1.121 | T | A | A | T | U | |
| E | 1.291 | 0.847 | 0.778 | 1.075 | 1.589 | 0.897 | 0.469 | 0.972 | 1.451 | 0.923 | P | A | P | T | P | |
| F | 0.922 | 1.766 | 0.992 | 1.000 | 1.012 | 1.041 | 1.154 | 0.939 | 0.844 | 0.448 | A | T | U | P | T | |
| G | 1.606 | 1.298 | 1.004 | 0.805 | 1.081 | 1.271 | 0.920 | 1.067 | 0.872 | 0.907 | U | P | U | A | T | |
| H | 1.438 | 0.348 | 0.851 | 0.600 | 0.900 | 0.489 | 1.256 | 2.039 | 0.708 | 0.827 | P | T | T | U | T | |
| I | 0.379 | 0.791 | 1.134 | 1.112 | 0.573 | 1.269 | 1.002 | 0.879 | 1.298 | 1.180 | T | U | A | P | U | |
| J | 0.607 | 1.323 | 0.895 | 1.067 | 0.857 | 1.754 | 0.987 | 1.115 | 1.282 | 0.536 | A | A | A | A | P | |
| K | 0.831 | 0.618 | 0.707 | 1.317 | 0.580 | 1.170 | 0.823 | 1.069 | 1.700 | 0.952 | T | A | A | A | P | |
| L | 0.479 | 1.141 | 0.926 | 1.255 | 0.496 | 1.453 | 1.109 | 1.141 | 1.318 | 0.649 | A | A | A | U | P | |
| M, N | 0.277 | 0.871 | 0.474 | 0.877 | 0.426 | 1.046 | 1.653 | 1.004 | 1.069 | 0.807 | T | T | A | U | P | |
| O | 1.084 | 1.191 | 0.901 | 1.048 | 1.135 | 0.805 | 0.810 | 1.046 | 1.212 | 1.009 | U | A | P | A | U | |
| P | 0.713 | 1.195 | 0.836 | 1.143 | 0.749 | 1.361 | 1.165 | 1.026 | 1.119 | 1.045 | A | A | A | U | U | |
| Q | 0.576 | 0.901 | 0.733 | 1.067 | 0.798 | 0.955 | 0.932 | 1.124 | 1.498 | 1.025 | T | A | T | A | U | |
| R, S, T, U | 1.441 | 0.733 | 0.777 | 0.906 | 1.293 | 1.534 | 0.877 | 1.174 | 1.046 | 0.770 | P | T | U | A | P | |

Source: Central Bureau of Statistics at Yogyakarta Special Region, 2017-2018, already processed

Notes on category of industry. A: Agriculture, Forestry and Fishing; B: Mining and Quarrying; C: Manufacturing; D: Electricity and Gas; E: Water Supply, Sewerage, Waste Management and Remediation Activities; F: Construction; G: Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; H: Transportation and Storage; I: Accommodation and Food Service Activities; J: Information and Communication; K: Financial and Insurance Activities; L: Real Estate; M, N: Business Activities; O: Public Administration, Defense, and Compulsory Social Security; P: Education; Q: Human Health and Social Work Activities; R, S, T, U: Other Services Activities.

Notes on classification of industry: U-Superior; A-Promising; P-Prospective; T-Underperforming

and Bantul, promising in Gunungkidul, prospective in Sleman, but underperforming in Kulon Progo. The implication is that accommodation and food service industry is superior in Yogyakarta municipality and Bantul, promising in Gunungkidul, prospective in Sleman, but underperforming in Kulon Progo. The implication is that accommodation and food service industry in Kulon Progo lacks the potential to become superior performer in the province in future because its performance lags that of other regions in the province. Agriculture, forestry and fishing, which is a prospective industry in Kulon Progo, is

currently superior but will soon decline from its position in future. Moreover, the construction of the New Yogyakarta International Airport has only contributed to exacerbating the problem. The new airport, which is slated to become operational in 2020, has been responsible for a drastic increase in conversion of agricultural land that spans more than five villages in Temon sub-district. Consequently, conversion of agricultural land into the new international airport has been responsible for decline in incomes of many farmers, that in turn adversely affects their (Nurpita, Wihastuti, & Andjani 2017). Based on results of industry classification (Table 2) the

following conclusions can be drawn: an industry is categorized as superior industry, which means that it excels above others and is likely to stay in the leading position in the future, if the values of DLQ and SLQ are greater than one (>1) Agriculture, forestry and fishing is a superior industry in two districts (Bantul and Gunungkidul). Meanwhile, Kulon Progo district has three superior industries, including mining and quarrying industry; wholesale and retail trade, repair of motor vehicles and motorcycles industry, and public administration, defence; and compulsory social security industry. Bantul district, on the other hand, has three superior industries, *inter alia*, agriculture, forestry and fishing industry; manufacturing industry; and accommodation and food service industry. There are four superior industries in Gunungkidul, including agriculture, forestry and fishing industry; construction industry, wholesale and retail trade, repair of motor vehicles and motorcycles industry; and other services industry. There are four superior industries in Sleman that include transportation and storage industry; real estate industry; business activity industry; and education service industry (are these industries of sectors. An industry comprises of enterprises that produce relatively similar goods or services, while a sector may have some diversity with respect to products produced).

Yogyakarta municipality, has the largest number of superior industries which include electricity and gas industry; accommodation and food service industry; public administration; defense; and compulsory social security industry; education service industry; and human health and social work industry.

With regards to promising industries, which is the case of an industry that is currently a non-superior status but shows the potential to become superior one in the future, is where the value of $DLQ > 1$ but its $SLQ < 1$. In this respect, with the exception of Yogyakarta municipality, information and

communication industry is categorized as promising in all districts. Meanwhile, enterprises in this industry that are located in Sleman, Bantul, Gunungkidul, and Kulon Progo districts, are categorized as hopeful, those in Yogyakarta municipality are merely prospective in nature

A prospective industry, which refers to an industry that has superior status currently, but has the potential to decline in status in the future. Such an industry is indicated by the value of $SLQ > 1$ and $DLQ < 1$. With the exception of Bantul district, which has only one industry (mining and quarrying), there are many prospective industries in the four regions in Yogyakarta special administrative region.

An underperforming industry which is an industry that has never been superior and is likely to remain non-superior in the future, is indicated by the value of $DLQ < 1$ and $SLQ < 1$. There are many industries that fall into this category in the five regions, including Kulon Progo. Accommodation and food service industry, while has high prospects in other regions, shows little prospects in Kulon Progo.

Coastal area that span the southern part of Yogyakarta Special Region, which include parts of Kulon Progo and Bantul, has been designated as by the central government as national tourism strategic area. To translate the designated status into reality, requires improvement in the quality of accommodation and food service enterprises. To that end, given the current state of the industry that is still underperforming, the local government should take measures to encourage improvement in the industry by among other pathways, specialization. Such specialization, should be on only be based on local benchmarks but performance of enterprises that have proven quality at the provincial level and beyond. . One of the ways to achieve that, is for

Table 3. The Number of Businesses and Labors by Industry in Yogyakarta Special Region 2016

| Category | Industry | Business | | Labor | |
|----------|--|----------|-------------|-----------|-------------|
| | | Number | Percentages | Number | Percentages |
| G | Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles | 188,517 | 35.32 | 339,810 | 25.69 |
| C | Manufacturing | 146,440 | 27.44 | 375,475 | 28.39 |
| I | Accommodation and Food Service Activities | 93,012 | 17.43 | 183,410 | 13.87 |
| | Others | 105,701 | 19.81 | 423,847 | 32.05 |
| | Total | 533,670 | 100 | 1,322,542 | 100 |

Source: 2016 Economic Census, results or listing

local government to strengthen collaboration in the production, trade and exchange of products and services in the industry. Specialization and exchange should contribute to higher revenue (Aswandi and Kuncoro 2002).

Developing Accommodation and Food Service Industry

The development of the service industry is crucial for the tourism industry and regional economy. Availability of quality supportive transportation, communication, finance, public administration, education, and health services is necessary for the efficient functioning of an economy. The contribution of the industry and sector to economic growth and employment serve as good indicators of its importance to the economy (Taufiqurrahman, & Widodo 2011). To that end, the trend in growth rate and employment are good indicators of the trajectory of performance of the economy. Based on the figures on the contribution of the industry to regional economic growth and employment, obtained from the regional statistics office (2016), Yogyakarta special administrative region has three important economic sectors, inter alia, (G) wholesale and retail trade, repair of motor vehicles and motorcycles; (C) manufacturing; and (I) accommodation and food service activities.

Based on Table 3, 17.43 % of all enterprises in Yogyakarta Special Region

are in accommodation and food service industry, and contribute 13.87% to of the total workforce in the province. Meanwhile, with respect to GRDP, accommodation and food service industry registered 12.8% and 10.12% on average during 2013-2017 period.

CONCLUSION

Tourism industry is major contributor to the regional and provincial economy. Tourism contributed 13.16% to Yogyakarta city GRDP and 10.12% on average to GRDP of Yogyakarta special administrative province on average during 2013-2017 period. Thus, accommodation and food service industry, which is a supporting industry to tourism, is crucial for the growth and development of the latter industry. Based on 2016 economic census statistics, 17.43% of all businesses in Yogyakarta Special Region were in in the accommodation and food service industry, and major providers of employment (13.87% of workforce in the province). Given the crucial role that accommodation and food service play in the regional economy as a sector in its own right as well as a supporting industry for tourism activities, the industry has high potential to contribute to the development of the region and societal welfare.

Achieving that requires collaboration and coordination of growth

and development plans strategies by district/city governments and Yogyakarta special administrative province, which should aligned with the national strategic action plan to develop South Coast area, which spans some of the underdeveloped areas in Yogyakarta special administrative province. It is of one industries to develop in all districts/cities in Yogyakarta Special Region in anticipation of a more competitive tourism business at local, national, or international level Yogyakarta Special Administrative Region has many accommodation and food service industries that are located in Yogyakarta municipality and Sleman (main accommodation destinations) and in Kulon Progo and GunungKidul, and Bantul (non accommodation destinations). Kulon Progo and Bantul, are home to three different superior industrie, Gunungkidul and Sleman districts are home to four superior industries, and Yogyakarta municipality hosts five superior industries.

Accommodation and food service, which has a forward linkage to tourism industry, is classified as a superior industry in Yogyakarta municipality and Bantul, but is underperforming in Kulon Progo district, despite being designated as a potential tourism destination area under the National South Coastal strategic plan. To that end, there is need to quality improvement in the industry through encouraging and supporting efforts to cultivate specialization in the accommodation and food service industry, promote collaboration across the five regions of the province. Such endeavours will lead to an increase in the quality of products and services and exchange, higher incomes and revenue for regional governments, and societal welfare.

Recommended public policy direction with respect to accomodation and food service industry in tourism development in Yogyakarta Special Administrative Region.

Considering the important role that the accommodation and food service industry plays in the district/city, and provincial economy, its growth and development can contribute to the generation of employment, income, regional government revenues and by extension public wellbeing. Thus, it is important that the provincial government creates an enabling environment by developing business friendly regulations, as well as fostering a conducive political, cultural and social climate.

Moreover, it should be noted that supporting efforts to develop the tourism industry in Yogyakarta special administrative province is very much in line with the national strategy of developing the southern coastal area as National Tourism Strategic area. Moreover, to enhance effectiveness, policy initiatives on accommodation and food and service industry and tourism, which the provincial government implements should align with the goals of the national government inter alia, promoting the area as an attractive tourist destination, improving the quality of tourism products and diversification of products, which are deemed crucial for speeding up the development of the area and enhancing welfare of the local population; increasing tourism marketing efforts by increasing marketing of tourist destinations in South Sea Area via effective, efficient, and responsible marketing media; developing tourism industry, strengthening the contribution of the tourism industry, which in turn will enhance welfare of the people in the region, increase environmental protection, and preservation of socio-cultural values in South Sea Area; and iv) creating a tourism body that will be tasked with developing and implementing tourism activities in South Sea Area in as a professional, effective and efficient manner (Dispar DIY, 2016: 27).

RESEARCH LIMITATIONS

Research limitations are: not all variables influencing the measurement of industry performance are accommodated, except for contribution and workforce absorption in the economy; increase in income which will eventually result in higher local consumption and create even higher multiplier effect has not been calculated; and changes in base industry's employment are not reflective of income rate in other industries.

RESEARCH IMPLICATIONS

Results of such analysis can be used as a reference in setting a tourism development strategy.

First, a mainstay sector located at a fast-growing and fast-developing area (Yogyakarta municipality and Sleman) can act as a prime mover of regional economy. Economic growth in mainstay area and interlinking economy between different areas, in turn, are expected to spur economic growth in the immediate vicinity and rural hinterland.

Second, development of accommodation and food service industry – inside or outside mainstay area – is expected to trigger other, non-superior industries to upgrade themselves to become superior. Local government and entrepreneurs should work together to provide more jobs for more people.

Third, to encourage domestic or foreign investment in tourism, local government needs to ensure a favourable economic, political, social, legal, and cultural condition and reliable infrastructure and security. These factors may affect the economy and business.

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