



Developing Tourism in Indonesia Through Functional Asymmetrical Decentralization

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Abstract. Existing literatures explain two different models on how a country is governed i.e. centralized and decentralized models. [1] Centralization means central government is the sole authority in governing the country. [5] Local governments within centralized model do not have significant power to determine the method to manage regions. All affairs and businesses managed and carried out by central government. Centralized model therefore often called as top-down approach. This approach is somehow more effective because it does not require to consider the inputs from local governments. Such approach, however, will not likely last long because local governments –the entities which will implement such policies– are neglected. They are excluded in the decision-making process. Another approach is decentralized model. Unlike centralized model, decentralization believes that local government plays essential roles in determining policy for the regions. [5] The central authority will consider very seriously all inputs from local government so that it fits with the real-world situation on the ground. Utilizing centralized-decentralized approaches, this paper aims to analyze what would be the most favorable approach in developing regions particularly tourism in Indonesia. Should it be centralized or decentralized. This paper argues that decentralization particularly functional asymmetrical decentralization is essential for local government in developing tourism. Functional asymmetrical decentralization recognizes the unique characteristics of each and every region based on its function –not solely based on political consideration. Within this approach, every regional authority should identify its function as reflected in the unique characteristics of the region. This is important so that it can be developed optimally. To complement such approach, the central government should consider seriously all relevant inputs from local government so that it fits with the need of the regions as well as the national grand design for the whole regions in Indonesia. These combined approaches are important because developing one region have significant impact to the neighboring regions. The central government in this case plays significant roles in coordinating and bridging among regions. This paper is structured as follow: Sect. 1 discusses two models in managing country namely decentralization and centralization. The discussion is important to understand the nature and consequences of adopting one or another. Section 2 analyses the law and regulations concerning central-local relation specifically tourism. Section 3 concludes.

Keywords: Functional Asymmetrical Decentralization · Tourism · Indonesia

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1 Understanding Decentralization and Centralization

Why do some countries prefer to adopt decentralization while others not? what would be the nature of each model? Existing literatures have attempted to explain centralization and decentralization. Centralization v. decentralization is a matter where decisions are made in an organization. [6] Centralization is implemented when central government is the entity who have the power to decide. Decentralization on the other hand transfer such authority to local government. For Cheema and Rondinelli, [7] in a decentralized system the power and authority are shifted to local government instead of being allocated at central government. Centralization and decentralization are relative concepts in which they can be determined by the degree of participation and the hierarchy of authority. [7] How far central government provide mechanism for lower level of government to involve in decision making process, this reflects the degree of participation. [7] Hierarchy of authority means how far the central government has allocated the decisions making power to lower level of government. [7] In other word decentralization closely related to the central government overseeing service without being directly involved in the implementation. Centralization on the other hand requires central government direct involvement.

Adopting decentralization can be beneficial because its more flexible to adapt with local needs. Local government in many respects knows better about their region's situation. Therefore, they can deliver the resources maximally based on their experience in their respective regions. Decentralization also means efficiency and quality Local government can deliver good and service more efficient because they are close to the society and have better understating about their respective regions. Decentralization may also improve quality, transparency and accountability because more people get involved in decision making process. Decentralization however also create challenges such as the creativity of regions will determine whether decentralization works well or not, the readiness of the regions, potentially create "new powerful authority" in the regions, competitiveness, and duplication of work. [7]

Centralization on the other hand means there is uniformity treatment to the regions in which central government directly involved in managing regions. Centralization can be very effective in a circumstance where rapid action from the government is needed. It can also beneficial to have the same treatment of good and service across regions. Centralization enhances decisiveness, integration and cost efficient because it does not need to go through multiple units since the central government itself will directly implement the policy. Centralization however also means democratic deficit as there is no direct involvement from lower level of governments in decision making process. Centralization also means "one size fits all" which assume all regions have same problems and therefore need same treatment/policy in fact this is not always the case in the real-world situation.

Types of Decentralization

Tourism as one of the government's duties and responsibilities in managing the country can also be carried out through centralized as well as decentralized policy. Centralized policy on tourism assumes that matters related to policies on tourism should be carried out by single centralized body "where there is no system that would allow decisions to

be taken by the people most immediately affected by them.” [8] Tourism in centralized system considered as national authority so that it belongs to central government and not local government. Tourism in this system should be centrally planned and controlled. Centralized approach is normally adopted by developing countries because tourism is considered as an industry of national concern.

The shortcomings of centralized policy include the gaps between centralized plan and the implementation of such plan in the regions. It is likely that the desired outcome is not achieved as because there is a gap between centralized plan and the implementation of such plan on the ground. The distance between the planners and the implementers can impact the spirit of local stakeholders to participate in decision-making process. As Barry mentioned, “if bureaucracies are too large or too distant from the people affected by decisions then people become alienated.” [8]

Scholars have attempted to explain types of decentralization. Turner and Hulme [9] classified decentralization into two—territorial and functional decentralization. Territorial decentralization is placing the authority at lower level in territorial hierarchy so that geographically, it is closer between the government and the people. Functional decentralization means transfer of authority to a specific and special agency.

Decentralization can take into two different forms deconcentration and devolution. Deconcentration is basically extending the central government authority to the region by posting central government officials in the respective region. Devolution is transferring powers to special bodies and separate from the government. Crook and Manor [10] add two more types of decentralization delegation and transfer to non-government institutions. Delegation is transferring function to regional development authorities. [10] Transfer to non-government institutions means shifting responsibilities for activities from the public sector to private entities that are not part of government structure. [10]

2 The Law and Regulations Concerning Central-Local Relation Specifically Tourism

Indonesia is one of the most populous, diverse nations stretching from Papua to Aceh. The fact that Indonesia is a plural country does not mean that Indonesia adopts federalism which may be better in accommodating such diversity. Indonesia is in fact unitary state. [11] It is expressly mentioned in Article 1 of the 1945 Constitution, “Indonesia is unitary state in the form of republic.” Unitary arrangement often links to the dominant roles of central government in managing the country. This situation is different from federalism which provide significant authority to states or local government.

The question is how Indonesia with its diverse society adopt unitary state which is closely related to significant roles of central government. Unitary state of Indonesia acknowledges and respect the diversity of its peoples by adopting decentralization. Article 18 of the 1945 Constitution guarantee decentralization. It stipulates, “The division of Indonesia into large and small areas, with the form of arrangement government is determined by law, by observing and remembering the basis of deliberation in the state government system and the rights of origin in special areas.” [12] This article implies that Indonesia adopts territorial decentralization. It further indicates that Indonesia recognizes the existence of distinct and special region. The constitutional guarantee of

decentralization is more comprehensive in the updated constitution. There are two additional articles 18A and 18B which explain central-local relations. The new version of Articles 18, 18 A and 18 B expressly guarantee decentralization, wide-ranging autonomy and acknowledgement of special and distinct regions. [13]

In addition to provisions of the Constitution, there is a specific law which focuses on regional government namely Law 23/2014. The Law explains the relation between central and local government (Provinces, regencies and municipalities). [16] The 23/2014 Law divides authorities owned by central government, provincial government and regencies/municipalities. There are some areas which solely owned by central government including Defense, Monetary and fiscal, religious affairs, security and international relations. Other than those areas, central government and local government share the duties and obligations. These include sectors on education, health, social welfare, housing, infrastructures, tourism and so on and so forth. In other words, policies on tourism is concurrently carried out by central government and local government both provinces and regencies depending on the geographical location.

In general, decentralization increase policy performance by granting powers and authorities to local government so that local government can utilize its local knowledge, expertise and wisdom from people in the regions. Decentralization also demands agenda for improving capacity at local level. The unintended consequence of decentralization in Indonesia is local egoism and institutional fragmentation and even kingdoms of their own. [17]

Besides constitutional provision on article 18 (6) of the 1945 Constitution which authorizes every local government to autonomously manage its region. This reflects the adoption of decentralization. Further Law 10/2009 on Tourism divides authorities in carrying out tourism into central government, local government, entrepreneurs and society. Ministry of Tourism [18] as the representative of central government (Kementerian Pariwisata) through deconcentration support regional government in developing tourism in their respective regions. The involvement of central government is essential because central government can help in coordinating and harmonizing policies among regions so that it is inline with national tourism development strategy.

Based on Government Regulation 50/2011 on National Tourism Development Plan [19], there are 50 National Tourism Destinations and 88 National Tourism Strategic Areas. In 2015–2019 periods there are 20 provinces and 45 regencies have developed National Tourism Strategic Areas. There are some challenges in developing tourism in Indonesia. [20] First, lack of innovation in opening and developing new tourist destinations. Second, Lack of managerial skill in developing tourist destinations. Third, Lack of diversity in tourism themes based on the uniqueness of local destinations. Forth, lack of integrated efforts in revitalizing tourist destinations. Fifth, Lack of human resources and public facilities to support tourist destinations. [20]

Law 23/2014 on regional governance states that local governance indirectly provides legal foundation for local government to carry out policy on tourism. Law 10/2009 on Tourism add another institution namely Tourism Promotion Board (Badan Promosi Pariwisata) established by governors/regents/mayors.

There are some challenges in developing tourism in Indonesia. These include legal framework and the implementation of law and regulations on tourism. [20] These include:

(1) there is only few provisions in the legislation which guarantee community to actively participate in decision making process. (2) it is also important to include community in preserving and respecting religious norms, customs and cultures living in the community apart from the entrepreneurs who mainly manage tourism. (3) Involving community will help tourism development as well as improving local economy in the region. (4) there is possibility of overlapping authority among relevant institutions on tourism there are central government, Indonesian Tourism Promotion Board (BPPI) and local government. [20] The existence of the BPPI is significant to coordinate between central government policies and local government policies on tourism. However, the BPPI needs to be improved. It is important to properly divides the authority and duties of these three institutions (local, central government and the BPPI) to avoid overlapping among them. If it is properly allocated, the BPPI function in coordinating local-central government policies on tourism goes smoother and it does not go too far intervening both local and central government policies on tourism. Law enforcement also needs to be improved so that law enforcement can be effective. This include sanctions for those who violate the law. Law should bind everyone not only for community but also for other stakeholders in tourism including tourists and tourist's business entity.

Recognizing the cultural diversity of Indonesia, it is important that 18B (2) which guarantee the uniqueness, specialty and distinct features local government also taken into consideration. The Constitutional Court rulings number 6/PUU-VI/2008 and 31/PUU-V/2007 elaborate what considers as adat village (desa adat). First adat community is in existence if factually there are the following elements; (1) there is in group feeling among community members; (2) The existence of adat village does not treat the existence of unitary state of Indonesia; (3) the customary and traditional rights of the adat community is recognized based on laws and regulations and respected by adat community and does not go against human rights.

Case Study on Functional Asymmetrical Decentralized Policies on Tourism [20]

The following will provide three case study on decentralization on tourism namely Surakarta, Batu and Bali. The three cities are chosen because they reflect different characteristics among them. Surakarta are well known with batik, palace and other traditional attractions such as wayang orang and tari traditional. Unlike Surakarta Batu is popular with its beautiful nature because of its high land the weather is so refreshing. Many visitors come to Batu for holiday, spending time for taking rest. Bali is very popular not only for Indonesians but also for international tourists. Bali is well known with its natural beauty, beaches, traditions and traditional dances and temples. The way these three regions manage tourism are varied because the factual situation is different among these three cities. The functional asymmetrical decentralization is largely applicable in these cities to accommodate the unique characteristics of each cities.

Surakarta established Tourism Promotional Board which aim to manage tourism in Surakarta. There are 14 unique destinations including Karaton Surakarta (Palace of Surakarta); Pura mangkunegaran; Benteng Vastenburg (Vastenburg fort); Radya Pustaka Museum; Sriwedari ballet, Sriwedari /Balekambang Botanical Garden, Jurug Zoo, Klewer and Gedhe Markets, Batik Laweyan and Baluwarti heritage. In 2017 Local Government enacted Local Government Regulation 5/2017 on Tourism (Penyelenggaraan Usaha Pariwisata). There is specific strategy on this regional regulation how to develop

various tourist destinations i.e. cultural and natural heritages. Batu is popular its nature. Many visitors come to Batu for resting. Therefore resorts, agrobisnis and living with natives are potential. Jawa Timur Park 1, Jawa Timur Park 2, Batu Night Spectacular, Hotel Pohon Inn, Pondok Jatim Park, Eco Green Park and traditional dances. Bali is known as Island of God (Pulau dewata). Bali is international destination for a long period of time. Bali is also known as a 1000 temples Island. Local wisdoms, Adat villages such as Desa Pakraman, Awig-awig (traditional regulation of adat villages in Bali).

3 Conclusion

The present paper has explained the relation between decentralization and its importance to tourism. It aims to understand whether decentralization would be the viable option to develop tourism in Indonesia. It finds that decentralization that has been existed in Indonesia since Indonesian independence in 1945. Article 18 of the Constitution and articles 18, 18A and 18B of the updated constitution are likely to improve the quality of tourism in Indonesia as it provides opportunity for the regions to actively participate in developing tourism in their respective regions. The vast territory of Indonesia, the diversity of culture, customs and ethnicities are the important resources in developing tourism. Adopting Decentralization in tourism will help each and every local government with their unique characteristics to determine the best option to be developed in their respective regions in line with regions potential. The role of central government is to support and to coordinate all local government policies so that there will be harmonious policies in national level. It is important to do so because developing tourism in particular regions will impact (negatively or positively) other neighboring regions. Functional asymmetrical decentralization is preferable because it provides more opportunity for regions (as opposed to central government) with their respective uniqueness to properly develop tourism in their respective regions responsibly. Functional means that there should be body which specific task to comprehensively develop tourism. With functional asymmetrical decentralization it is expected that certain aspect of tourism can be handled by local government and managed professionally by a special body with expertise on tourist development destination.

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12. Article 18 of the 1945 Constitution
13. Article 18 (1) The Unitary State of the Republic of Indonesia shall be divided into provinces and those provinces shall be divided into regencies (kabupaten) and municipalities (kota), each of which shall have regional authorities which shall be regulated by law. (2) The regional authorities of the provinces, regencies and municipalities shall administer and manage their own affairs according to the principles of regional autonomy and the duty of assistance (tugas pembantuan). (3) The authorities of the provinces, regencies and municipalities shall include for each a Regional People's House of Representatives (DPRD) whose members shall be elected through general elections. (4) Governors, Regents (bupati) and Mayors (walikota), respectively as head of regional government of the provinces, regencies and municipalities, shall be elected democratically. (5) The regional authorities shall exercise wide-ranging autonomy, except in matters specified by law to be the affairs of the central government. (6) The regional authorities shall have the authority to adopt regional regulations and other regulations to implement autonomy and the duty of assistance. (7) The structure and administrative mechanisms of regional authorities shall be regulated by law.
14. Article 18A (1) The authority relations between the central government and the regional authorities of the provinces, regencies and municipalities, or between a province and its regencies and municipalities, shall be regulated by law having regard to the particularities and diversity of each region. (2) The relations between the central government and regional authorities in finances, public services, and the use of natural and other resources shall be regulated and administered with justice and equity according to law.
15. Article 18B (1) The State recognises and respects units of regional authorities that are special and distinct, which shall be regulated by law. (2) The State recognises and respects traditional communities along with their traditional customary rights as long as these remain in existence and are in accordance with the societal development and the principles of the Unitary State of the Republic of Indonesia, and shall be regulated by law.
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