



Investment Multiplier Effect Expands Tourism Destinations (Community of Economy and Social in Jungjungan Village, Ubud Bali)



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Abstract

The study is aimed at discussing the investment multiplier effect expands tourism destinations. The main problem is how can multiplier investments in the tourism sector minimize unemployment in Junjungan Village, Ubud, Bali. The results of the analysis and discussion show that the existence of investments influences many of the social and economic life of the community, because there are so many benefits or benefits obtained by both the Gianyar government and the local community as an integral part of the tourism business on the island, both in the form of tax and assistance provided to local communities to improve the quality of life and also training in the human resources. The more investment in this village, it is expected to be able to open as wide employment opportunities as possible. Therefore, unemployment is minimized and public income is expected to continue increasing.

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1. Introduction

The development is a process of change that covers all social systems, such as politics, economics, infrastructure, defense, education and technology, institutions, and culture (Bain, 1859). Population in Bali is uneven so that densities in several cities greatly affect development. With this population density, competition for employment is very difficult and results in unemployment and poverty. Unemployment is a major problem in modern society. If the unemployment rate is high, resources will be wasted and people's income levels will decline. This situation caused economic sluggishness which also affected the emotions of the Junjungan Village Ubud Bali community and uncontrollable social unrest. The main factor causing unemployment is people who are in the productive age/working age who do not work. One of the big problems in the Junjungan Village Ubud and Bali is the problem of unemployment, which has never been resolved every year. The unemployment factor can be of various kinds, and this should not be ignored by the government. Efforts to tackle unemployment are not mere government obligations.

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All residents of Ubud and Bali are expected to participate in overcoming this problem. Without cooperation between the government and the community, it is impossible to overcome unemployment in the Junjungan Village Ubud and Bali. Some causes of unemployment are common in Indonesia. Low education. Low education can cause someone difficulty in finding a job. Because all companies need a minimum of high school and even Diploma and bachelor employees. The solution to overcoming unemployment is by opening foreign and domestic investments, especially in the tourism sector because investment in this sector produces faster than other sectors. Based on the above phenomenon, the main problem can be formulated included (1) how can multiplier investment investments minimize the number of unemployed people in the Junjungan Village Ubud Bali? (2) how to prepare graduates to have high competence in order to be able to compete at home and abroad?

Literature Assessment

Case studies about multiplier investment effects have been studied by many local and foreign researchers. However, research on Multiplier investment effect on expanding tourism destinations to the economic and social communities in the village of Ubud is interesting to study because not many have been appointed as research for research findings.

The research conducted by [Waskito et al., \(2018\)](#), entitled the Impact of Foreign Investment in the Tourism Sector on the Socio-Economic Life of Communities in the Derawan Islands. This study aims to describe and explain the impact of foreign investment in the Derawan Islands on the socio-economic life of the community. The type of research used is an explanatory type of research, which describes and provides an overview of the impact of foreign investment in the Derawan archipelago. The data used are primers obtained from observations, interviews, and documentation as well as secondary data obtained through literature and literature such as books, the internet, and others. The analysis technique used is qualitative analysis techniques. The results show that the existence of foreign investment in the Derawan archipelago has more or less influenced the social and economic life of the people, because there are so many benefits or benefits from both the Bureau government and local communities as an integral part of the tourism business in the Derawan archipelago, either tax, and assistance provided to the local community to improve the quality of life as well as human resources. However, even though the Derawan archipelago is currently the center of tourist destinations in Berau district, the conditions for supporting tourism facilities are still not maximal and must be addressed as the accessibility of a tourist attraction also determines the number of visits from both local and foreign tourists who come to visit.

Furthermore, research from [McKee & Chase \(2003\)](#), entitled Analysis of Tourism Sector Investment by the Batam City Government. Investment is often called investment, is the overall expenditure of the company to buy real capital goods, both to establish new companies and to expand existing businesses, with the aim of gaining profits, especially in the tourism sector. The enthusiasm of the local government has not been fully coupled with clear and comprehensive agendas which are internally created by the local government. The formulation of investment policies, improvement of regulations and regulations, preparation of investment master-plans, development of investment information systems, one-roof system services or one-stop shop, partnership development, have not been optimally developed by regional governments. Tourism sector investment where investment is doing tourism to support tourism development especially in facilitating tourism facilities and tourism destinations. The Indonesian tourism invasion is very promising because Indonesia is one of the tourist destinations that are interested in foreign tourism, especially the tourism sector in Batam City.

This research aims to; increasing investment in the tourism sector of the Batam City government, this tourism sector investment research uses a qualitative approach. In data analysis, it begins with collecting data through the library method (documentation), observation and interviews. The results of this study concluded; in managing the tourism sector to attract tourism investment, especially in Batam City by providing good facilities and infrastructure to support its service procedures to investors in investing business capital in the tourism sector. The Local Government of Batam City has realized several tourism activities to invest in developing tourism objects, namely increasing the development of tourism objects owned by the Batam City.

In addition, it is also used for investment in strengthening the capital of Batam City tourism actors. This study recommends; it is expected that the Batam City Government will encourage investment growth in the tourism sector, as well as increase investment movement in the tourism sector and the Batam City Government which is expected to focus more on the development of the tourism sector which can absorb more labor in the tourism sector. From the two studies above this study differs in terms of location and also the theory used to discuss and the results obtained are different as well.

2. Materials and Methods

The data used in this study are (1) primary data, namely data and information obtained directly from the source/respondent. This data was obtained by conducting interviews with the staff of the Gianyar Regency Investment Coordinating Board Bali. By using a proportional sampling technique with a sample of 4 people from the Investment Coordinating Board and 14 people involved in the tourism sector. (2) secondary data, namely supporting data and information obtained from the Junjungan Village Ubud Bali office.

Macroeconomic theory of [Budiono \(2017\)](#), basically macroeconomic theory is a theory that discusses all events, phenomena or problems related to the economy as a whole or in a large scope. Macroeconomics is also part of economics that focuses on the study of the working mechanism of a nation's economy as a whole. The purpose of macroeconomics is to understand and understand events or events surrounding the economy and try to make a formula that is a solution to improve existing economic policies.

Balanced development theory of [Chase & Alon \(2002\)](#). This theory emphasizes that the economy is likely to develop if there is a good balance between various sectors in the economy. With balanced growth, it means that economic development will not succeed if the investment is only limited to certain "growth points" (growing points) or developing sectors, because other sectors are closely related. The investment must be distributed to all sectors so as to expand the market between one sector and another. The closer the interdependence relationship between various sectors, the market will be stronger. To realize this theory, of course, must be supported by a large investment.

The location of this research is in the Junjungan Village Ubud Bali by observing and mapping measured community activities. The observation time as the object of analysis is the condition of 12 (twelve) months from January to December running in 2018. Consideration of the use of 2018 is taken to facilitate the recording of information on respondents, namely, the Investment Coordinating Board in Junjungan Village Ubud, Bali. The instruments used in this study were descriptive research through literature surveys and field surveys and in-depth interviews. The interviews conducted were open questions and closed questions ended. The analytical method used in this study includes several methods according to the research objectives as follows:

1) Macroeconomic Economy of [Budiono \(2017\)](#). Basically, the macroeconomic theory is a theory that discusses all events, phenomena or problems related to the economy as a whole or in a large scope. Macroeconomics is also part of economics that focuses on the study of the working mechanism of a nation's economy as a whole. The macroeconomic objective is to understand and understand events or events surrounding the economy and try to make a formula that is a solution to improve existing economic policies.

The government has published five economic policy packages throughout 2016, namely policy packages IX to XIV. The policy package covering policies in the industrial sector, investment, increasing the power of society, logistics, increasing exports, and national tourism. In fact, this policy is expected to reduce various barriers to economic activities, both consumption, investment, production, and international trade. Thus, the domestic economy can grow better. The economist of the Center of Reform on Economics (CORE) in Indonesia explained that not all of these packages can be assessed for impact in a short time. Remembering some of these policies are related to improving the business climate that has a time-lag for business actors.

Moreover, weak domestic and global demand makes the impact of policy on domestic economic activities not yet significant. Some of the policy packages are expected to have no effective impact, both in terms of technical implementation and in terms of policy substance. Dissemination to related parties is still low, while the implementation of policies by related ministries or institutions is also slow and some policy packages are difficult to evaluate because progress does not have a measurable time target. In terms of policy substance, a number of policies are still partial and have not touched the substance of the issue to be resolved. The policy package X which revises *Presidential Regulation (Perpres)* Number 39 of 2014 concerning Negative Investment List with the aim of protecting employers and giving certainty about the limits of foreign share ownership.

2) Balanced Development Theory (Balanced Growth) from [Chase & Alon \(2002\)](#). This theory emphasizes that the economy is likely to develop if there is a good balance between various sectors in the economy. With balanced growth, it means that economic development will not succeed if the investment is only limited to certain "growth points" (growing points) or developing sectors, because other sectors are closely related. The investment must be distributed to all sectors so as to expand the market between one sector and another. The closer the interdependence relationship between various sectors, the market will be stronger. To realize this theory, of course, must be supported by a large investment.

The essence of Rosenstein-Rodan's formula is to overcome barriers to economic development in the Developing Country and to push the economy towards progress requires a "big push" or a comprehensive program that refers

to a certain minimum investment amount. In emphasizing his arguments, Rosenstein-Rodan uses an analogy: "there are a number of minimum sources that must be provided if a development program is expected to succeed. Spurring an economy towards self-sufficiency seems a bit similar to an airplane that will take off, there is a critical speed point that must be passed before the plane can fly ... "

3. Results and Discussions

3.1 Macroeconomic Economic Theory

Morgan & Condliffe (2007), implementers of macroeconomic policies coordinated by Bank Indonesia saw signs of economic improvement based on achieving second quarter 2016 growth that exceeded expectations. However, there are still several factors in global economic uncertainty so that the central bank is hesitant to decide on monetary policy easing. Deputy Governor of Bank Indonesia Perry Warjiyo said that Bank Indonesia must review the risks and conditions of financial markets to determine the direction of monetary policy going forward. Because, even though domestic economic growth shows signs of strengthening, there is still a risk of the global economy. Become the last risk assessment and financial market outlook. Bank Indonesia is still looking for the right time to loosen its policies by taking into account two global economic factors. Is monetary easing in June July the right time compared to November and December? First, the financial conditions face the risk of rising US interest rates, namely the Fed Rate. Since the beginning of this year, the US Central Bank has indicated that it will again raise interest rates. But, until now the policy has not been implemented because the economic conditions have not improved. Secondly, the belief that economic growth has fundamentally improved. The consideration is that there are still risks to the impact of the UK's exit from Britain (Britain'sExit / Brexit) on the world economy and Indonesia. In addition, commodity prices are expected to remain under pressure from policy changes made by the Chinese government.

The end of the year because China is one of Indonesia's main trading partners. These two risk factors are the reason why Bank Indonesia has not intended to increase its economic growth forecast this year by 5.1 percent. Although the realization of economic growth in the second quarter of 2016 was above the previous expectations, which amounted to 5.18 percent and overall in the first semester of 2016 grew by 5.4 percent. There are still some uncertainties in the third and fourth quarters. The Indonesian Bank is still reviewing the planned budget cuts of Rp 133.8 trillion to the economy. The central bank estimates that the impact of the policy is not too large as long as the government does not cut productive spending, such as for infrastructure projects. Moreover, so far the absorption of government spending has always been below the target. If the budget cuts are followed by an increase in budget absorption, it will still be able to encourage economic growth. If absorption (budget) reaches 90 to 95 percent, the effect is not much (on economic growth) (Tooman, 1997).

Basically, the economic development of a country aims to achieve the prosperity of the people of Desa Junjunggan Ubud Bali through high economic growth and equitable income distribution by creating jobs as wide as broad. If it is associated with the investment, the more investment will require a lot of labor, so it is very appropriate if the greater the investment, the economy of a country will grow and develop. Investment is a component of expenditure that is quite large and not easily exhausted, so large changes in investment will greatly affect demand. Investment encourages capital accumulation, adding stock of buildings and other equipment, will increase a nation's potential output and stimulate economic growth for the long term.

Mules & Dwyer (2005), job opportunities are closely related to the ability of companies to accommodate or absorb human resources in relation to the production process. If there are no people who can become entrepreneurs, the unemployed will increase in number. Developed and developing countries really expect Full Employment to be a condition that occurs in an economy characterized by all people who are able and willing to work, both employed and have the opportunity to work. Full employment is characterized by the number of available workers or employment opportunities equal to or can also exceed the number of available jobs or employment opportunities equal to or exceed the number of people who are looking for work.

Harris (1997), to increase domestic capital, the Indonesian government is seeking foreign debt assistance, which is not bad, if it is natural. But if the amount is not reasonable, of course, it will affect the stability of the national economy. This is related to the risks that can occur if the government does not anticipate it. Foreign debt assistance will actually slow down growth which is closely related to the substitution of foreign investment and savings, and the widening of the country's balance of payments deficit. Given that Indonesia is still a developing country that does require a lot of capital. Widening the gap in the standard of living of the Junjunggan villagers Ubud Bali between those who are rich

and poor in Bali. Which one, the rich are getting richer and more lively, while the poor are getting poorer and the quality of their lives deteriorates.

Based on the description above it can be concluded that the amount of goods and services produced is influenced by investment, the existence of investment will absorb labor then the amount of production will increase. There are two sides that benefit, namely the reduction in the unemployment rate and the availability of goods will be balanced with demand. In the future, it is expected that the prosperity of the Junjungan Village Ubud Bali community will be achieved. But investment is not the main driver of economic growth in the macro context. It is entrepreneurs who struggle to run it. With their role in creating new jobs, they will overcome all economic problems in a very broad scope. So the government is so aggressive in supporting young entrepreneurs to open new businesses because this is the place to suppress unemployment.

3.2 *Balanced Development Theory (Balanced Growth)*

Huse *et al.*, (1998), balanced development is development carried out evenly for each region, in Gianyar, especially in the Junjungan Village Ubud, Bali so that each region gets equitable development for each population. Every citizen gets welfare in the industrial sector and the agricultural sector. The need for balanced development is to keep the development from facing obstacles in obtaining facilities involving materials or goods for development. In Rosenstein-robin's view, it is stated that balanced development is to create various types of industries that have attachments to other developments so that each industry will obtain an external economy as a result of industrialization. While the opinion of Nurkse is not much different from the opinion of Rosenstein-roben, Nurkse expressed the need for balanced development, namely development carried out not only to gain profits from the sale of goods or infrastructure but also to get markets for goods produced by various industries to be developed.

In their view, Eadington & Redman (1991), balanced development only emphasizes demand. This theory emphasizes that the economy is likely to develop if there is a good balance between various sectors in the economy. With balanced growth, it means that economic development will not succeed if the investment is only limited to certain growing points or developing sectors, because other sectors are closely related. The investment must be distributed to all sectors so as to expand the market between one sector and another. The closer the interdependence relationship between various sectors, the market will be stronger.

To realize this theory, of course, must be supported by a large investment. The balance of development in various sectors is like the tourism industry sector with the agricultural sector, between the consumer goods industry and the capital goods industry, between the foreign sector and the domestic sector, and between the productive sector and infrastructure sector and sector. In the end, this balanced development necessitates simultaneous and harmonious development in various economic sectors so that the whole sector will grow together. Therefore, a balance between the demand side and the supply side is needed. The supply side places emphasis on simultaneous development of all sectors that are interrelated and function to increase the supply of goods.

Raguraman (1997), this supply-side includes simultaneous and harmonious development of intermediate goods, raw materials, energy resources, agriculture, irrigation, transportation. On the supply side, it relates to the provision of greater employment opportunities for the community and additional income so that demand for goods and services grows. This side is related to industries that are complementary in nature. Besides this balanced development goals are carried out with the intention of maintaining that the development process does not face obstacles such as (1) Obtaining raw materials, experts, energy resources, and facilities to transport production to the market. (2) Obtain markets for goods that have been and will be produced. If this way of working step by step will not encourage the economy to successfully advance smoothly through the development trajectory. Therefore, a certain level of minimum investment becomes an initial solution to get a good start.

Thus Rosenstein-Rodan requires absolute minimum and economic externality, namely: Absolute minimum requirements in the production function, the absolute minimum requirement on demand and the absolute minimum requirement on savings inventory. Expressed by Rosenstein-Rodan, the existence of massive industrial development is considered to be able to create three types of economic externalities, namely first, externalities caused by market expansion. Secondly, externalities are created because of industrial locations that are close to each other. Third, externalities created due to the existence of other industries in the economy.

Based on the description above, it can be concluded that balanced development aims to flatten the existing development for the welfare of the community. With balanced growth, it means that economic development will not succeed if the investment is only limited to certain growing points or developing sectors, because other sectors are closely related. The investment must be distributed to all sectors so as to expand the market between one sector and

another. The closer the interdependence relationship between various sectors, the market will be stronger. To realize this theory, of course, must be supported by a large investment. The balance of development in various sectors in the such as the tourism industry sector with the agricultural sector, between the consumer goods industry and the capital goods industry, between the foreign sector and the domestic sector, and between the productive sector and infrastructure sector. This balanced development requires simultaneous and harmonious development in various economic sectors so that the whole sector will grow together. Therefore, a balance between the demand side and the supply side is needed.

4. Conclusion

Based on the discussion above conclusions can be conveyed. *First*, The macroeconomic situation of Bali and Junjungan Village Ubud in particular by seeing signs of economic improvement based on the achievement of second quarter 2016 growth which exceeded expectations. The more investment will require a lot of labor so it is very appropriate if the greater the investment, the economy of a country will grow and develop. Investment is a component of expenditure that is quite large and not easily exhausted, so large changes in investment will greatly affect demand. Investment encourages capital accumulation, adding stock of buildings and other equipment, will increase a nation's potential output and stimulate economic growth for the long term. Job opportunities are closely related to the ability of companies to accommodate or absorb human resources in relation to the production process.

Second, Balanced development to create various types of industries that have the same as other development so that each industry will obtain an external economy as a result of industrialization. In Rosenstein and Nurkse's view that balanced development only emphasizes demand. The economy is likely to develop if there is a good balance between various sectors in the economy. With balanced growth, it means that economic development will not succeed if the investment is only limited to certain growing points or developing sectors, because other sectors are closely related. The investment must be distributed to all sectors so as to expand the market between one sector and another. The closer the interdependence relationship between various sectors, the market will be stronger. To realize this theory, of course, must be supported by a large investment. The balance of development in various sectors in the Junjungan Village Ubud Bali such as the tourism industry sector with the agricultural sector, between the consumer goods industry and the capital goods industry, between the foreign sector and the domestic sector, and between the productive sector and infrastructure sector.

Conflict of interest statement and funding sources

The author declared that he has no competing interest. The study was financed by independent funding.

Statement of authorship

The author has a responsibility for the conception and design of the study. The author has approved the final article.


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