

**DECENTRALIZATION POLICY AND TOURISM DEVELOPMENT:
A CASE STUDY OF LOMBOK ISLAND, INDONESIA**

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**DECENTRALIZATION POLICY AND TOURISM DEVELOPMENT:
A CASE STUDY OF LOMBOK ISLAND, INDONESIA**

by

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LIST OF ABBREVIATIONS

APA	American Planning Association
ASEAN	Association of Southeast Asian Nations
BAPPARDA	Provincial Tourism Development Board (<i>Badan Pengembangan Pariwisata Daerah</i>)
BAPPEDA	Badan Perencana dan Pembangunan Daerah (<i>Planning and Development Board</i>)
BAPPENAS	The Ministry of National Planning
BIL	<i>Bandara Internasional Lombok</i> (Lombok International Airport)
BLTDC	Bali-Lombok Tourism Development Corporation
BPPI	Indonesian Tourism Promotion Board
BPS	<i>Badan Pusat Statistik</i> (Central Bureau of Statistics)
BTDC	Bali Tourism Development Corporation
BUMN	<i>Badan Usaha Milik Negara</i> (State Owned Enterprise)
CMEA	Coordinating Ministry For Economic Affairs
DAK	<i>Dana Alokasi Khusus</i> (Special Allocation Fund)
DAU	<i>Dana Alokasi Umum</i> (General Allocation Fund)
DGT	Directorate General of Tourism
DISBUDPAR	Dinas Kebudayaan dan Pariwisata (<i>Cultural and Tourism Office</i>)
DPR	National Parliament
DPRD	Regional People Representative Council
GDP	Gross Domestic Product
GET	Gili Eco Trust
GHG	Greenhouse Gasses
GoCL	Government of Central Lombok
HDI	Human Index Indicator
ILO	International Labor Organization
INPRES	<i>Instruksi Presiden</i> (Presidential Decree)
KSP	<i>Kawasan Strategis Pembangunan</i> (Strategic Development Area)
LTDC	Lombok Tourism Development Corporation
MICE	Meeting, Incentive, Convention and Exhibition
MoHA	Ministry of Home Affairs
MoTCE	Ministry of Tourism and Creative Economy
MP3EI	<i>Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia</i> (Master Plan for Acceleration and Expansion of Indonesia Economic Development)
MTA	Mandalika Tourism Area
MTDP	Mandalika Tourism Development Project
NGO	Non-Governmental Organization
NTB	<i>Nusa Tenggara Barat</i> (West Nusa Tenggara)

NTT	<i>Nusa Tenggara Timur</i> (East Nusa Tenggara)
PAD	<i>Pendapatan Asli Daerah</i> (Local Revenue)
PADI	Professional Diving Instructor
PATA	Pacific Asia Travel Association
PERDA	<i>Peraturan Daerah</i> (Local Regulation)
POKDARWIS	<i>Kelompok Sadar Wisata</i> (Tourism Awareness Group)
POSI	<i>Persatuan Olahraga Selam Indonesia</i> (Indonesia Dive Association)
PP	<i>Peraturan Pemerintah</i> (Government Regulation)
RDTR	<i>Rencana Detail Tata Ruang</i> (Detailed Spatial Plan)
REPELITA	<i>Rencana Pembangunan Lima Tahun</i> (National Five-Year Development Plan)
REPELITADA	<i>Rencana Pembangunan Lima Tahun Daerah</i> (Regional Five-Year Plan)
RIPPARNAS	<i>Rencana Induk Pembangunan Kepariwisata Nasional</i> (Master Plan for National Tourism Development)
RTR	<i>Rencana Teknis Ruang</i> (Detailed Engineering Design).
RTRW	<i>Rencana Tata Ruang Wilayah</i> (General Spatial Plan)
SME	Small Medium Enterprises
TALC	Tourism Area Life Cycle
TAO	Tambon (sub-district) Administrative Organization
TBL	Triple Bottom Line
TDC	Tourism Development Corporation
UNDP	United Nation Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
USD	United States Dollar
VLS	Visit Lombok – Sumbawa
WTO	World Tourism Organization

**DASAR DESENTRALISASI DAN PEMBANGUNAN PELANCONGAN:
KAJIAN KES PULAU LOMBOK, INDONESIA**

ABSTRAK

Desentralisasi adalah pemindahan kuasa, bagi tujuan memberi perkhidmatan kepada masyarakat awam, dari individu atau agensi di peringkat pusat kepada individu atau agensi yang berinteraksi langsung dengan masyarakat di peringkat daerah. Pelaksanaan dasar desentralisasi telah mempengaruhi pelbagai sektor di Indonesia termasuk pelancongan di peringkat daerah. Urus tadbir pelancongan melalui pendekatan desentralisasi merupakan satu alternatif untuk mengatasi permasalahan pentadbiran yang disebabkan oleh tadbir urus berpusat (*centralized governance*). Manfaat-manfaat yang dapat diperoleh melalui pendekatan desentralisasi dalam tadbir urus pelancongan adalah kecekapan dalam perancangan dan pembangunan sektor pelancongan. Melalui pendekatan desentralisasi, pelan pembangunan di peringkat daerah dapat disediakan dengan sokongan maklumat yang menyeluruh yang mana ianya tersedia di peringkat daerah, selain itu penyelarasan antara organisasi dapat dilaksanakan di peringkat daerah. Inovasi dan penambahbaikan juga dapat digalakkan melalui pendekatan desentralisasi, dan perkara ini dapat meningkatkan peluang bagi menghasilkan strategi pembangunan yang berkesan.

Objektif dari penyelidikan ini adalah untuk mengkaji bagaimana penerapan dasar desentralisasi memberi kesan kepada pembangunan pelancongan di Pulau Lombok, Indonesia. Untuk mencapai objektif tersebut, kajian ini menggunakan pendekatan kualitatif, khasnya dengan teknik temubual secara mendalam (*in-depth*

interview) terhadap tiga kategori pihak berkepentingan dalam sektor perancangan – pegawai pemerintah, pengusaha dan penduduk tempatan. Kajian ini juga telah menggunakan pendekatan kajian kes (*case study*) sebagai suatu strategi, dengan fokus kepada tiga destinasi perancangan utama di Pulau Lombok – Senggigi, Mandalika dan Desa Gili Indah. Hasil dari kajian ini menunjukkan bahawa pelaksanaan dasar desentralisasi telah mengubah hubungan antara pemerintah pusat dan daerah, memperkenalkan perundangan baru berkaitan dengan perancangan dan pembangunan perancangan, dan memberi kuasa lebih besar kepada pemerintah daerah dalam perancangan dan pembangunan.

Walaupun bagaimanapun, pelaksanaan dasar desentralisasi telah menyebabkan beberapa kekurangan dalam perancangan dan pembangunan perancangan, seperti meningkatnya jurang antara pemerintah daerah, rendahnya keupayaan jentera pemerintah daerah yang terperangkap dalam kuasa elit. Pada masa yang sama penyertaan masyarakat tempatan dalam sektor perancangan adalah masih rendah dan jenis penyertaan mereka terhadap kepada sebahagian kecil dari aktiviti ekonomi.

Oleh yang demikian, kajian ini mencadangkan, untuk mencapai perancangan dan pembangunan perancangan yang baik di Pulau Lombok pada era desentralisasi, permasalahan-permasalahan tersebut perlu diatasi untuk mencapai kejayaan dalam sektor perancangan. Sebagai suatu penyelidikan yang baru dan jarang dijalankan berkaitan dengan desentralisasi dan hubungannya dengan perancangan di Indonesia, maka hasil dari kajian ini dapat menyumbang kepada perkembangan ilmu pengetahuan dalam bidang perancangan dan pandangan yang munasabah dalam konteks negara membangun.

**DECENTRALIZATION POLICY AND TOURISM DEVELOPMENT:
A CASE STUDY OF LOMBOK ISLAND, INDONESIA**

ABSTRACT

Decentralization is a transfer of authority to perform some service to the public from an individual or an agency in central government to any other individual or agency which is closer to the public to be served at the local level. It has influenced major sectors in Indonesia including tourism at local levels. Decentralized tourism governance as an alternative form of administration has been suggested to overcome the potential problems that may result from the centralized governance. The potential benefits of the decentralized tourism governance, when it is implemented properly, could offer better efficiency in tourism sector. Through decentralization, plans can be fitted for local areas using comprehensive information that is only available at the local level, and inter-organizational coordination can be reached locally. Innovation and improvement can be promoted by decentralization, and this can enhance the possibility of producing more effective development strategies.

The objective of this research is to assess how the implementation of decentralization policy affects tourism development of Lombok Island, Indonesia. In light of research needs in the above context, this research, which is exploratory in nature with qualitative approach, engages in-depth interviews among three categories of tourism stakeholders – government officers, entrepreneurs and local communities. This research has also employed a case study approach on three main tourism destinations in Lombok Island – Senggigi, Mandalika and Gili Indah Villages.

The results from the case study analysis demonstrate that the implementation of decentralization policy has changed the relationship between central and local

governments, introduced new legislations on tourism planning and development, and provided local governments with greater autonomy. However, the implementation of the policy has created several limitations such as increased gap between district governments, lack ability of local entities and dominance of local elites. At the same time, local community participation in tourism sector is low and types of participation are restricted to few economic activities.

Therefore, this study suggests that the realization of tourism planning and development in decentralization policy era in Lombok Island must overcome these major limitations before it can successfully take place. As a research on decentralization and its relationship to tourism is relatively new and rare in Indonesia, the outcomes of this study have expanded the existing body of knowledge in tourism fields and have provided valuable insight in the context of developing countries.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This thesis addresses key themes in the contemporary tourism debate, particularly tourism planning and how it is shaped by decentralization reform in the context of island tourism development in Lombok Island, Indonesia. The specific purpose of this study is to investigate, analyze and explain the effects of decentralization policy on tourism planning and development in Lombok Island. This chapter provides a general introduction of the study including discussion on the research background, problem statement and research objectives. A brief outline of the thesis is presented at the end of this chapter.

1.2 Background of the Study

Decentralization is one of the most important reforms in the past decades, in terms of countries affected and the effects of the nature and quality of governance. Currently, decentralization policy has become one of the most debated issues throughout both developed and developing nations (Agrawal & Gupta, 2005; Faguet, 2011; Faguet & Sanchez, 2008; Iimi, 2005; Regmi *et al.*, 2010). Decentralization involves a transfer of a major authority for public expenditures and revenues from the central to the local governments under the principle of as much as autonomous as possible and as much as central power as necessary (Alm, Aten, & Bahl, 2001; Firman, 2010).

Decentralization is usually described as any act by which a central authority formally surrenders power to individual and agencies at lower levels in a political

administrative and territorial hierarchy (Manor, 1999; Ribot, 2002). It can also be described as a transfer of authority and responsibility to do some services to the public from central government to any other actors or institutions which is closer to the targeted serving community (Turner & Hulme, 1997, p. 152). It is essential to recognize that the practical definitions on decentralization have changed over time, scholars and practitioners use various terms in different ways.

According to Ribot (2004, p. 11), decentralization is effective to represent the local people, that is the degree to which local authorities are empowered and downwardly accountable to the local population. It functions as a mean to increase interest in political issues and may effect in participation enhancement by ordinary people (Kristiansen & Pratikno, 2006). This in turn may increase the accountability of decision makers towards the citizens (Blair, 2000). True local accountability can only be found in a change of values and awareness, and the active responses in local participation (Francis & James, 2003). Theoretically, decentralization should increase accountability and efficiency, include increasing in resource allocation, by connecting the costs and benefits of public services. It is because local governments understand what their communities' needs better than what the central government did (World Bank, 2000).

The decentralization reform has involved various sectors in several countries, including tourism. The role of political power and the influence of government policy on tourism development has been interest to researchers since a long time ago (Bramwell & Lane, 2000; Hall, 1994; Hall & Jenkins, 1995; Jenkins & Henry, 1982). Tourism governance will bring benefit by improving understanding of the key foundation dimensions. Otherwise, the study of destination governance, run the possibility to be comparable to the concept of sustainable tourism. Thus all may

encompassing slogan which is simply propagated, its effect means different people for different things based on its contextual applications (Ruhanen, 2008; Ruhanen, Scott, Ritchie, & Tkaczynski, 2010).

The approaches in tourism planning can be divided into top-down (centralized) or bottom-up (decentralized) (Yüksel & Yüksel, 2000). The decentralized approach is antithetical to the centralized, in which the authority is distributed to the local government and ordinary citizens. A successful tourism administration needs a process which supports a transparent participation system in decision-making, supports greater accountability of institutions to those people they are instituted to serve, improves the accessibility of information, and optimizes the use of resources by clarifying standards and responsibilities (Yüksel & Yüksel, 2000).

The centralized (top-down) tourism governance assumes that a central directing government has at its disposal the essential information about existing public problems and preferences and about the available resources and solutions (Kickert & Koppemjan, 1997). The centralized tourism governance is generally implemented by developing countries where there is no mechanism that would allow decisions to be taken by the people most directly affected by them, as tourism frequently is considered to be an industry of central government concern which should be centrally planned, developed and controlled (Wahab & Pigram, 1997). This form of tourism governance, however, has several limitations.

There are several cases where tourism plans prepared at the central government and adopted by the local governments and communities at the bottom level have not achieved the targeted outcomes. The reason for this consequence is that the formulation and implementation of plans by central government might be far from the needs of local community and is not gone through comprehensive knowledge on

the local environment. The centralized tourism governance results in local tourism development decisions being taken by central level rather than by local governments and decisions are inevitably formed at a distance from the area of local administrative. The existence of this physical distance has an impact on the eagerness of the local level stakeholders to involve in the decision-making process (Yüksel & Yüksel, 2000).

Decentralized (bottom-up) tourism governance as an alternative form of administration and decentralization has been suggested in order to overcome the potential problems that may result from the centralized governance. The potential benefits of the decentralized tourism governance, when it is implemented properly, could offer better efficiency in a number of different areas. Through decentralization, plans can be fitted for local areas using comprehensive information that is only available at the local level, and inter-organizational coordination can be reached locally. Innovation and improvement can be promoted by decentralization, and this can enhance the possibility of producing more effective development strategies. Decentralization may also help improve the motivation of personnel at the grassroots, as they have greater responsibility for the programs they manage. It also reduces central government agencies workload, will ease them from routine decision-making and provide more time for them to focus in strategic issues. By these, hopefully there will be improvement in the quality of policy (Yüksel *et al.*, 2005; Yüksel & Yüksel, 2000).

Tourism has been one of the most rapid growing economic activities and the most important industry in the world's economy (Göymen, 2000). Tourism industry becomes prominent in nation development because the consumption of tourism experiences represents a key growth sector in many contemporary economies. For

decades, tourism has been a major source of revenues in several countries or regions, particularly in the developing countries. Due to the limitation in financial resources, governments of developing countries have had to be selective in fostering activities with the greatest economic and social potential (Brohman, 1996; Settachai, 2008).

Tourism industry also grows in island destinations with their primary attractions such as marine resources, beaches, panoramas, and remoteness from urban areas or cities (Carlsen & Butler, 2011). Many islands worldwide have entered into a dynamic international competition for attracting tourists and gaining position in the global tourism market. While tourism has become increasingly important to many islands and regions, the most challenging issues now is on how they can sustain their natural environment and their local identity (Carlsen & Butler, 2011).

Most developing countries have adopted tourism sector as a driver for economic growth. Like other developing countries, Indonesia has attempted to encourage tourism industry expansion to boost foreign investment and local economic growth. Throughout the past few decades, tourism has become increasingly important to Indonesia since its shift from an agricultural to a more industrialized and service-based economy. In particular, after the economic and financial crises that swept Indonesia in May 1997, the Indonesian government and other countries in Southeast Asia have brought the region to a crossroad in its policies toward tourism development (Chon, 2000). At the same time, Indonesia has implemented a decentralization policy as a mechanism to govern the country with thousand of islands and huge number of population.

Indonesian system was transformed from an authoritarian to a parliamentary system and presidential system at all government levels from central to local governments (Matsui, 2005). Decentralization reform is a major phenomenon of the

governmental reforms in Indonesia. It caused major policy and institutional changes in the governmental systems (Firman, 2010). Decentralization policy reform or commonly known in Indonesia as “*Local Autonomy*” is considered as one of the most ambitious reform formats in today’s history of the country. About 240 million people by today are involves, with diverse cultures, ethnicity and socio-economic levels condition, quite apart due to the diverse physical geography of the country (Azis, 2008; Firman, 2010). The aim of decentralization is to put the government entities closer to the communities by empowering local people, provincial and district governments, and the local legislative councils. It is also to make an effective and efficient public funds allocation, more aligned with the local needs and enhance the quality of public service provisions (Azis, 2008; Firman, 2010).

The case study of this research, Lombok Island has the potential to be a competitive destination since its characteristics are equal to Bali – the catalyst of Indonesian tourism (Fallon, 2004, 2008). Lombok was as a leading destination in the 1990s era, but then declined due to the prolonged economic crisis, which started in 1997. The formation of several tourism plans and projects reveals that the development approach in Lombok Island has long driven by the government. Hence, it needs to be aware of the allocation of tourism resources, the creation of tourism policies, and the approaches of tourism development, have been neglected by many of tourism studies. In this regard, this research seeks to contribute to a body of knowledge in tourism development and planning by examining the influence of decentralization policy implementation in this island destination. The researcher attempts to understand how tourism has been adopted as an alternative to regional planning and how it has been affected by decentralization “*Local Autonomy*” policy.

1.3 Problem Statements

Prior to the empirical discussions on decentralization and tourism, it is important to view from the perspectives of existing research, where decentralization and tourism are such independent matters which may not be related to each other. In the context of tourism policy and planning, this concept is embedded in the governmental system, since government is one of the main stakeholders and decision-makers in the tourism sector. The existing research that discussed the relationship between tourism and decentralization policy were still very few. Some research on this matter such as by Lew (2001) discussed tourism development in decentralized system in the context of China; Yüksel *et al.*(2005) discussed the negative impacts of decentralization policy to tourism planning in the case of Turkey; Lortanavanit (2009) discussed its impact to local empowerment in tourism development in the context of Thailand; and Ivars (2004) discussed its role in tourism planning in the case of Spain. This thesis, on the other hand, focuses in a holistic manner on an island destination context which has different economic and socio-political structures and physical environment.

Many studies have emphasized on local autonomy and decentralization in Indonesia, but most of the analysis focused on the political and economic aspects of the legislation (Alm *et al.*, 2001; Brodjonegoro, 2003; Hadiz, 2004a; Holtzappel & Ramstedt, 2009; Lewis & Chakeri, 2004), its impact on natural resources, particularly in the forestry sector (Barr, Resosudarmo, Dermawan, & McCarthy, 2006; Resosudarmo, 2005), decentralization and natural resource management (Walsh, 2008), civil society and human resource (Ito, 2008, 2011; Turner *et al.*, 2009), and ethnic group relation (Duncan, 2007). Some other research discussed its impact on public services such as education (Bjork, 2004; Kristiansen & Pratikno,

2006; Simatupang, 2009), public health (Kristiansen & Santoso, 2006; Simatupang, 2009), fisheries management (Satria & Matsuda, 2004), and decentralization and local governance (Silver, 2003). No extensive literatures were found discussing the impacts of decentralization policy on the tourism sector as an alternative industry to enhance the economic and social development of a nation such as Indonesia (CMEA, 2011), after mining, oil and gas industry (Parikesit & Trisnadi, 1997). Little attention was paid on how this policy could affect tourism planning and development throughout the country.

Tourism research in Indonesia has been widely written, although it is still limited in number compared to the country's populations and the widest territory and richness of resources. Specifically in Lombok Island, several tourism studies have been undertaken on tourism planning and development (Shaw & Shaw, 1999), economic impact of tourism development (Cushnahan, 2004; Hampton, 1998; Telfer & Wall, 1996, 2000), cultural and social impact (Crimmel, 2003; Dahles & Bras, 1999; Safika *et al.*, 2011), local and land conflict in tourism destinations (Fallon, 2001, 2004; Kamsma & Bras, 2000), tourism sustainability (Dodds, Graci, & Holmes, 2010; Graci, 2008) and marine resources related to tourism (Fluker & Hageman, 2006; Hidayat, 2007; Satria & Matsuda, 2004; Satria *et al.*, 2006). Those studies, however, viewed tourism in Lombok Island from various aspects rather than from the institutional perspectives and government policy.

Tourism development in a marginal area of an island destination needs a cohesive commitment from all involved stakeholders. A number of researchers have pointed out that the achievement of tourism planning requires the determination of whether local communities have benefited economically from tourism development without suffering from environmental and socio-cultural impacts (Hall, 2000;

Sharpley & Telfer, 2002; Williams, 1998). It is clear that there cannot be one universal planning framework to solve all problems, given that individual tourist destinations have different local political, institutional, and environmental contexts (Hall & Lew, 1998, p. 200). It can be assumed that, to some extent, there will be inevitable conflicts of interest between various groups of stakeholders, especially between powerful top-level policymakers and marginal local communities living in the remote areas of Lombok Island. Mitigating and resolving potential and actual conflicts can be achieved by employing the general principles of sustainable tourism, and above all the involvement of local people right from the beginning of the planning process (Hall & Lew, 1998; Sharpley & Telfer, 2002; Singh, Timothy, & Dowling, 2003).

The main focus of this research is the island of Lombok, although the overall context of the province of Nusa Tenggara Barat (NTB), comprising Lombok and Sumbawa, need to be considered. Lombok, being the next island in the east of Bali, is seen as highly potential for tourism development due to its natural and cultural richness. The island is also seen as a gateway to the eastern part of Indonesia and attracts an overspill of tourists, approximately 20% from Bali. Although it has shown signs of improvement across many economic and human development indicators in the last decade, NTB still ranks thirtieth or as the second last of all Indonesian provinces in terms of Human Index Indicator (HDI), which is a combination of life expectancy, adult literacy rate, years of schooling and per capita expenditure (BAPPEDA, 2009; Fallon, 2008).

There is plenty evidence that projects which focus on generating economic benefits without effectively encouraging local community participation in the identification, design, implementation and evaluation of development activities in

order to provide extensive benefits for the community (Hall, 2000). Many tourism projects emphasize a beneficiary approach, and decisions about projects, employment and the overall types of development to be promoted are often made far from the site. Groups involved in planning and implementing tourism projects often say that they have a strong commitment to work with local people (Theerapappisit, 2008). Yet, few projects can be identified which are truly participatory, or which have initiated the processes to help communities manage their growth and resources more wisely. Thus, proactive approach from local government in provincial and district levels would be significant as a mediator in the development process within the industry and local community network.

The implementation of decentralization policy in Indonesia has significant impacts on island tourism development. As Lombok is located in a peripheral area, decentralization policy is considered the most appropriate but requires commitment from all government levels.

1.4 Research Questions

The key question of this research is *“how the implementation of decentralization policy affects island tourism of Lombok Island, Indonesia?”* This question will be elaborated into three specific questions as follows:

- a) How tourism planning approaches and to what extent decentralization policies have been implemented in Lombok Island?
- b) How the implementation of decentralization policy affects tourism development in Lombok Island?
- c) How the implementation of decentralization policy affects community participation in tourism development in Lombok Island?

In this thesis, the first research question will be answered in Chapter Six, the second research question is in Chapter Seven and the last question is in Chapter Eight. The analysis and discussion of the findings are based on the literature review as discussed in Chapters Two, Three and Four.

1.5 Research Objectives

The general objective of this study is to understand the planning and development pattern of tourism in Indonesia mainly in Lombok Island, as an emerging island tourism destination. Thus, the general objective of this research can be specified into three operational objectives as follows:

- a) To study tourism planning and decentralization approaches in Lombok Island.
- b) To investigate how decentralization policy affects tourism development in Lombok Island.
- c) To investigate how decentralization policy affects community participation in tourism development in Lombok Island.

The existing literature in this study presents this relationship as an open question and it becomes the first research question for this research. The framework of the research lists a few antecedents of tourism development and their mutual relationships. This constitutes as the second research question. Since this research is not a positivist study, identification of the relationships between various components of the framework are based upon exploratory methods. Efforts have been made to avoid any preconceived notions of these concepts and their relationships. Figure 1.1 outlines both the general and specific objectives of the research.

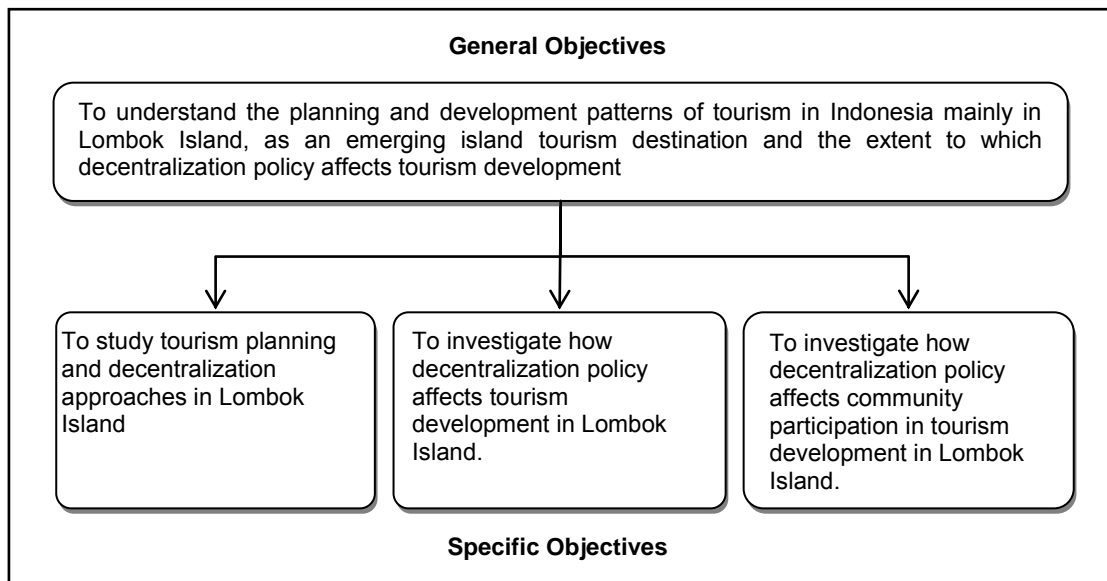


Figure 1.1 Outline of general and specific objectives of research

1.6 Significance of the Study

The significance of this study includes its contribution to scholarly research and literature, its significance in improving practice and policy. This study attempts to expand the literature on decentralization policy in the context of tourism development which currently lacks working framework. The significance of this study can be put to several uses as follows:

- a) The knowledge of tourism in Indonesia can serve as references for policymakers in deciding how to promote and develop markets for tourism in an island destination such as Lombok.
- b) By understanding factors that influence tourism development, the policy makers can acquire the necessary skills to develop and manage resources and local communities, thus avoiding potential negative impacts as well as avoiding the alienation and antagonism of the local population.
- c) Information in this study can be used by policy makers to identify and extend the principles of development planning.

1.7 Operational Definition

In this section, operational terms and terminologies used in this thesis are defined as follows:

a) *Tourism Planning*

Tourism planning is a process based on research and assessment, which seeks to maximize the potential contribution of tourism activities to social benefits, economic growth and environmental preservation (Tosun & Jenkins, 1998).

It is also a component of national, regional or local development planning (Timothy, 1998).

b) *Sustainable Tourism*

Sustainable tourism is defined as involving the fulfillment of current economic, social and aesthetic needs while preserving biological diversity, cultural integrity, essential ecological processes and life support systems in the long term (Inskeep, 1998, p. 21).

c) *Community Participation*

Community participation is a process through which stakeholders share influence and control over development initiatives and the decisions and resources which affect them (World Bank, 1996, p. xi).

d) *Tourism Collaboration*

Tourism collaboration involves relationships between stakeholders when those parties interact with each other in relation to common issues. Each stakeholder controls resources, such as knowledge, expertise, consistency and capital, but in their own they are unlikely to possess all the resources necessary to achieve

their objective and to plan effectively for their future in relation to a significant tourism development issue (Bramwell & Lane, 2004).

e) *Decentralization Policy*

Decentralization policy is a transfer of authority from an agency or an individual in a central government to any other agency or individual that is closer to the community to be served (Turner & Hulme, 1997, p. 152).

f) *Stakeholders*

Stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives (Freeman, 1984). Sautter & Leisen (1999) proposed eight groups of stakeholders – government, employees, local business, residents, activist groups, tourists, national business chains and competitors. This thesis focuses on three types of stakeholders: local governments, tourism related entrepreneurs, and local community.

g) *Tourism Destination*

It contains a number of basic elements which attract visitors to a destination and which satisfy their needs on arrival. The basic elements include amenities, accessibility, human resource, image and price (Cho, 2000).

1.8 Structure of Thesis

This thesis consists of ten chapters as outlined in Figure 1.2. The *first* chapter includes a general overview of the study, research objectives, significance and limitation of the study. A brief outline of the thesis is also presented. The *second* chapter is a literature review of existing concepts, theories, and related studies on

tourism planning, their relation to sustainable tourism, island destination, community participation and planning mechanisms in Indonesia.

The *third* chapter reviews the concept of decentralization policy and its implementation in Indonesia. The *fourth* chapter reviews tourism development in Indonesia and specifically Lombok Island as a study area. In the *fifth* chapter, the research design and methodological decisions as the practical underpinnings which guide this work are discussed. This chapter also describes data collection procedures and analysis. Chapters *sixth* to *eight* present empirical findings of the research according to the main themes, primarily in the context of tourism planning, decentralization policy and community involvement in tourism. Emergent themes are included in these three chapters.

Chapter *ninth*, discusses the empirical findings in the related literatures, and the last chapter (*tenth*) provides a summary and recommendations of the study. The contribution of this study to the existing body of knowledge, its limitations and recommends for further research, are also discussed in this chapter.

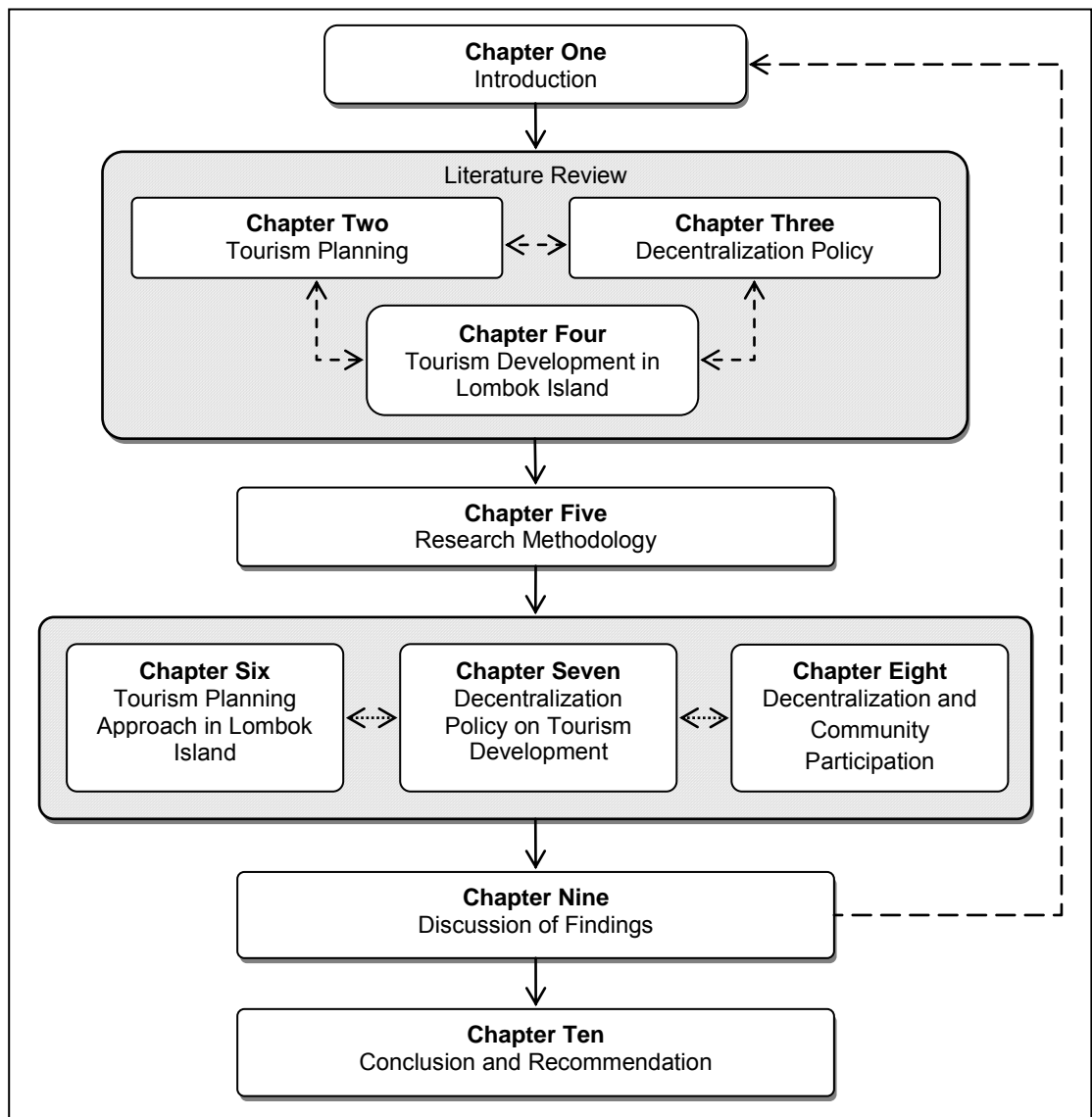


Figure 1.2 Outline of the thesis structure

CHAPTER TWO

TOURISM PLANNING

2.1 Introduction

This chapter discusses the evolution of tourism planning, followed by the definition, significance, and the approaches to tourism planning. This chapter also discusses the concept of sustainable tourism and local participation and their relevance to an island destination. An overview of regional tourism planning is also reviewed. The final part briefly discusses planning system in Indonesia.

2.2 The Origin and Evolution of Tourism Planning

What exactly constitutes a tourism planning process has long been discussed among scholars. Earliest, tourism planning was carried out as a process of human thought in the future, then developed as a process of preparing a set of decisions for future actions. Consequently tourism planning was developed as tools to promote organized development and increase the social, environmental and economic benefits of the development process; and the latest one is tourism planning as the process of deciding based on research and assessment, which requires to maximize the prospective contribution of tourism to the quality of environment and human benefit (Grybovych, 2008).

Tourism planning has originated in developed countries in Europe, then adopted by several developing countries in Asia and Africa. France, England and the Irish Republic were among the pioneers of tourism planning, with all three nations involved in some form of planning for tourism in the early 1960s. Canada has also been in the forefront of tourism planning, its efforts originating in the late 1960s and early 1970s.

United States have seen little organized tourism planning to date and certainly lags behind its northern neighbor in this respect (Mill & Morrison, 1998).

The roots of tourism planning can be traced back to the industrial revolution and in particular to the urban planning and socio-economic development that emerged in that era. With decreasing of working hours, better disposable income, and improvements in traveling conditions, the frequency of people travel to destinations away from their common place of residence started to rise. It was believed that the growth of tourism corresponded to the expansion of urban development set aside for tourism purposes (Costa, 2001; Matsom, 2005). Perspective on tourism planning was mostly viewed under the umbrella of urban and regional planning. It has been singled out as being one of the key critical areas for the success of a tourism destination, has recently emerged as specialization of urban planning, and is still looking for its own approach, body of knowledge and relationship with other better-established disciplines. The major shifts in tourism planning has been summarized by Costa (2001) as the evolution of town planning as it is through the following stages:

- a) *Classical planning phase (1850-1950)* – urban planning was carried out in a traditional top-down manner where tourism planning was viewed as a simple process of developing new infrastructure, opening new hotels, etc.
- b) *Rational planning phase (1950-1970)* – town planning was viewed as a scientific activity based on rational and neutral approaches supported by the scientific method while at the same time the rational planning paradigm proved its inadequacy. In this stage, tourism planning is left to the business sector and tourism impacts were not being discussed.

- c) *Planning after the 1980s* – town planning was affected by globalization and new perspectives brought by the *Brundtland Report (1987) and Agenda 21 (1992)*. Its focus shifted to long-term sustainable growth and development, local community participation, and environmental protection. Tourism planning also emphasized on the authenticity and grassroot development and recognizes potential costs and negative impacts of tourism on destinations.

In a similar manner, Getz (1987) outlined the traditions of tourism planning, to which Hall (2000) has added a new tradition termed sustainable tourism planning approach (see Table 2.1). Tourism planning literature has come to emphasize the shifting needs to what Costa (2001) called as “back to the future” tourism paradigm which was focused on balanced, integrative and inclusive forms of planning with high levels of public participation and emphasized on the important relationship between individual and the state, and the crucial role of civil society activities (Burns, 2004).

Table 2.1 Traditions of tourism planning

Planning traditions	Description
Boosterism	Tourism is viewed as inherently good; tourism development is defined in business terms.
Economic/industry-oriented approach	Tourism is used to bring foreign revenue and encourage regional development; tourism development is defined in economic terms.
Physical/spatial approach	Tourism is viewed as a spatial and regional phenomenon; tourism development is defined in environmental terms.
Community-oriented approach	Shift to alternative models of tourism development; emphasis on balanced tourism development defined in socio-cultural terms.
Sustainable tourism planning approach	Tourism practices integrating economic, environmental and socio-cultural values; recognition of the political dimension of tourism, and emphasis on fairness of tourism planning processes.

Source: Getz (1987) and Hall (2000)

2.3 Definitions of Tourism Planning

The broad ideas of tourism planning are embedded in the planning system in general. There has been considerable discussion among scholars that the planning system is a crucial aspect for understanding the planning culture since it is closely linked with the institutional system of a country (Hudalah, 2010). According to Gunn and Var (2002, p. 4), the rationale of any planning is to form the plans of action for a predictable future and to apply these actions. In addition, American Planning Association (APA) defined planning as a comprehensive, synchronized and ongoing process in which its purpose is to help decision-makers reach at decisions that may encourage and promote the common good of society (Stiftel, 1990, p. 67). Greater planning must also be implemented to avoid negative social, environmental and economic impacts and achieve the desired positive objectives (Inskeep, 1994).

Tourism is also a complex activity that overlaps numerous different sectors of the society and economy. Without proper planning, it may lead to unwanted and unexpected impacts. According to Inskeep (1994), there is no unique definition of tourism planning, but with the recent trend of mass tourism world-wide, tourism planning becomes special where it has developed its own specific principles, methods, and models while drawing on general planning approach (Inskeep, 1994).

In general, tourism planning has been defined as a process based on research and assessment, which seeks to maximize the potential contribution of tourism activities to social benefits, economic growth and environmental preservation (Tosun & Jenkins, 1998). It expresses that tourism planning does not only involve the number of tourist visits and their economic impacts, but more emphasizes on attaining goals of development. In order to gain more fair distribution of economic benefits which is one of the main purposes of national development planning,

tourism planning has become a component of national, regional or local development planning. It also comprises a decision-making process between the tourism industry and the other related sectors in the economy, and also needs the integration of tourism into other sectors such as industry and production, transportation, agriculture and social services (Timothy, 1998). Hall (2000) added that planning was more than deciding since it is often incorporated with decision and policy making processes. He also noted that values are laid at the core of tourism planning to the outline of natural resource planning as a process of creating opportunities for dialogue, learning, and societal guidance. So far, there is no universally accepted definition of tourism planning, but some common elements have been identified as King & Pearlmans (2009, p. 417) stated that tourism planning is:

... A strategic decision-making process about the allocation of resources, which aims to derive optimum economic, environmental and socio-cultural outcomes for destinations and their stakeholders. It is conceived as being dependent on the conduct of research, the monitoring of changing environments, the evaluation of alternative strategies and the achievement of commitment amongst stakeholders. Planning structures and processes are responses to a range of very fundamental questions about development, including: What type of tourism is appropriated? What scale of development should occur? How fast should tourism be allowed to grow? Where should development take place?

Traditionally, tourism planning in both developed and developing countries has focused on marketing and infrastructure development through the interventions by government and international agencies. These interventions sought to exercise a considerable degree of control over tourism development (King & Pearlmans, 2009).

Gradually, involvement by national governments has reduced, particularly in the developed countries where the planning framework is well established (King & Pearlmén, 2009; Sanyal, 2005). Within this planning hierarchy, national governments increasingly set the broad policy agenda for tourism development, which is often through a long-term vision or strategic documents rather than through a detailed master plan (King & Pearlmén, 2009). The strategic documents provide guidance for more detailed regional and local plans, which reflect specific locational issues and typically have shorter time horizons (1 to 5 years). The strategic documents also involve the identification of target markets and the associated marketing strategies, the development opportunities and constraints, the visitor management issues and strategies, and the proposed organizational frameworks in order to undertake the implementation phase (Gunn & Var, 2002; Inskeep, 1991). Gunn and Var (2002) have emphasized the needs for continuity approach towards planning integrated at all levels from time to time, thus ongoing revisions being made in response to changing conditions.

2.4 Reasons for Tourism Planning

There are many rationales for tourism planning. Gunn and Var (2002) suggested five basic reasons for tourism planning as mentioned in Figure 2.1. The positive and negative impacts of tourism development can be described well through the concept of “Tourism Area Life Cycle Model” which suggest that the evaluation of all tourism destinations follow several expected stages: exploration, involvement, development, consolidation, stagnation, decline and rejuvenation (Butler, 1980; Getz, 1992).

Reasons for Tourism Planning

- Tourism development has both positive and negative impact,
- Tourism is more competitive than ever before and there has been a proliferation in the promotion of tourism destinations,
- Tourism is a more complicated phenomenon than it was previously thought to be,
- Tourism has damaged many natural and cultural resources, and
- Tourism affects everyone in a community, and all people involved in tourism should participate in the tourism planning process.

Figure 2.1 Reasons for tourism planning

Source: Adapted from Gunn and Var (2002)

The Tourism Area Life Cycle Model is depicted in Figure 2.2. In the concept of tourism area life cycle, Butler's (1980) changes its model from discovery through development and finally declines, and the categories of visitors at the exploration phase are not the same from those at the consolidation or stagnation phase.

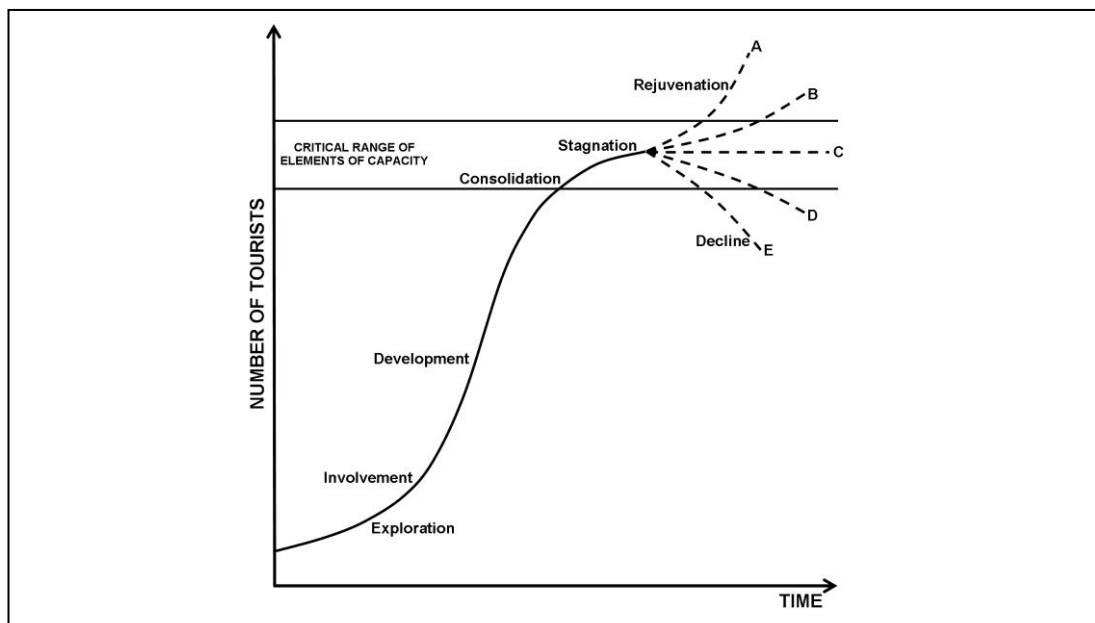


Figure 2.2 Tourism area life cycle model

Source: Butler (1980)

The model is neither specific with regard to the actual number of tourist nor to its time horizon, thus the judgment of where the destination is positioned in the life cycle is impractical to make. Although it is not really a planning instrument but its main strength is that it allows planners to recognize and understand the tourism system and the potential of the tourism area to wander through boom and boost cycle (Butler, 1980). The characteristics of a destination area according to life cycle stages are shown in Table 2.2.

Table 2.2 Characteristics of a destination area according to life cycle stages

Stages	Description
Exploration	A small number of adventurous tourists, the main attraction is unspoiled nature or cultural features. Poor access and facilities. Environment unchanged.
Involvement	Local initiatives provides facilities and some advertising issues. An increasing number of tourists, tourist season and public sector involvement follows.
Development	The large number of tourist and control passed from locals to national or international companies. The destination begins to change appearance (e.g. deterioration of environment). Over used may begin.
Consolidation	The destination is now fully fledged part of the tourist industry. The rate of increase of tourists is reducing. A recognizable recreational business district has emerged.
Stagnation	Peak tourist numbers have been reached and the destination is unfashionable, with environmental, social and economic problems. Major promotional efforts needed to maintain the tourist numbers.
Decline	Tourist is now visiting newer, rural resorts as the destinations go into decline. It is dependent on a smaller geographical catchment and repeat tourist.
Rejuvenation	Here the authorities attempt to "re-launch" the destination by providing new facilities, attracting new markets and re-investing.

Source: Butler (1980)