

CHAPTER 1

INTRODUCTION

A. Background

As an archipelago country, Indonesia consists of 17,000 islands and incorporates a wide array of various cultures, religions and traditions of which 6,000 are inhabited. Indonesia is one of developing countries that has a wide range of natural beauty, flora and fauna which can provide a massive official reserve for the country. Characteristics of tourism attractions in Indonesia include natural reserve, botanical gardens, marine parks, arts, and cultures.

According to Law No. 5 of 1990 on Conservation of Living Resources and Their Ecosystems. Chapter 7 of article 31 is:

“Activities relating to research, education, breeding enhancement, culture and nature recreation are allowed in a National Park, Grand Forest park and natural Park. The national park is a nature conservation area for the purpose of protection and preservation of plants or animals”.

According to Spillane (1987), tourism is traveling from one place to another temporarily, which is done by an individual or a group as an effort to finding a balance or harmony and happiness with the environment in dimension of social, cultural, nature and science. Fandeli (1995), argued that tourism is everything to do with travel, including the concession of tourist objects and attraction as well as related efforts in the field. He also explained that tourism is a traveling activity from one place to another destination outside the residence, with the purpose of not to make a living but to recreate

freshness both physically and psychologically in order to get more achievement. Tourism is a phenomenon in society, that includes hotels, attractions, souvenir, tour guides, tour transportation, travel agencies, restaurants, and many more.

The main reason for the development of tourism in a tourist destination, either local, regional or national of a country is closely linked to the development of regional economy or the country. In other words, the development of tourism in a tourist destination always be measured against the profits and benefits to the general public. The motivation of travelers who come to visit a tourism destination is to watch and see the natural beauty including nature reserves, botanical gardens, historical sites and others.

For a country which is developing a tourism as an industry, tourism sector may give a lot of benefits and even provide the main income, exceeding export of raw materials, mining products as produced by the country. The impacts on the host are as follows: (1) Providing an employment opportunities or reducing unemployment, (2) Increasing taxes revenue and regional retribution, (3) Increasing the national income, (4) Strengthening the position of net balance payment. (5) Producing multiplier effect in the local economy (Yoeti 1997). So, the main purpose of the development of tourism industry in the country is to explore and enhance the economic value as a result of the people who travel in that country.

Based on the Regulation of East Lampung District No.10 in 2010 about Regulation Long Term Development 2005-2025, one of East Lampung District Development mission is to realize East Lampung District community welfare, in order to reduce the social gap between communities aimed at improving income per capita, equitable income distribution and employment opportunities, thereby reducing poverty. The way is by providing equitable access to the public toward social services, infrastructure and facilities without discrimination. One of goals of development is increasing the quantity of facilities and tourism services.

Way Kambas National Park is a national park covering 1,300 square kilometers in Lampung Province, southern parts of Sumatra, Indonesia. This area covers swamp forest and lowland rain forest, mostly of secondary growth as result of extensive logging in the 1960s and 1970s. The park still has a few critically endangered Sumatran tigers, Sumatran elephants, and Sumatran rhinoceroses, event hough the population is decreasing. It also provides excellent birdwatching, with the rare white-winged wood duck among the over 400 species present in the park.

Table 1.1
Increasing the Number of Visitors in National Park Way Kambas
2004-2014

No	Years	Number of visitors	
		Domestic	Foreign
1.	2004	21,634	123
2.	2005	25,198	78
3.	2006	25,198	102
4.	2007	19,435	150
5.	2008	41,217	373
6.	2009	37,455	270
7.	2012	26,757	112
8.	2013	12,936	339
9.	2014	23,798	203

Source : Data Processed

Based on the table above, the increasing number of visitors from 2004 to 2014 fluctuated. As we can see in 2012 the visitors reached 26.757 and decreased in 2013 as the number of visitors was 12.936. In 2014 the number of visitors increased from the previous year. The fluctuations in a number of visits indicate that visitors have different preferences on attractions and have a diversity of characteristics that can determine the desire to travel. This is consistent with the theory proposed by Morley (1990) stating that the demand for tourism depends on the characteristics of type rating such as income, education level, age, type of sex, motivation, character, and socioeconomic group.

Way Kambas National Park has a potential such as flora and fauna which is expected to provide economic benefits for the local government to increase revenue, and central government to increase the non-tax revenue of the country. In this case the role of government is important such as the management of Way Kambas National Park through the Directorate General of Forest Protection and Nature Conservation (PHKA) Forestry Department emphasized in the field of conservation, which includes of aspects preservation and protection of forest areas, variety of ecosystems as a habitat for wildlife, and variety of flora and fauna species as main priority. For the implementation, the development strategy is conducted by cooperating with the parties that have interest and the same vision as the Provincial Government of Lampung, East Lampung Government, LSM World Wildlife Fund (WWF), Japan International Corporation Agency (JICA). The cooperation is done in order to promote the tourism of Way Kambas and also to overcome the limitations of the budget in its management.

Contingent Valuation Method (CVM) is chosen as the method of this research. Contingent Valuation Method (CVM) is a methodology based on the survey to estimate the amount of public evaluation of goods, services, and comfortability. The purpose of Contingent Valuation Method is to determine the willingness to pay the community and Willingness To Accept (WTA). Meanwhile, the data collection technique uses a survey method. Survey method is used to collect the data which relative limited number from the number of cases relatively large with data tool collection in the form of a questionnaire.

Hence, this research is conducted to determine and to find economic information about visitors' willingness to pay for the environmental improvement in Way Kambas National Park, Lampung.

Provision of environmental value (valuation) is required to know or to estimate the environmental goods and services. Davis and Johnson (1897) provide a definition of the valuation of the activities related to the development of concept and methodology to estimate the value of goods and services. In providing environmental assessment (valuation) Way Kambas National Park will use the technique of non-market valuation techniques that are based on the concept willingness to pay (WTP) to quantify the benefits by providing an economic assessment of the environment goods that also have distinctive properties of public goods (Turnet et al., 1994).

Himayatullah (2003) conducted as study to obtain economic information about benefits that flow from the recreational use of the national park in research of Ayubia National Park (ANP), Pakistan. This study use the travel cost method and Contingent Valuation Method (CVM). The variables include travel cost, travel time and demographic variables such as age, education, and income. The researcher states that the relationship between travel cost and park visitation may be negative. Regarding age, as age increases, participation decreases. Another variable is education shows that people with higher education would come to appreciate outdoor nature-based activities more than people with less formal education. Regarding income, it has a positive

correlation with participation in many outdoor recreation activities, the higher income will have the higher number of park visitation.

In his study, Hakim (2011) measured the economic value in Rawapening with Contingent Valuation Method (CVM). Significant factors including nominal amount bid, income, education, etc shows as determinant of the probability of individuals to be Willing to Pay (WTP) a certain nominal value for environmental quality improvement. On the other hand, a significant factor influence on the number of visits is an experience to visit, age, income, travel costs, and perception. This result represents that Contingent Valuation Method was independent of travel cost and the number of visits a respondent actually made.

Another research conducted by Ermayanti (2002) showed the economic assessment which is indicated by consumer surplus and the amount of willingness to pay (WTP), estimate the effect of variables such as travel cost, income, education level, distance, time and facilities significantly influence the frequency of visitors and to know the value or benefits in Ndayu Park. The method uses Travel Cost Method (TCM) and Contingent Valuation Method (CVM). The purpose of this research is to The result of the analysis showed that the characteristics of respondent such as income, travel cost the range is RP 9.700,00 until RP 96.000,00 with the average of age is between 30-35 years old.

Based on the background above, Way kambas National Park is goods which has no market value and included in the category of National Park, so it can be done by using the economic valuation, and the study entitled “The

Analysis of Willingness To Pay For The Environmental Improvement in Way Kambas National Park”.

B. Problem Statement

Way Kambas National Park as a tourist attraction has the potential to be developed, and it can be seen from a number of flora and fauna and the natural beauty. Tourism demand provides benefits to the society. The demand can be influenced by the characteristics of each individual againts an attraction that can determine the level of tourist visits.

Way Kambas National Park as environment goods which has a characteristic as a public good. Peoples who only use the national parks as places of entertainment without regard to sustainability. As a result of peoples who does not concern to the environment, it will make the the environment is not well maintained. Therefore, needed programs for improvement of environmental conditions such as the addition facilities and infrastructure in order to increase a number of tourists.

Given the uncertain value of Way Kambas National Park, therefore we need to analyze the visitors' willingness to pay for the environmental improvement of Way Kambas national park to get the information about visitors' willingness to pay and the relationship between independent variables such as travel cost, income, education and age to Willingness To Pay (WTP).

Based on the problem statement above, the research question in this research are:

1. Will income influence visitors' willingness to pay for the environmental improvement in Way Kambas National Park ?
2. Will travel cost influence visitors' willingness to pay for the environmental improvement in Way Kambas National Park ?
3. Will education level influence visitors' willingness to pay for the environmental improvement in Way Kambas National Park ?
4. Will age influence visitors' willingness to pay for the environmental improvement in Way Kambas National Park ?

C. Research Objectives

Based on the introduction and problem statement above, the objectives of the research are:

1. To determine the influence of income on the visitors' willingness to pay for the environmental improvement in Way Kambas National Park.
2. To determine the influence of travel cost on the visitors' willingness to pay for the environmental improvement in Way Kambas National Park.
3. To determine the influence of education on the visitors' willingness to pay for the environmental improvement in Way Kambas National Park.
4. To determine the influence of age on the visitors' willingness to pay for the environmental improvement in Way Kambas National Park.

D. Research Benefits

The benefits of this research are:

1. For policy makers, especially for local government this research is expected to provide the information for tourism development of Way Kambas National Park and can be used to implement a plan of future project management of Way Kambas National Park.
2. For academician, in general the result of this research is expected to increase the knowledge about willingness to pay for the environmental improvement in Way Kambas National Park and the results can be used for future research reference materials on the same topic.
3. The benefit for society is expected to give information and to increase the awareness of society for the environmental improvement in Way Kambas National Park.