



CRITICAL ANALYSIS OF THE MANAGEMENT OF ECONOMIC POTENTIAL OF THE TOURISM AND MINING SECTORS IN LUMAJANG REGENCY

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ABSTRACT

Lumajang Regency, located in East Java, has abundant natural resources and has enormous economic potential from the tourism and mining sectors for regional development. However, despite its enormous potential, Lumajang continues to struggle with economic stagnation and social inequality. This shows that the management of its regional potential is still not optimal. This study aims to critically examine the factors that inhibit the effectiveness of regional potential management in Lumajang Regency. This research is a qualitative descriptive study. The samples in this study are various information such as statistical data, qualitative research results, and various other sources of information to be further analyzed synthetically. To improve the economy of the Lumajang community in the tourism sector, the local government can use eight stages to determine the process of developing new products to be implemented in the tourism sector. Regional revenue from the mining sector has also not been able to dominate Locally-Generated Revenue (PAD) revenue and improve the economy of the Lumajang Regency community. Lumajang Regency has not yet maximized its two greatest potentials, namely the economic potential from the tourism and mining sectors. There are still many shortcomings that have not been solved in these two sectors.

Keywords: Economy, Tourism, Mining, Lumajang Regency

A. INTRODUCTION

Lumajang Regency is a regency in East Java Province, Indonesia. The regency with an area of 1,791 km² or 179,100 ha is very rich in natural resource potential. Topographically, Lumajang Regency is surrounded by mountains consisting of active and inactive mountains. This makes Lumajang Regency have economic potential from the tourism and mining sectors.

Based on existing statistical data, in terms of production, the economic structure of Lumajang Regency in 2023 was dominated by the Agriculture, Forestry, and Fisheries business sectors by 32.80 percent. However, this is in contrast to the size of the Gross Regional Domestic Product (GRDP) according to the business sector, which actually experienced the highest economic growth in the Corporate Services sector, which in 2022 was 2.34% to 9.8% in 2023. This shows that the highest economic activity growth in Lumajang Regency does not come from the dominant production sector.

Table 1. Growth of Lumajang Regency's GRDP (2021-2023)

Gross Regional Domestic Product	2021	2022	2023
Agriculture, Forestry, and Fisheries	0,38	-0,6	2,74
Mining and Quarrying	1,74	8,99	6,13
Processing Industry	5,87	8,26	7,3
Electricity and Gas Supply	2,77	6,7	6,01
Water Supply, Waste Management, Waste and Recycling	8,76	3,34	2,51
Construction	3,01	7,02	6,45
Wholesale and Retail Trade; Car and Motorcycle Repair	5,27	6,4	6,11

Transportation and Warehousing	8,07	16,25	10,39
Provision of Accommodation and Food and Beverages	3,54	10,45	6,88
Information and Communication	6,38	4,84	6,46
Financial and Insurance Services	0,92	1,93	2,19
Real Estate	3,33	5,06	3,75
Company Services	1,76	2,34	9,8
Government Administration, Defense and Compulsory Social Security	0,19	0,33	0,03
Education Services	0,53	-0,21	1,58
Health Services and Social Activities	5,1	2,87	4,18
Other Services	4,41	10,53	5,77

Table 2. Structure of GRDP of Lumajang Regency (2023)

Gross Regional Domestic Product	%
Financial and Insurance Services	1,64
Information and Communication	3,43
Company Services	0,33
Provision of Accommodation and Food and Beverages	1,37
Transportation and Warehousing	2,37
Wholesale and Retail Trade; Car and Motorcycle Repair	14,22
Construction	7,57
Electricity and Gas Supply	0,04
Water Supply, Waste Management, Waste and Recycling	0,05
Processing Industry	22,57
Mining and Quarrying	4,31
Agriculture, Forestry, and Fisheries	32,8
Other Services	1,62
Health Services and Social Activities	0,81
Education Services	2,28
Real Estate	1,7
Administration, Government, Defense and Compulsory Social Security	2,88

Study by Agustian (2022) shows that the tourism competitiveness index or Openess Indicator (OI) tourism in Lumajang Regency is still low, which is only 0.00053. This shows that the development of the tourism sector in Lumajang Regency is still not optimal. This conclusion is supported by Rahmawati et al., (2022) which states that Lumajang Regency needs to improve its leading economic sectors such as the tourism sector. Several inhibiting factors for tourism growth in Lumajang Regency are inadequate supporting facilities and infrastructure, too little budget, and low human resource capabilities in running tourism (Setiabudi, 2015).

The second potential that Lumajang Regency has is the mining sector. Wijayanto et al., (2020) concluded that mining activities in Lumajang Regency have a positive and significant influence on social and economic conditions. In Pronojiwo District, traditional mining activities provide several benefits, including being able to increase the income of local people and also being able to open up employment opportunities (Nuronia, Khalikussabir, & Mahardani, 2024). On the other hand, mining activities in Selok Awar-Awar Village, Pasirian District have been proven to damage agricultural land owned by the community near the sand mining location. Of course, this also has an impact on the economic conditions of farmers and the social conditions of the community (Pratama, 2017; Pratama & Muhlisin, 2023).

In the current condition, there are still few studies or studies that have not considered the specific context of Lumajang Regency, many researchers only focus on the analysis of regional potential in general. In other words, it is still rare to find scientific articles that specifically review how the management of Lumajang Regency's potential is less than optimal. Even if there are, there is no follow-up to the things that have been concluded in previous studies, or the research is also called research that is not longitudinal. In addition, the results of publications from several studies have not been widely conveyed to activists or individuals involved in efforts to optimize the management of economic potential in Lumajang Regency.

The purpose of this study is to re-identify the potentials of Lumajang Regency that have not been optimized, both existing and non-existent, by analyzing various data sources such as statistical data and various other information. Analysis of factors that hinder the optimization of regional potential management also needs to be carried out so that the local government can immediately formulate effective policies to eliminate obstacles so that efforts to improve the economy of Lumajang Regency are maximized and the people of Lumajang become more prosperous.

B. METHODOLOGY

This research is a qualitative descriptive research. Qualitative research is also called natural research in the form of descriptive data that emphasizes processes that are not tested and measured precisely (Strauss & Corbin, 2003). Mayer & Greenwood (1983) at Zellatifanny & Mudjiyanto (2020) descriptive qualitative is a type of research that only refers to the identification of the nature and characteristics of humans, objects, or events by using a conceptual process to produce a classification scheme. The samples in this study are various information such as statistical data, qualitative research results, and various other sources of information to be further analyzed synthetically. The statistical data used are various publications of analysis results from the Central Statistics Agency (BPS) and the results of previous studies that are still relevant regarding how to manage regional potential in Lumajang Regency over the past ten years.

Data analysis on the management of suboptimal regional economic potential in Lumajang Regency begins with collecting relevant data from various sources such as official statistical data from the Central Statistics Agency (BPS) of Lumajang Regency, sectoral data from related agencies in Lumajang Regency, research and survey data on regional potential in Lumajang Regency, as well as data from the mass media and other publications related to regional economic potential in Lumajang Regency.

C. RESEARCH & DISCUSSION

Results

1. Tourism Sector

The first sector that has the potential to support economic growth in Lumajang Regency is the tourism sector. It should be noted that almost all types of natural tourism are in Lumajang, ranging from natural baths, mountains, beaches, forests, national parks, waterfalls, to a number of lakes. The number of tourists visiting Lumajang Regency from 2016 continued to increase until 2019. After that, the number of visitors fluctuated as seen in the table below.

Table 3. Number of Tourist Visits in Lumajang Regency 2016 - 2023

Year	Domestic Tourists	Foreign Tourists	Total
2016	933.514	2.367	935.881
2017	3.250.890	7.480	3.258.370
2018	3.597.712	9.993	3.607.705
2019	3.767.586	10.054	3.777.640

2020	821.327	3.678	825.005
2021	380.351	-	380.351
2022	808.135	4.611	812.746
2023	759.977	26.539	786.516

On the other hand, the contribution of the tourism sector to the Original Regional Income (PAD) of Lumajang Regency in 2015-2019 was never more than 1.5% (Kurniawan, Ifa, & Wiyono, 2021).

Table 4. Contribution of the tourism sector to the Original Regional Income (PAD) of Lumajang Regency in 2015-2019

Year	PAD realization (Rp.)	Realization of Tourism Retribution (Rp.)	Contribution (%)
2015	288.170.424.034	2.798.552.500	0,97%
2016	242.395.115.251	2.820.411.000	1,16%
2017	324.196.157.576	3.052.087.000	0,94%
2018	271.786.453.756	3.151.749.500	1,16%
2019	296.790.098.727	3.895.517.950	1,31%

The data above shows that the contribution of tourism levies to PAD has fluctuated from year-to-year. The data also shows that the average realization of PAD from 2015-2019 was Rp.284.667.649.869,00 with the Realization of Tourism Levy of Rp.3.143.663.590,00. This means that the average contribution of Tourism Levy to PAD is only 1.11%.

If the tourism sector of Lumajang Regency is managed optimally, it will certainly be able to improve the economy of the Lumajang community. To realize this, the author uses eight stages to determine the process of developing new products according by Kotler & Keller (2016). First, Idea Generation or the emergence of ideas. The thing that must be considered so that the management of tourist attractions is more optimal is good collaboration between the local government and the local Tourism Awareness Group (Pokdarwis). Some of the needs of tourists that have not been met properly by the two parties above are the absence of certified and experienced Tour Guides and Translation Services (for foreign tourists). So far, the work of becoming a tour guide or translator has all been done by travel agents who bring tourists to visit. In addition, it is necessary to recruit bloggers with tourism content specifications so that they can continuously promote various tourist attractions in Lumajang Regency. Second, Idea screening. After the idea is obtained, the next step is idea screening. With so many tourist attractions in Lumajang, of course each tourist attraction has different constraints or management needs from one another. This is what the local government and local Pokdarwis must pay attention to by mapping out what things need attention in each existing tourist attraction. Third, concept development and testing. From every tourist who visits, relevant stakeholders must periodically conduct studies on the level of satisfaction of visiting tourists. From this study, new concepts can also be found on how to manage a good tourist attraction. Fourth, Marketing strategy development. The local government and local Pokdarwis are required to find a cost-effective and affordable marketing strategy. Considering that at this time the local government is required to be able to finance operational activities and regional development independently, the local government and Pokdarwis must innovate in terms of marketing or promoting tourist attractions at a cost that is not too high. Fifth, business analysis. From the various efforts that have been made, it is also necessary to conduct a business analysis whether the previous efforts have been comparable to the profits obtained. If not, an evaluation must be carried out on all aspects supporting the activity, so that later if deficiencies are found, they can be

immediately fixed and do not cause a decrease in the number of tourist visits. Sixth, Product development. The local government should not only focus on existing and developed tourist attractions. In order to achieve an increasing level of tourist visits from time to time, the local government must pay attention to tourist attractions that are not yet optimally managed but have high economic potential. This needs to be done so that economic activities are not only centralized in one particular area, but are spread evenly throughout the district. Seventh, market testing. At this market testing stage, the local government needs to conduct an analysis of what are the shortcomings of the management of a tourist attraction and what follow-up actions must be taken immediately to overcome this. The last stage is commercialization. At this stage, all parties involved in the management of tourist attractions in Lumajang Regency must strive to promote tourism in Lumajang Regency properly. One effort that can be made is to collaborate with the Ministry of Tourism, national parks, and influencers to create a calendar of tourism events in Lumajang Regency.

2. Mining Sector

In the second sector, namely the mining sector, with the presence of Mount Semeru which is still actively emitting volcanic material, Lumajang Regency is rich in non-metallic mineral and rock mining commodities (Qualian C). Lumajang sand is known to have low mud content with a fairly high iron content, this makes Lumajang sand the main choice for making quality building construction, especially in most parts of East Java. With such high market demand, the Regional Original Income (PAD) from the mining sector, namely the Non-Metallic Mineral and Rock (MBLB) tax, should have a large contribution to the PAD of Lumajang Regency. However, the realization of PAD revenue from the mining sector from year to year has never reached the set target.

Table 5. Realization of Non-Metallic Mineral and Rock Tax Revenue

Year	Target	Realization
2016	7.500.000.000	6.661.368.400
2017	7.930.000.000	5.195.469.150
2018	13.500.000.000	9.482.562.500
2019	37.000.000.000	11.023.188.750
2020	13.000.000.000	7.091.249.500
2021	25.000.000.000	10.365.408.001
2022	19.450.000.000	15.092.932.500
2023	24.805.000.000	21.750.338.000

This is unfortunate because with the potential and demand for very large C mining commodities, regional revenue from the mining sector should be able to dominate PAD revenue and improve the economy of the people of Lumajang Regency. Mount Semeru, which is administratively part of Lumajang Regency, is still active and continues to emit volcanic materials such as sand, gravel, and rocks. According to Regional Regulation No. 1 of 2024 about Regional Taxes and Regional Levies, Non-Metal and Rock Mineral Tax (MBLB) is one type of tax included in the Regional Original Income (PAD) of Lumajang Regency. MBLB tax is a tax on the activity of taking non-metal and rock minerals from natural sources in and/or on the surface of the earth for use. According to Lumajang Regent Regulation Number 66 of 2017 concerning Guidelines for the Implementation of Non-Metallic Mineral and Rock Tax Collection, The MBLB Tax Subject is an individual or entity that can take Non-Metallic Minerals and Rocks based on the Mining Operation Production Business Permit (IUP-OP). IUP-OP is a permit granted by the Ministry of Energy and Mineral Resources (ESDM) for construction, mining, processing and refining activities, as well as transportation and sales in the context of mining. In the IUP-OP application process,

one of the documents that must be included is the UKL-UPL document (Environmental Management Efforts and Environmental Monitoring Efforts). Which document is issued by the Environmental Service. In this document there is an estimate of the production capacity of MBLB commodities in one year. Based on the recapitulation of the UKL-UPL document obtained from the Lumajang Regency Regional Tax and Retribution Agency, the area of mining land in Lumajang Regency in 2021 was 510.79 ha with an annual production capacity of 5,251,451 m³. The amount of principal MBLB Tax owed is calculated by multiplying the tax rate by the tax base.

$\begin{aligned} \text{Tax Calculation} &= \text{Tax Base} \times \text{Tax Rate} \\ &= \text{Selling Value} \times \text{Tax Rate} \\ &= (\text{Volume/Tonnage} \times \text{Market Value}) \times 25\% \end{aligned}$

Figure 1. Calculation of MBLB tax base

Refers to Decree of the Governor of East Java Number: 188/392/KPTS/013/2019 concerning the Determination of Benchmark Prices for the Sale of Non-Metallic Minerals and Rocks in East Java Province, the benchmark price for selling mining commodities of the natural sandy gravel/sirtu/fill sand type in Lumajang Regency is IDR 75,000 per m³. Therefore, the potential amount of MBLB tax that should be included in PAD in 2021 is: (5,251,451 m³ X IDR 75,000) X 25% = IDR 98,464,706,250. In reality, the realization of MBLB Tax in 2021 was only IDR 10,365,408,001 of the target of IDR 25,000,000,000. This shows that the Lumajang Regency Government has not been able to maximize the potential of its resources to the maximum.

The results of an interview with one of the employees of the Lumajang Regency Regional Tax and Retribution Agency who handles PAD from the Mineral and Coal sector, revealed the findings that there are several obstacles experienced in optimizing PAD, especially from the MBLB tax sector, including: (1) the large number of illegal miners; (2) taxpayer compliance is not yet optimal because they tend to avoid taxes and there are still many tax defaulters; (3) MBLB tax collection is not yet optimal and is only limited to passive collection through warning letters and there are no firm sanctions for tax defaulters; and (4) IT-based mineral and coal tax collection (E-sand tax application) is not yet optimal.

D. CONCLUSION

Based on the discussion above, the conclusion in this study is that the Lumajang Regency's Government has not maximized the two largest potentials it has, namely the economic potential of the tourism and mining sectors. There are still many shortcomings that have not been resolved. From the tourism sector, the community and the local government have not carried out good and maximum cooperation in carrying out management, socialization, and promotion activities of tourist attractions. As a result, various tourist attractions are deserted by visitors and the community's economic activities have not increased. In the mining sector, the Lumajang Regency's Government does not yet have the best formula to improve the community's economy from mining activities in Lumajang Regency.

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