

UDC 332

## THE MANDALIKA SPECIAL ECONOMIC ZONE FROM THE PERSPECTIVE OF JOB CREATION IN WEST NUSA TENGGARA

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### ABSTRACT

This research aimed to provide a qualitative description of the Mandalika Special Economic Zone (SEZ) impact from the perspective of job creation for local people of West Nusa Tenggara. This qualitative research used a descriptive method. The research location was the Mandalika SEZ in West Nusa Tenggara Province. The unit of analysis was the types of jobs created from the existence of the Mandalika SEZ. The informants involved were people employed in the zone. To test the data validity, supporting informants consisting of family members of these workers were also included. The total informants were 15 people. Data were collected using interviews, observations, and literature study methods. The data validity test was conducted using triangulation (using several sources of information to verify and strengthen the data). The data validity required four criteria, namely: credibility, transferability, dependability, and confirmability. The data were then interpreted using a conversational analysis. The results showed that the Mandalika SEZ had a substantial positive impact. Those impacts included (a) expanding the tourism industry to create new jobs for local people (reduce unemployment), (b) increasing job opportunities for local people (although many local people worked at lower levels), (c) creating business fields never existed before, such as businesses in sports (Mandalika Paragliding), pet clinics (Kuta Pet Core), and so on, and (4) transforming labor force from the agricultural sector to the non-agricultural sector.

### KEY WORDS

Development, special economic zone, job opportunities.

Economic development is a process in which a country's per capita income increases over a long period provided that the number of people living below the "absolute poverty line" does not rise and the income distribution is not increasingly lame (Meir, 1995). From the definition, several questions arise related to a country's economic activity, including the number of the workforce actively involved in the economic activities, the unemployment rate, the job regularity, and so on—there must be reasons underlying these questions. One of the possible answers is that the economic condition and welfare of the people of a country tend to be influenced by the number of people who have an income, their qualifications, the work regulation, and the amount of money they earn.

One of the serious problems in Indonesia today is unemployment. The growth of the labor force is faster than job opportunities, and the suitable technology for Indonesia is labor-intensive technology that produces labor-intensive products (Hakim, 2004). The unbalanced growth of the labor force and job opportunities creates an alarming unemployment problem in Indonesia (Arsyad, 2015).

The increase in the labor force has not matched the rise in job opportunities of both new and old economic activities. In 2021, a total of 1.1 million people are reported to be unemployed due to Covid-19, and 2.6 million new labor force (fresh graduate) are not absorbed, resulting in 3.7 million unemployment (Kompas, 2021). Along with the increase in the unemployment rate, new poor people are very likely to emerge. Likewise, in West Nusa Tenggara Province, the increasing unemployment has triggered a rise in the poverty rate. The data suggest that the unemployment rate in West Nusa Tenggara increased by 4.22 percent as of August 2020, or 0.94 percent compared to March 2020 at 3.28 percent (Central Bureau of Statistics of NTB, 2020).

The development of a Special Economic Zone is one of Indonesia's strategies in realizing the vision of national development. According to Law Number 39 of 2009 concerning Special Economic Zone, the Mandalika SEZ is one of the National Strategic Projects of Special Economic Zone developed by the Indonesian Government in collaboration with the Governments of West Nusa Tenggara Province and Central Lombok Regency to accelerate tourism development in the province. It is hoped that the Mandalika SEZ can become an alternative "safety valve" for unemployed people. Moreover, the construction of supporting infrastructure is expected to create jobs for the people of West Nusa Tenggara, more specifically for the people around the zone.

The Mandalika SEZ, inaugurated through Government Regulation Number 52 of 2014 to become a Special Economic Zone for Tourism, has helped increase tourist visits to West Nusa Tenggara. It is located in the southern part of Lombok, precisely in Kuta, Sukadana, and Sengkol Village of Pujut District, Central Lombok Regency. One of the aims of the development of the Mandalika SEZ is to create job opportunities.

Special Economic Zones (SEZs) are certain areas with specific applicable provisions in customs, taxation, licensing, immigration, and employment. The basic concept of Indonesia's SEZs is the preparation of places with accessibility to the global market (access to the seaport and/or airport). The areas are designed to maximize industrial activities, export, import, and other related activities with high economic value. The existence of the Mandalika SEZ is expected to provide the local people with new job opportunities. Therefore, the researchers are interested in analyzing the impact of the Mandalika SEZ from the perspective of job creations in West Nusa Tenggara Province.

Hopefully, the Mandalika SEZ development will significantly increase the creations of new jobs, primarily for the local people. With appropriate labor-intensive production technology, the high dependence on capital-intensive technology can be reduced. One of the factors hampering the success of long-term job creation programs is too much dependence on labor-efficient technology or capital-intensive technology (Todaro, 2011).

This research aimed to provide a qualitative description of the impact of the Mandalika SEZ from the perspective of job creations expected to be a "safety valve" for the unemployed because one way to reduce unemployment is to encourage the implementation of the labor-intensive production process (Hakim, 2004).

## LITERATURE REVIEW

Dudley Seers raised a fundamental issue on the meaning of economic development: *What happened to poverty? Unemployment? Inequity?* If these three things decline, it means that economic development is taking place in a region. On the other hand, if one of these three is increasingly worsening, it can be said that the area does not experience economic development even though the income per capita has doubled (Arsyad, 2015).

Arsyad (2015) further argued that regional economic development was a process in which local governments and their communities managed every available resource to form cooperation between regional governments and the private sector to create new jobs and stimulate economic activities in the region. Every effort towards regional economic development is mainly intended to increase the number and types of job opportunities for local people.

Regional economic development consists of forming new institutions, developing alternative industries, improving the capacity of the existing labor force to produce better products and services, identifying new markets, transferring knowledge, and developing new companies (Arsyad, 2015).

The main problem in regional development lies in its emphasis on developmental policies based on the unique regional values (endogenous development) by using the potential of local people, institutions, and physical resources. Its formation leads to creating new job opportunities and stimulating economic activities (Arsyad, 2015).

The Mandalika SEZ has been planned for approximately 29 years since 1991. It was realized by Government Regulation Number 52 of 2014. According to Law Number 39 of

2009, Special Economic Zones (SEZs) are areas with certain boundaries within the legal territory of the Unitary State of the Republic of Indonesia. They are determined to carry out economic functions and obtain certain facilities. The Special Economic Zone program has a positive impact on the welfare of the people since it creates considerable job opportunities.

The formation of Specific Economic Zones in several regions is expected to bring benefits to Indonesia, such as increasing labor absorption, investment, foreign exchange earnings, local resource utilization, and others that enhance the quality of human resources through the transfer of knowledge and technology (Sihaloho, 2008).

The creation of new jobs will positively affect labor absorption. High labor absorption is indicated by the number of positions filled, reflected in a large number of working people. The working population is absorbed and spread across various economic sectors due to the demand for labor. Therefore, labor absorption can be interpreted as a demand for work (Kuncoro, 2002). Companies or industries expecting to gain maximum profits can consider and define the best number of workers, potentially creating high job opportunities and reducing unemployment (Sumarsono, 2009).

### **METHODS OF RESEARCH**

This research used a qualitative approach with a descriptive method. Qualitative research is a method that explores and understands the meaning considered by some individuals or groups of people as a result of social or humanitarian phenomena. This qualitative research process involves significant efforts such as asking questions and procedures, collecting specific data from participants, analyzing data inductively (ranging from specific to general themes), and interpreting the meaning of the data (Creswell, 2010). Qualitative research provides a method for probing in depth the cause and effect of social processes (Yustika, 2006).

The present study focused on the interaction between individuals involved in the job market. Individuals in this context are the beneficiaries of the existence of the Mandalika SEZ in Central Lombok, West Nusa Tenggara. The interaction refers to how these individuals enter the labor market and their attitudes and perceptions of work in the job market (in this case, the jobs created by the Mandalika Special Economic Zone).

The research location was the Mandalika SEZ in West Nusa Tenggara Province. The unit of analysis was the types of jobs created from the existence of the Mandalika Special Economic Zone. The informants involved were workers employed in the zone. To test the data validity, supporting informants consisting of family members of these workers were also included. The number of informants was adjusted to the need for the information to be collected. The total informants selected were 15 people, deemed sufficient to gather the information needed.

Data were collected using interviews, observations, and literature study. The validity of the data collected was ensured using triangulation (using several sources of information to verify and strengthen the data) in terms of different data collection methods and supporting informants. Moreover, the scientific value of qualitative research must be accounted for through data checking procedures or the updated concept of validity and reliability known in the positivism version. The data validity required four criteria: credibility, transferability, dependability, and confirmability (Moleong, 2015). The data were then interpreted using a conversational analysis.

The data analysis technique refers to searching for data, systematically arranging data obtained from interviews, field notes, and documentation by organizing data into categories (Sugiyono, 2010). Sugiyono (2010) further stated that the data were then described into units before being synthesized and arranged into patterns to find which data were essential; the process ended with conclusion drawing. The data analysis model used in this research was adopted from Miles and Huberman's model, commonly called the interaction analysis model. In the model, the data reduction component is carried out simultaneously with the data collection process. After the data are collected, the three components (data reduction, data presentation, and conclusions) interact (Sugiyono, 2015).

## RESULTS AND DISCUSSION

*Profile of the Mandalika Special Economic Zone.* This area is located in the southern part of Lombok Island, stipulated by Government Regulation Number 52 of 2014 to become a Special Economic Zone for Tourism. It is approximately 50 kilometers from the center of government of West Nusa Tenggara Province. Institutionally, the construction of the Mandalika SEZ is based on the Regional Council (Presidential Decree Number 46 of 2014 and West Nusa Tenggara Governor Decree Number 912 – 825 of 2014), the Regional Administrator (West Nusa Tenggara Governor Decree Number 972-403 of 2015 and Central Lombok Regent Decree Number 512a of 2014), and the Development and Management Business Entity (Central Lombok Regent Decree Number 513a of 2014).

The Mandalika Special Economic Zone, usually abbreviated in Indonesian as *Kawasan Ekonomi Khusus* Mandalika (KEK), is a project developed by PT. Pengembangan Pariwisata Indonesia (*Persero*), which previously succeeded in developing Nusa Dua Bali. It is hoped that the Mandalika SEZ can accelerate the highly potential tourism sector in West Nusa Tenggara.

The majority of people in the three villages around the Mandalika SEZ are farmers who plant rice and secondary crops. Several years ago, Kuta Village was known as a barren area, identical to poverty, hunger, and underdevelopment. These conditions, however, continuously vanish over time along with the construction of dikes and dams. The agricultural sector is a source of livelihood for most of the population (Pujut District in Figures, 2019).

It cannot be denied that the Mandalika SEZ has stimulated the creation of new jobs. Most people only knew agricultural works before, but the Mandalika SEZ construction has introduced them to other employment in tourism. The people become aware of various new activities in the tourism industry from which they can work and get income.

The Mandalika SEZ concept is environmentally sound tourism. The tourism objects are oriented towards preserving the values and quality of the local environment. Investment opportunities to accelerate infrastructure development and other supporting facilities have been opened after designing this area as a Special Economic Zone. It also leads to the creation of new jobs both in the formal and informal sectors.

Until 2020, there have been relatively rapid development and progress that can be reported, including the development of tourism villages offering the advantages and uniqueness of their respective tourism potentials. There are also sports destinations providing a 27-hole golf course, paragliding, motocross, off-road, and a racing circuit. Furthermore, various supporting facilities and infrastructure are continuously improved, such as the development of Lombok International Airport, the construction of Gili Mas Seaport in West Lombok to welcome cruise ships for the International Event of Mandalika MotoGP 2021, the development of hotels and resorts, the opening of beaches in the Mandalika Special Economic Zone, and others. This development opens up extensive job opportunities for the local people—these people are prioritized to reduce unemployment and poverty.

The Mandalika SEZ has also provided a buying and selling center called the Mandalika Bazaar area as a business place for the community. This area facilitates the surrounding community to develop businesses, such as selling handicrafts, clothing, food, and so on. Additionally, in every corner of Kuta Beach, there are hotels, restaurants, mini markets, transportation rentals, and various other types of businesses that make it easy for tourists to find the goods and services they want. The traders here range from children to adults. When tourists arrive and park their vehicles at the Kuta Beach parking center, they will see and be served by traders at the Mandalika Bazaar. After entering Kuta Beach, the traders on the beachside will approach the tourists to offer the souvenirs they sell, such as bracelets, hats, bags, and clothes, and offer services such as beachside photography. Around the beach, there will be many children passing by selling cute and unique bracelets. These children indirectly learn English and other languages while interacting with the tourists. Speaking English is an essential skill for the traders to do their business with foreign tourists.

*The Impact of the Mandalika Special Economic Zone on Job Creation.* Findings showed that the infrastructure and facility development following the Mandalika SEZ

development positively impacted the community and the region. Based on interviews with informants, there have been more hotels and homestays built since then. Many people are employed in this sector, either as workers in companies or entrepreneurs. Even a multiplier effect happens because the people who do not directly work in the tourism industry can also feel the benefit—for example, grocery sellers enjoy high profit from selling daily needs to the people in the tourism industry.

Furthermore, there has been a change in the types of jobs undertaken by the local people. The employment has migrated from the agricultural sector (fishing and plantation) to the trade and services sector (informal services), as revealed by the informants in this research. It is commonly known as the transformation of labor (from the agricultural to the non-agricultural sector).

There has also been labor migration from outside Lombok to areas around the SEZ. It proves that Mandalika has become opened up job opportunities, especially in the tourism industry. Business actors from outside the region usually bring along workers with mediocre to high skills and experience. Currently, the majority of local workers have mediocre to low-level skills. Therefore, programs from the government and the Indonesian Tourism Development Corporation (ITDC) are needed to improve the quality of local human resources by providing training and counseling for workers interested in the tourism sector and other supporting sectors.

*Jobs Created from the Existence of the Mandalika Special Economic Zone.* Before the existence of Mandalika SEZ, many of the local people were unemployed. Some were even doing a job they did not like. Therefore, the Mandalika SEZ development brings new hope for the community to make a better future. The positive impact of the Mandalika SEZ is the expansion of businesses, especially concerning the tourism industry and supporting facilities. The follow-up impact includes the creation of new job opportunities, especially for the surrounding people. Labor or job migration also happens from the agricultural sector (fishing and plantation) to the trade and services sector. The development of the Mandalika SEZ has positively contributed to job creations and directly reduced unemployment for the local people and some workers outside of the region. The informants disclosed that they get sufficient job opportunities to improve the family economy.

Apart from the formal jobs created from the construction of hotels and resorts, the local people are also engaged in various jobs, such as kiosk traders, souvenir traders, photography services, and several other informal jobs. The community as the host realizes that they should take part in developing the tourism area. Therefore, they agree or communicate with the hotel (in Dusun Pogam, Sukadana Village) to empower the surrounding people by recruiting Pogam people to work in the hotel. The recruited employees are given training before being hired.

Around the Mandalika SEZ, there is the Mandalika Bazaar provided by the area manager. It is a place for unemployed local people to open businesses, especially those affected by the hotel construction at Kuta Beach. Therefore, the management of the Mandalika SEZ provides facilities to replace the community land affected by the hotel construction, as stated by several female research informants. With the facilities, the previously unemployed people can finally find a job as traders.

School-age children also feel the benefits of the Mandalika SEZ. They can help ease parental responsibilities by selling souvenirs to tourists. Besides earning money for the family, they can also enjoy the beautiful panorama in the Mandalika area while selling souvenirs. They do the selling activity after school (around 12.00 – 13.00). On holiday, they start at 07.00 and return home before sunset. They can get an income of IDR 50,000 to 150,000 per day.

## CONCLUSION

The Mandalika SEZ has a significant impact on the local people's welfare, including:

1. Expanding and livening up the tourism industry that creates new jobs for local people (reducing unemployment);

2. Increasing the number and job opportunities for the people of west nusa tenggara (although there are still many local people doing low-level jobs);
3. Bringing up new creativities in business fields that have never existed before in the region, such as business in sports (mandalika paragliding), pet clinics (kuta pet care), and others; and
4. Transforming labor force from the agricultural sector to the non-agricultural sector.

#### Suggestions

1. It is suggested that the development of the Mandalika SEZ be sustainable because it has brought significant positive impacts for the local people;
2. The government is expected to facilitate local workers with training to improve their skills to be competitive at work;
3. The development policies need to emphasize the characteristics of the Mandalika area by using human resources and local (regional) institutions in the development process to create new jobs;
4. The transformation of labor needs to be responded to wisely for avoiding labor reduction in the agricultural sector.

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