

## Tourism Management Strategies and Local Economic Development in Luwuk City

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Submitted : 18-10-2025, Accepted : 18-11-2025, Published : 20-12-2025

### Abstract

Tourism has increasingly been recognized as a strategic sector for promoting local economic development, particularly in secondary cities with emerging tourism potential. Luwuk City, as the capital of Banggai Regency in Central Sulawesi, possesses diverse natural and cultural tourism resources that can support regional economic growth if managed effectively. This study aims to examine tourism management strategies in Luwuk City and analyze their contribution to local economic development. Employing a qualitative case study approach, data were collected through semi-structured interviews with key stakeholders, including local government officials, tourism business actors, community leaders, and UMKM practitioners, complemented by document analysis and field observations conducted between March and June 2025. The findings indicate that tourism activities—such as festivals, government expos, and community-based tourism initiatives have generated economic opportunities for local communities, particularly through increased income and business activities for UMKM. However, the study also reveals that tourism management remains largely fragmented and event-oriented, limiting its long-term economic impact. Community participation, digital capacity, institutional coordination, and sustainability practices emerged as critical factors influencing the effectiveness of tourism-driven development. The study concludes that tourism can serve as a sustainable driver of local economic development in Luwuk City when supported by integrated management strategies, inclusive governance, community empowerment, digital innovation, and environmental stewardship. These findings offer important insights for policymakers and tourism stakeholders seeking to optimize tourism's contribution to inclusive and long-term local economic growth in emerging destinations.

Keywords : Tourism Management; Local Economic Development; Community-Based Tourism; MSMEs (UMKM); Sustainable Tourism; Digital Tourism; Destination Governance; Luwuk City; Indonesia

### Introduction

Tourism is an increasingly important engine for local economic development in secondary Indonesian destinations. Luwuk City, the capital of Banggai Regency in Central Sulawesi, has shown

growing potential as a tourism gateway to the Banggai islands and surrounding natural attractions. Recent local initiatives and events demonstrate that targeted tourism management can produce measurable economic spillovers for businesses, UMKM (micro, small and medium enterprises), and public revenues provided planning, promotion, and community participation are aligned with development goals. Local government and tourism stakeholders in Banggai have been actively documenting and developing the destination. Between 2020 and 2023 the Banggai Islands Tourism Office recorded a substantial inventory of tourism assets, with regional reports noting 82 natural tourist sites in the regency a foundation for diversified product development such as coastal, village-based, and eco-tourism offerings. This asset base underpins opportunities for destination packaging, community-based tourism, and public–private cooperation.

Event-driven promotion and institutional activities in 2024–2025 illustrate tourism’s short-term economic impacts and rising visibility. For example, the Banggai Government Expo (BGE) 2024 generated an estimated Rp 1.3 billion in local economic circulation over four days, signaling how events and government-led promotion can stimulate demand for local services and UMKM products. In addition, local tourism villages from the Luwuk area have gained recognition at national levels (e.g., nominations for ADWI in 2022), helping to strengthen product credibility and attract niche visitor segments. Despite these positive signals, academic and practitioner analyses during 2020–2024 point to several management challenges: limited marketing capacity, uneven infrastructure readiness, weak coordination between tourism and other local development agencies, and gaps in tourism-sector revenue capture (PAD) and benefit distribution. Regional studies and departmental reports highlight the need for strategic management interventions including improved destination marketing, capacity building for local businesses, digital promotion, and governance mechanisms that ensure inclusive economic benefits. These management levers form the focus of this paper’s inquiry into how tourism strategies in Luwuk can be harnessed for sustainable local economic development.

## **Literature Review**

### **Tourism management and local economic development: theoretical links**

Tourism is widely recognized as a lever for local economic development through direct spending (accommodation, food, transport), multiplier effects on supply chains, and demand for local goods and services that can stimulate MSMEs (UMKM) and employment growth. Recent regional studies in Indonesia reinforce that well-managed tourism can contribute to poverty alleviation and local GDP growth, but that outcomes vary strongly with governance quality, value capture mechanisms, and the degree of local participation.

### **Community-Based Tourism (CBT) and benefit distribution**

Community-Based Tourism has emerged as a key strategy in secondary and rural destinations to ensure that tourism benefits accrue locally. CBT models emphasize community ownership, participatory management, and capacity building so that income, cultural capital, and decision-making are retained within local communities rather than leaking to external investors. Recent Indonesian case studies and practical models (2022–2025) show CBT improves local livelihoods when accompanied by institutional facilitation, skills training, and market access support, yet its success depends on sustained coordination and equitable governance arrangements.

### **Event-driven tourism and short-term economic spillovers**

Events and expos can produce measurable short-term economic circulation for local economies by concentrating visitors, stimulating retail and foodservice sales, and creating temporary demand for accommodation and transport. For example, the Banggai Government Expo (BGE) 2024 reportedly generated about Rp 1.3 billion in local circulation over four days, indicating events' potential as tactical instruments for demand stimulation and UMKM exposure; however, literature cautions that event-driven gains must be embedded in longer-term destination development to produce sustained economic impact.

### **Destination assets, product diversification, and ecotourism potential in Banggai/Luwuk**

Destination readiness depends on the inventory and quality of tourism assets and their packaging into coherent products (e.g., coastal tourism, island hopping, mangrove/ecotourism, and

cultural tourism). Regional inventories (2020–2024) list dozens of natural and cultural sites in the Banggai area one compilation recorded 82 natural attractions—providing a foundation for diversified product development (eco-, cultural-, and community-based tourism) if combined with conservation and service quality improvements. Studies in neighboring Banggai sites (e.g., Lombuyan) highlight both ecotourism potential and the need to assess sustainability across ecological, social, and institutional dimensions.

### **Marketing, digital promotion, and accessibility challenges**

Secondary destinations like Luwuk face persistent challenges in marketing reach, digital presence, and transport connectivity. The literature from 2020–2024 emphasizes the rising importance of web-based information systems, destination branding, and social media campaigns to reach niche segments (divers, eco-travelers, cultural tourists). Recent pilot projects and government guides recommend GIS-based visitor information, online booking facilitation, and targeted digital storytelling as cost-effective levers for awareness and improved travel planning. Yet effective digital strategies require local actors to build content skills and partnerships with regional/national platforms.

### **Governance, capacity building, and institutional coordination**

Multiple studies underscore that weak institutional coordination between tourism offices, public works, transport, and MSME support services impedes tourism’s contribution to inclusive economic development. Capacity building for local entrepreneurs (product quality, financial literacy, hygiene standards), formalized stakeholder platforms, and transparent revenue capture (PAD) arrangements are repeatedly recommended across 2020–2025 literature as prerequisites for converting tourism inflows into durable local benefits. Policy briefs on quality tourism also highlight regulatory and financing instruments to support sustainable destination development.

### **Sustainability trade-offs and lessons from Indonesian secondary destinations**

Literature on Indonesian tourism development (2020–2025) warns about sustainability trade-offs unplanned infrastructure growth, inequitable land deals, and environmental degradation observed in some ‘rapid development’ projects. Comparative analyses of Indonesian secondary destinations recommend phased, low-impact development, strong community safeguards, and environmental

monitoring to prevent negative externalities while promoting inclusive economic gains. These lessons are pertinent for Luwuk, where unique marine and coastal ecologies require careful planning to balance tourism growth with conservation.

## **Methods**

This study used a qualitative case study approach to examine tourism management strategies and their impact on local economic development in Luwuk City, Banggai Regency, Indonesia. Luwuk City was chosen because of its growing tourism activities and its role as a regional economic center. Data were collected between March and June 2025 through semi-structured interviews with key stakeholders, including local government officials, tourism business owners, community leaders, and UMKM actors involved in tourism-related activities. In total, 18 participants were selected using purposive sampling to ensure relevant experience and knowledge. In addition to interviews, the study analyzed policy documents, tourism development plans, and regional reports from 2020–2025, complemented by direct field observations at tourism sites and tourism events. The collected data were analyzed using thematic analysis to identify recurring patterns related to tourism management strategies, economic impacts, and stakeholder collaboration. To ensure data credibility, triangulation across interviews, documents, and observations was applied, and ethical principles such as informed consent and confidentiality were strictly observed.

## **Results and Discussion**

The findings of this study indicate that tourism management strategies in Luwuk City have begun to contribute positively to local economic development, although their impact remains uneven across sectors and communities. Interviews with stakeholders reveal that tourism activities such as cultural festivals, government expos, and tourism village programs have created new economic opportunities for local residents, particularly UMKM actors, food vendors, accommodation providers, and transportation services. Participants reported increased income during tourism events and peak visitor periods, demonstrating tourism's role as a short-term economic stimulus for the local economy.

From a management perspective, local government initiatives focusing on event-based tourism

and destination promotion were perceived as effective in raising Luwuk's visibility as an emerging tourism destination. However, respondents also emphasized that tourism management is still largely project-based rather than guided by a long-term, integrated strategy. Limited coordination between government agencies, tourism businesses, and local communities often reduces the sustainability of economic benefits. This finding supports existing literature that highlights governance and institutional coordination as key determinants of tourism's contribution to local development.

Community participation emerged as an important factor in maximizing economic benefits. Community-based tourism initiatives allowed local residents to directly engage in tourism activities, fostering a sense of ownership and encouraging the circulation of income within the local economy. Nevertheless, several participants noted challenges related to limited skills, access to capital, and digital marketing capabilities, which constrained the growth of local tourism enterprises. These constraints align with previous studies emphasizing the need for capacity building and entrepreneurship support in secondary tourism destinations.

The results suggest that tourism in Luwuk City has clear potential to support local economic development, but this potential can only be fully realized through improved tourism management strategies. Strengthening stakeholder collaboration, enhancing community capacity, and adopting sustainable and inclusive planning approaches are essential to ensure that tourism development produces long-term and equitable economic outcomes. This study reinforces the view that tourism management is not merely about attracting visitors, but about structuring governance and participation mechanisms that translate tourism activities into lasting local economic benefits.

The findings of this study offer several important policy implications for local governments and tourism stakeholders in Luwuk City. First, tourism development policies should move beyond short-term, event-based initiatives toward a long-term, integrated tourism management strategy. While festivals and expos have proven effective in generating immediate economic circulation, their impacts will remain temporary without a clear roadmap that links events to destination branding, infrastructure development, and MSME support. Second, local policymakers should prioritize community empowerment and capacity building as core elements of tourism management. Training

programs in entrepreneurship, service quality, digital marketing, and financial management are essential to enable local communities and UMKM actors to compete effectively and retain tourism-generated income within the local economy. Providing access to microfinance and business incubation programs can further strengthen local economic resilience. Third, the study highlights the need for stronger inter-agency coordination and governance mechanisms. Tourism policies should be aligned with economic development, transportation, environmental protection, and cultural preservation policies. Establishing a multi-stakeholder tourism coordination forum involving government, private sector, community representatives, and educational institutions can enhance policy coherence and shared accountability. Finally, integrating sustainability principles into tourism policies is critical. Local regulations should ensure that tourism growth does not compromise environmental resources or cultural integrity. By embedding sustainability standards and community participation requirements into tourism planning, policymakers can promote inclusive economic growth while safeguarding Luwuk City's long-term development prospects.

Based on the findings, this study proposes a conceptual model that explains the relationship between tourism management strategies and local economic development in Luwuk City.

At the core of the model are Tourism Management Strategies, which include:

1. Event-based tourism and destination promotion
2. Community-based tourism initiatives
3. Governance coordination and stakeholder collaboration
4. Capacity building and digital marketing support

These strategies influence Intermediate Outcomes, such as:

- Increased tourist visits and destination visibility
- Higher community participation in tourism activities
- Improved business capabilities of local UMKM actors

The intermediate outcomes then lead to Local Economic Development Outcomes, including:

- Increased income for local communities
- Expansion of MSMEs and employment opportunities

- Stronger circulation of economic benefits within the local economy

The model is moderated by Sustainability and Institutional Factors, such as policy consistency, environmental protection, and inclusivity, which determine whether tourism-driven economic benefits are short-term or sustainable in the long run.

Conceptually, the model suggests that tourism contributes most effectively to local economic development when management strategies are participatory, well-coordinated, and supported by enabling policies. Tourism management thus acts as a strategic bridge connecting destination resources with inclusive and sustainable economic growth in Luwuk City.

The extended discussion of this study further elaborates that tourism in Luwuk City should be understood not merely as an isolated economic sector, but as a multidimensional development instrument capable of driving inclusive and sustainable local economic growth when managed strategically. Tourism-related activities in Luwuk have opened diverse income-generating opportunities for local communities, particularly for UMKM actors, informal workers, cultural practitioners, and service providers who depend on visitor demand for their livelihoods. However, the extent to which tourism contributes meaningfully to local economic development is strongly influenced by the quality of tourism management strategies adopted by local authorities and stakeholders. Without deliberate policies that emphasize community participation and local value capture, tourism development risks benefiting only a limited group of actors, resulting in economic leakage and reinforcing existing socio-economic inequalities. The findings underscore the central role of UMKM in translating tourism flows into tangible economic outcomes, as these small enterprises serve as the primary interface between visitors and the local economy through food services, souvenirs, transportation, accommodation, and creative industries. Nevertheless, many UMKM in Luwuk face structural challenges, including limited entrepreneurial skills, weak product standardization, insufficient access to financing, and inadequate integration into formal tourism supply chains. These constraints reduce their ability to scale up operations, improve service quality, and maximize the multiplier effects of tourism expenditure. In this context, tourism management strategies must be closely aligned with broader UMKM development policies that focus on capacity

building, access to capital, and market integration to ensure that tourism-driven growth is both inclusive and resilient.

Furthermore, the discussion highlights digitalization as an increasingly critical component of tourism management in emerging destinations such as Luwuk City. In an era where travel decisions are heavily influenced by online information, social media narratives, and digital booking platforms, limited digital presence significantly undermines destination competitiveness. Many local tourism actors in Luwuk have not yet fully utilized digital tools for marketing, branding, and customer engagement, which restricts their reach to wider domestic and international markets. This gap indicates that digital tourism management should be viewed not as an optional enhancement, but as a strategic necessity. Strengthening digital literacy among tourism stakeholders, supporting content creation that highlights local culture and natural attractions, and integrating local businesses into regional or national digital tourism platforms can substantially improve market access and visitor engagement. At the same time, the rapid expansion of tourism raises important sustainability considerations, particularly in relation to Luwuk's coastal and marine ecosystems, which constitute the foundation of the destination's attractiveness. Unplanned tourism growth, inadequate waste management, and overuse of natural sites could undermine environmental integrity and, in the long term, weaken the very resources that support tourism-based livelihoods. Therefore, the study emphasizes the importance of embedding environmental safeguards, carrying capacity assessments, and community-based environmental monitoring into tourism planning processes to balance economic development with ecological preservation.

Institutional capacity and leadership are also discussed as decisive factors shaping the success or failure of tourism management strategies in Luwuk City. Effective tourism development requires strong coordination across multiple government agencies, including tourism, economic development, infrastructure, transportation, and environmental offices, as well as sustained collaboration with private sector actors and local communities. Fragmented governance structures, overlapping responsibilities, and short-term program orientations can limit policy effectiveness and hinder long-term planning. The findings suggest that consistent leadership, clear institutional mandates, and

participatory governance mechanisms are essential to ensure continuity and coherence in tourism development efforts. When institutional capacity is strong, tourism management can evolve from sporadic, event-driven initiatives into a structured and sustainable development strategy that supports employment creation, income diversification, and social cohesion. Overall, this extended discussion reinforces the conclusion that tourism management in Luwuk City must be holistic, inclusive, and sustainability-oriented, integrating economic objectives with social empowerment, digital innovation, environmental stewardship, and institutional strengthening to fully realize tourism's potential as a driver of long-term local economic development.

## **Conclusion**

This study concludes that tourism management strategies play a significant role in supporting local economic development in Luwuk City, particularly as the city emerges as a secondary tourism destination in Eastern Indonesia. The findings demonstrate that tourism has the potential to generate economic opportunities for local communities through increased income, employment creation, and the growth of UMKM, especially during tourism events and peak visitor periods. However, the study also reveals that the economic benefits of tourism are not yet fully optimized due to fragmented management approaches, limited stakeholder coordination, and the absence of a comprehensive long-term tourism development strategy.

The research highlights that effective tourism management must go beyond short-term promotional activities and event-based initiatives. While festivals, expos, and cultural events have proven effective in increasing destination visibility and stimulating short-term economic circulation, their long-term contribution to local economic development depends on how well they are integrated into broader planning frameworks. Community-based tourism emerges as a crucial mechanism for ensuring inclusive growth, as it enables local residents to participate directly in tourism activities and retain economic benefits within the local economy. Nevertheless, limitations in human capital, entrepreneurial skills, digital literacy, and access to financial resources continue to constrain the capacity of local actors to fully benefit from tourism development.

Furthermore, the study underscores the growing importance of digitalization and sustainability

in tourism management. Limited digital promotion and weak online presence reduce Luwuk City's competitiveness in an increasingly digital tourism market, while environmental concerns highlight the need for tourism policies that protect natural and cultural resources. Institutional capacity and leadership are also identified as key determinants of successful tourism development, as strong governance, policy consistency, and cross-sector collaboration are essential to transform tourism into a sustainable driver of local economic growth. Overall, this study affirms that tourism management in Luwuk City should be approached as a holistic and integrated development strategy. By strengthening governance coordination, empowering local communities, enhancing digital capabilities, and embedding sustainability principles into tourism planning, Luwuk City can maximize tourism's contribution to inclusive and long-term local economic development. Future research is encouraged to incorporate quantitative economic impact analysis and comparative studies across similar secondary cities to further enrich understanding of tourism-led development pathways in Indonesia.

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