

The viability of state-led policy in tourism for sustainable livelihood: the case of Indonesia's super-priority destination

Ambar Widaningrum, Erda Rindrasah, Janianton Damanik and Yoga Aldi Saputra

Abstract

Purpose – Understanding the impact of state-led tourism policies on Indigenous people's livelihoods is critical for implementing sustainable tourism practices that benefit both environmental preservation and the people who rely on it. This study aims to examine Mandalika's state-led tourism policy and local sustainable livelihood challenges.

Design/methodology/approach – This study employs qualitative research methods, primarily collecting data from primary sources through interviews with key informants. We supplemented the interview data with an analysis of governmental and statistical documents.

Findings – State-led policy failed to adapt to the needs of Indigenous people, while large-scale tourism significantly altered agricultural land. This policy strengthens administrative coordination and convergence but weakens local issue sensitivity by focusing on national goals. The host government strictly controls state-led projects.

Originality/value – This study challenges the assumption that tourism development always leads to prosperity for local populations. Because tourism is complex and involves many stakeholders, this study suggests combining local settings with a state-led policy to reduce downsides while maximising benefits. To increase compatibility, a hybrid, state-led tourism policy with localised adjustments is required.

Keywords State-led policy, Localised contexts, Land displacement, Sustainable livelihoods, Future tourism development, Indonesia

Paper type Research article

Ambar Widaningrum and Erda Rindrasah are both based at the Department of Public Policy and Management, Gadjah Mada University, Yogyakarta, Indonesia.

Janianton Damanik is based at the Department of Social Development and Welfare, Gadjah Mada University, Yogyakarta, Indonesia.

Yoga Aldi Saputra is based at the Department of Public Administration, Diponegoro University, Semarang, Indonesia.

Introduction

Tourism development has gained global recognition as a key engine of economic growth and poverty alleviation. Tourism development is often assumed to boost economic growth, while experts disagree based on empirical evidence (Khan *et al.*, 2020). Governments in developing nations support and promote tourism because it has a strong multiplier effect in terms of job creation, increased foreign exchange profits and the tourism supply chain. It encourages governments to prioritise tourism investment because it has one of the convincing positive employment indicators (Nguyen *et al.*, 2025). Sustainability, responsible livelihoods and adherence to the United Nations (UN) Sustainable Development Goals (SDGs), particularly SDGs 1 (poverty), 8 (decent jobs and economic growth) and 11 (sustainable cities and communities), increasingly shape the future of tourism (UNWTO, 2017; Bhatt *et al.*, 2024). People generally view the relationship between sustainable development and tourism as delicate, involving adverse effects and unresolved disagreements among various individuals and institutions.

Tourism development frequently necessitates the displacement of local populations. The expansion of tourism destinations in developing countries has increased the use of spaces

Received 16 December 2024
Revised 25 July 2025
27 August 2025
21 October 2025
Accepted 11 November 2025

© Ambar Widaningrum, Erda Rindrasah, Janianton Damanik and Yoga Aldi Saputra. Published in *Journal of Tourism Futures*. Published by Emerald Publishing Limited. This article is published under the Creative Commons Attribution (CC BY 4.0) licence. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this licence may be seen at [Link to the terms of the CC BY 4.0 licence](#).

traditionally occupied by local communities, which are vital for their livelihoods. From the global land acquisition debate, tourism has been absent (Neef, 2021). Despite global regulatory efforts to protect Indigenous people's rights, such as UN Resolution No. 61/295 (United Nations, 2007), mistreatment of Indigenous people's livelihoods continues through the transfer of land ownership rights. When the majority anticipates substantial economic benefits, they may relocate existing communities (Chen *et al.*, 2022).

Although there has been extensive discourse on tourism development, research examining the relationship between state-led policy and community well-being remains limited. Bianchi and Man (2021) note that the World Tourism Organisation's current agenda often remains confined to the established hierarchies of exploitative market capitalism, as indicated by its insistence on terms like "sustained" and "inclusive growth".

This study examines the often-overlooked aspects of tourism development in the Global South. Analogous instances across various regions and sectors present an opportunity for a thorough analysis, given the gap in knowledge. Indonesia is an appropriate case study because it has numerous state-led and capital-intensive policies. While many studies have looked at tourism rules and policies, only a few have explored how effective and practical state-led methods are for achieving lasting benefits for local people, especially in mega tourism projects like those in Indonesia's super-priority destinations (e.g. Mandalika, Labuan Bajo and Lake Toba). Most existing research focuses on policy formulation (Khan *et al.*, 2020; Elliott, 2020), community-based tourism (Dolezal and Novelli, 2022; Ruiz-Ballesteros, 2023) or environmental impacts (Wang *et al.*, 2020; Prasad and Kumar, 2022), without exploring how state-led initiatives interact with local livelihood sustainability during the implementation phase.

What is the significance of Mandalika? Mandalika is located in Central Lombok Regency on Lombok Island in eastern Indonesia. It is a three-hour flight from the Indonesian capital, Jakarta. Mandalika is an example of state-driven tourism growth in Indonesia. Mandalika, an Indonesian super-priority destination, signifies that the government is committed to growing the economy of the region through tourism and infrastructure. The Asian Infrastructure Investment Bank (AIIB) has financed 78.5% of the 316.5m USD that the Indonesian Government set aside for infrastructure development in Mandalika. The Indonesian Government paid for the rest (AIIB, 2018). Mandalika, a state-run peripheral tourism region, is distinct from Jakarta, the national capital and economic hub. Despite the private investment it brings to Jakarta and the current infrastructure, Mandalika is more dependent on state-led investment that is aimed at stimulating economic development in previously underdeveloped areas. Mandalika's investment potential is smaller than Jakarta's multi-sectoral economy. It is considered by the government as the strategic plan for its tourism-driven development initiative. This significant investment focuses on the development of sustainable communities and tourism infrastructure. This difference shows that Mandalika is a strategic approach for the country to change its regional economy to focus on tourism, rather than a market-driven tourism centre like Jakarta. Mandalika also provides a unique foundation for looking at the gaps between global tourism aspirations and local reality. As such, Mandalika is an important place to study how top-down strategy empowers or marginalises host people, as well as how tourism policies affect the economy. This study looks at Mandalika to investigate if state-led tourism may facilitate or hinder inclusive and sustainable development in Indonesia's periphery. This study answers the following questions: How does the state-led policy affect the transformation process of tourist destinations? How do stakeholders respond to the transformation process of the Mandalika tourism megaproject? What can we learn about sustainable livelihoods from the state-led tourism policy?

Tourism policy, management and future tourism

Tourism management: debate in general

Tourism management debates are complex. Tourism can boost economic growth, cultural interaction and globalisation. While tourism provides considerable economic benefits, it also

poses various obstacles and potential negative consequences. Environmental degradation, social injustice, and cultural identity loss may also result (Neef, 2021; Inkson and Minnaert, 2022). Understanding these flaws is critical for establishing successful tourism management strategies that maximise benefits while minimising negative consequences. Changing demographics, the global economy, climate change and new technologies will all have a significant impact on the tourism industry (Dwyer *et al.*, 2020; Elliott, 2020). To compete in the competitive tourism sector, governments must implement specifically designed management, planning and policy initiatives (Elliott, 2020; Bazargani and Kiliç, 2021).

Tourism management debates are characterised by maintaining sustainability, reflecting the complexities of balancing economic growth with environmental sustainability and social justice. A major concern is mass vs. sustainable tourism. Mass tourism can rapidly produce cash and jobs, but critics argue it can also lead to overtourism, damage to the environment and cultural commodification (Higgins-Desbiolles, 2020; Chong, 2020). Sustainable tourism, on the other hand, protects resources and benefits communities, but it struggles for growth and profit. The dispute between economic interests and ecological concern shapes tourism development policy and practice.

Tourism governance, top-down vs. bottom-up, is another debate. State-led ways may benefit infrastructure and marketing, but they often marginalise local voices and interests. Community-based tourism models empower local stakeholders but may lack assets or expertise to attract wider audiences (Farsari, 2021). This case emphasises the need for integrative and flexible management approaches that reconcile varied interests and benefit destinations and host communities from tourism.

State-led tourism policy and the future of tourism industry

Many scholars agree that governance involves less government control, a lack of hierarchy, and multiple stakeholders: market and public sector actors and both formal and informal agencies (Bramwell and Lane, 2011; Farsari, 2021). Tourism's future sustainability, resilience and economic viability depend on government policy. Governments and stakeholders must collaborate to develop tourism sustainability policy. There has been an increase in collaborative planning and community involvement (Farsari, 2021). Collaborative planning within governance has been well studied; some scholars criticise the limited character and scope of this research, which has tended to emphasise market-based approaches to governance and the role of powerful actors and networks rather than local communities (Bichler, 2021). When implementing collaborative governance or tourism development strategies, decision-makers must balance individualistic and collaborative conduct to promote policy coordination awareness.

State-led policy is critical for growth and sustainability. Scholars argue that state-led policy across sectors can cause equitable issues such as benefit and cost distribution (Bramwell and Lane, 2011; Farsari, 2021). People view tourism as a peaceful and constructive industry that fosters job creation, sustainability and cultural understanding. Tourism improves the economy but harms the environment, local culture and residents' quality of life (Neef, 2021). Tourism can increase inequality (Westoby *et al.*, 2021). Sustainable tourism can enclose space, displace communities and disrupt livelihoods. Neef (2021) highlights the "darker side" of the "feel-good" industry. Therefore, tourist advantages must be shared. To reduce externalities and improve tourism's benefits, strong policy frameworks should cover environmental protection, community engagement, cultural preservation and tourism planning (Liu and Liu, 2009).

A study on state-led industry in Africa found that authoritarian centralization' fragmented policy, making policy coordination and infrastructure integration problematic. State initiatives may struggle to adapt to changing local conditions due to bureaucratic processes (Robi, 2024). Overall, state-led tourism policies are complex, with the potential to both improve and create difficulties for the tourism industry. Efficient policies should strive to achieve a harmonious equilibrium between economic expansion and the social and environmental aspects.

Sustainable livelihoods as a goal for contemporary and future tourism

Sustainable development is a worldwide concern that necessitates global agreement and coordination of policies, activities and solutions. In other words, locations are interconnected and rely on the global tourist system. While achieving sustainability at the destination level is desirable, it can be viewed as a micro-solution to a macro-problem; the entire tourism sector, and indeed the entire world in which it exists, must also be sustainable (Farsari, 2021; Sharpley, 2021). Tourism policies and initiatives ought to integrate the destination's nature and society. The sustainable livelihood strategy addresses vulnerable community issues in a dynamic, human-centred and participatory manner. It aims to connect people and nature (Natarajan *et al.*, 2022).

A sustainable livelihood adapts to changes and produces institutionally, socially, ecologically and economically viable results without harming other livelihoods. Uncontrolled land acquisition puts Indigenous people at risk. Tian *et al.* (2023) state it alters their surroundings and threatens their livelihoods. Indigenous people lost access to their ancestral lands due to outsiders' disruption of livelihoods and ancestral practices. Tourism in strategic and inhabited areas, like other megaprojects in developing countries, entails social, economic, cultural and environmental alienation for local people (Neef, 2021). Tourism pressure requires adaptation strategies to maintain livelihoods. Tourism development requires residents' skills to generate sustainable livelihood capital. Residents improve these skills by designing and participating in tourist programs (Hua and Yuxiang, 2020).

Methodology

This study employs a qualitative method. It concentrates on the relocation of the Indigenous people to four villages: Kuta, which is completely relocated, and Sukadana, Mertak and Sengkol, which serve as buffer zones.

Primary data encompasses Indigenous peoples' viewpoints on tourism development, their past and present livelihoods and insights from business managers at the Indonesia Tourism Development Corporation (ITDC) and local government officials on the socioeconomic and cultural transformations. The study based on in-depth interviews was conducted over approximately nine weeks between July and September 2023. Each interview session lasted around two to three hours, depending on the availability of informants and the depth of information needed.

The informants were selected based on the study purpose, especially their role in the issues studied. Administratively, development and governance activities in Indonesia are managed by a regent under the command of a provincial governor. Both regencies and provinces are government agencies responsible for managing activities and initiatives that align with development themes. Thus, the selection criteria included (1) institutional role and authority in policy formulation, implementation or evaluation relating to the Mandalika tourism area. They are the Tourism Agency, the Local Development Planning Agency and ITDC. (2) Direct involvement or responsibility in directing or organising activities aimed at balancing economic development and social welfare within the Mandalika area. (3) Experience in related tourism or community development issues, ensuring sufficient institutional and contextual knowledge.

There are 14 informants from this category, comprising 4 village leaders, 5 local government officials, 3 nongovernmental organization activists and 2 ITDC managers. The informants from the community's category were selected using the relocation criteria due to the expansion of the Mandalika makeup project. The snowball technique was employed to choose community informants. There were 21 villagers interviewed. All the data collection was stopped after the information had been saturated with 35 informants.

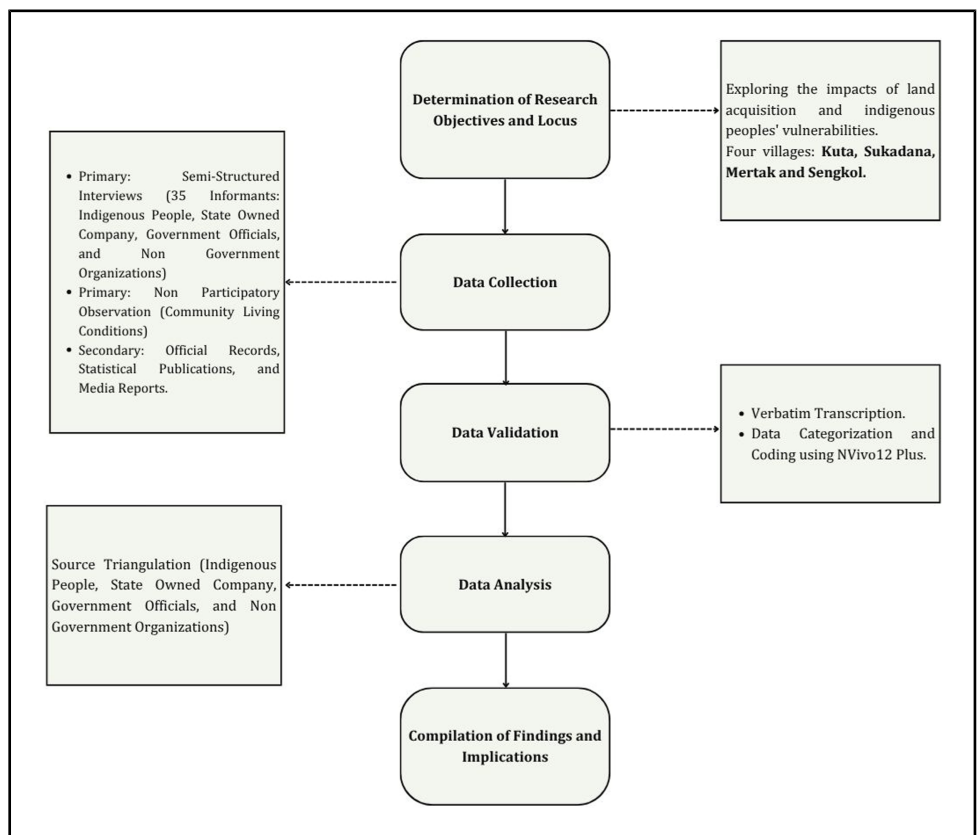
Semi-structured interviews facilitated the gathering of nuanced information without imposing rigid frameworks. Non-participatory observation captures the current living conditions of Indigenous people, highlighting remarkable changes brought about by tourism development. Secondary

data were obtained through document analysis of official records, statistical publications and media reports. This secondary data exploration continued until the end of 2024 to obtain the most up-to-date information. We examined several specific aspects to address the research questions, as outlined in Table 1.

The data analysis began with the verbatim transcription of the interview recordings, followed by the categorisation and coding to identify key themes. We then extracted detailed

Table 1 Aspects of analysis and explanation		
No	Aspects of analysis	Explanation
1	Transformation of Mandalika Tourism Destination	Investigate the stages of developing a tourism project and its impact on Indigenous people based on stakeholders' perspectives
2	Effect of Mandalika Circuit	Explain the effect of the development of Mandalika Circuit towards the community livelihood
3	Indigenous peoples' responses and adaptation strategies	Explain the responses and adaptation strategies of the Indigenous people toward the new situation post-displacement
4	State-led tourism policy implementation, responses and power dynamics in Mandalika	Examine the situation with the destination's tourism policy, focusing on implementation factors, responses, and power dynamics

Figure 1 Research flowchart. Source: Authors' work, 2024



information using the qualitative data analysis software NVivo12 Plus. [Figure 1](#) presents a research flowchart that outlines the data that were gathered, their objectives and expected outcomes.

Research context: Mandalika tourism development project

Indonesia considers tourism vital to its economy. Tourism accounted for 3.6% of gross domestic product (GDP) and \$6.8bn in foreign exchange in 2022 ([OECD, 2024](#)). Tourism was one of four sectors of development priorities in the 2015–2019 and 2020–2024 National Medium-term Development Plan. The government launched the Indonesia Tourism Development Priority Program to accelerate the development of five super-priority sites, including Mandalika on Lombok Island. Mandalika development is crucial given Indonesia's economic plan, Lombok's tourism potential and Presidential Regulation No. 3 of 2016, which accelerates national strategic projects ([AIB, 2018](#)).

As a state-led initiative, the program aims to boost both international and domestic tourism, foreign exchange earnings, employment, GDP contribution and tourism competitiveness. Government Regulation No. 52 of 2014, which established Mandalika as a Special Economic Zone (SEZ) for national priority tourism areas, designated the program as a National Strategic Project in 2017. The government establishes a policy framework, supplies regulatory instruments, develops infrastructure and stimulates economic activity in Mandalika as part of a state-led initiative. The ITDC received authorisation to manage the Mandalika SEZ in Lombok in accordance with Government Regulation No. 33 of 2009 on government involvement in state-owned enterprises' share capital.

The government has been consolidating support for tourism development from its international development partners. In collaboration with private investors, the government has invested heavily in infrastructure development in Mandalika. The government has designated 1,175 hectares of land to the ITDC, out of a total of 1,250 hectares. The ITDC has planned to construct 16,000 hotel rooms, a water park, a 27-hole golf course, 1,500 villas, and a racing circuit in the area. The ITDC and Dorna Sport initiated a collaboration in 2019 to set up the Mandalika area as a site for international racing events (ITDC Business Manager, 2023). The development project will span eleven years, divided into two phases: Phase I (2019–2023) and Phase II (2024–2026) ([ITDC, 2018](#)). This study examines the first phase of the project's implementation. [Figure 2](#) illustrates the Mandalika SEZ and Project Masterplan.

Transformation of Mandalika as a tourism destination

Given its status as a super-priority destination, Mandalika has received significant investment and attention. However, despite the scale of government-led infrastructure projects and private investments, the local economy of Central Lombok remains predominantly agrarian. While the Mandalika tourism area continues to expand, the primary source of livelihood for the local population remains outside the tourism industry. The Mandalika tourism destination has undergone many stages of transformation. [Figure 3](#) illustrates the transformation of Mandalika as a tourist destination.

(1) Exploration stage (before 2005)

This stage is characterised by a decrease in visitor numbers. While the number of tourists was increasing, it was growing at a slow pace. Traditional methods, like beach visits, dominated tourism operations. The season had an impact on Lombok's honeymoon branding. Except for May and December, these were considered low-season months. Tourism GDP was low at this point. After a series of terrorist attacks in Bali in 2005, tourism dropped across Indonesia, including Lombok Island.

Figure 2 Map of Mandalika special economic zone and project Masterplan. Source: Sez, 2021 (www.kek.go.id)

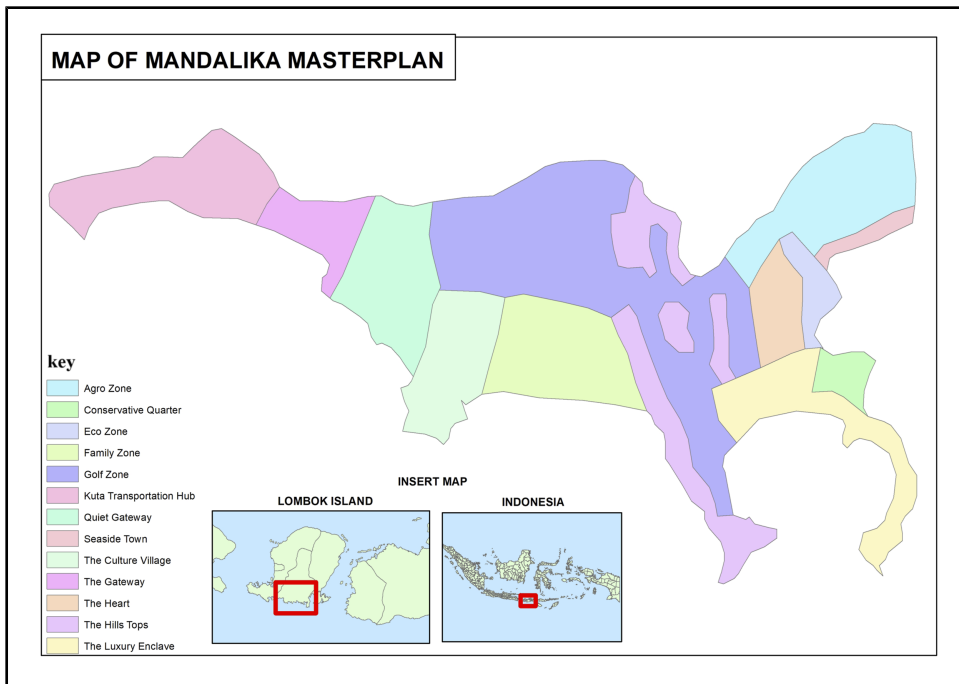
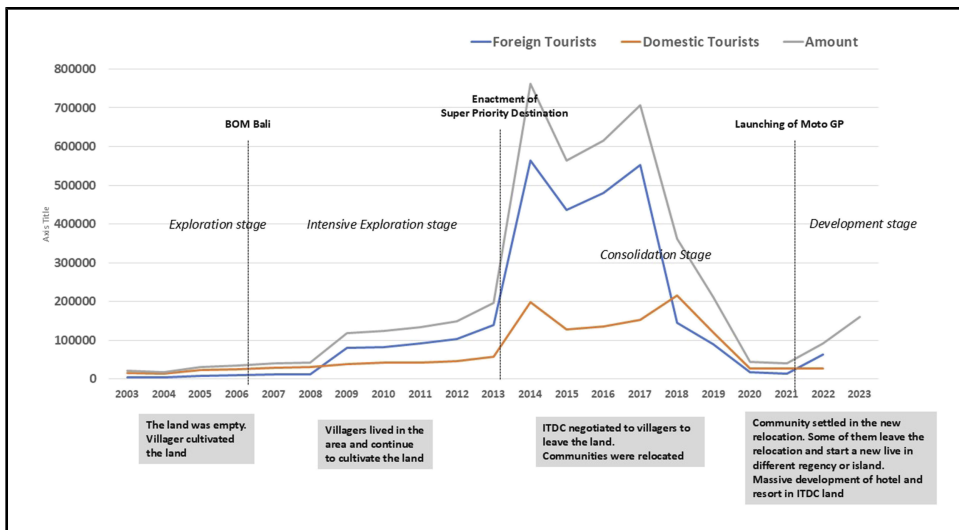


Figure 3 Transformation of Mandalika as a tourist destination. Source: Author's analysis, 2024



(2) Intensive exploration stage (before 2005–2015)

Furthermore, Lombok tourism is experiencing its second phase of evolution, known as the intensive exploration phase. It was started after the 2005 Bali bombing. The government began significant tourism development. Lombok adopted a Meeting Incentive Conference and Exhibition tourism strategy. Given the current low season, it needs to find a solution to sustain the growth of tourism. School holidays or specific timeframes did not restrict visitors to Lombok. At that time, officials who wished to hold events in Jakarta were expected to do so in Lombok instead.

(3) Involvement stage (2015–2021)

The third phase of evolution, the involvement phase, is the next stage. The inception of this phase dates to 2015, when the ITDC awoke from a prolonged hibernation. The central government determined that Lombok was one of the super-priority tourist destinations. This determination has led the government to give Lombok significant attention, resulting in numerous programs and investments. One of the investments is the construction of the Mandalika Sport Centre, home to MotoGP. Mandalika Tourism SEZ provides a variety of tourist attractions. The involvement stage spans from 2015 to 2021. This stage was crucial for the Indigenous people. Communities should relocate from the Mandalika area to the designated relocation place.

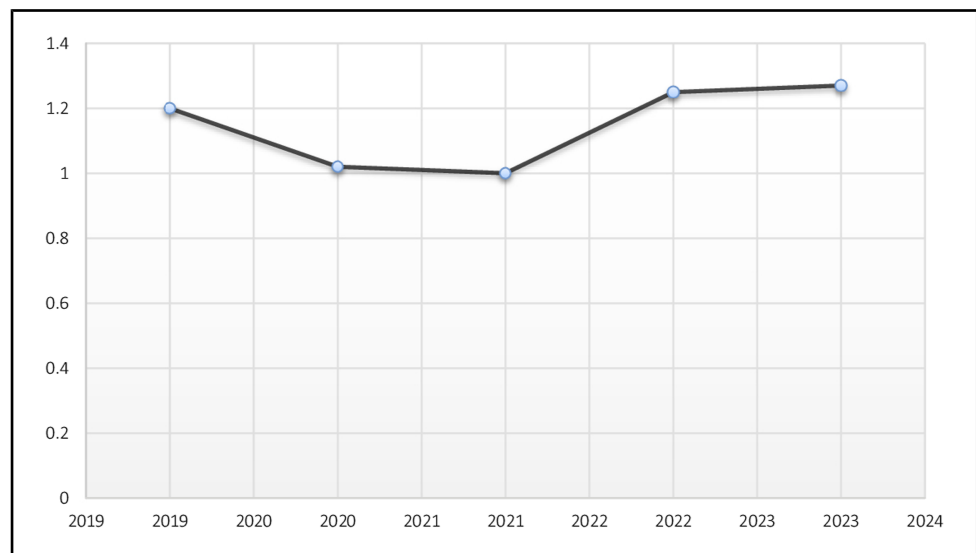
(4) Development stage (2021–now)

MotoGP Mandalika debuted in 2021. Mandalika's launch served as an essential driver for the development stage. Land usage has altered due to space needs and increased tourism. [Figure 3](#) shows how the Mandalika Circuit has boosted Lombok Island's tourism. Gross regional domestic product (GRDP) in Central Lombok Regency rose in 2023. Production has boosted corporate growth across the board, unhindered by inflation. Assuming constant 2010 prices, it is expected Central Lombok Regency's GRDP will rise to 13.18 trillion rupiah (801.82m USD) in 2023 from 12.46 trillion in 2022. This forecast predicts 5.77% GRDP growth in 2023, up from 3.55% in 2022. The government attributes this growth to the construction of the Mandalika SEZ. Following the lifting of COVID-19 restrictions in late 2022, Central Lombok Regency intensified its event promotion, thereby boosting tourism and transportation demand. Furthermore, agricultural production saw a macro-level uptick in 2023 compared to the previous year. [Figure 4](#) illustrates the trend in gross regional domestic product in Central Lombok Regency from 2019 to 2023. There was a temporary drop from 2020 to 2021, but then it started to rise again in the following years.

Effect of Mandalika circuit construction on Indigenous people and land use

Despite the improved economic performance of tourism due to the Mandalika construction, observations and interviews reveal that the development of the Mandalika Circuit has negatively impacted the Indigenous people living in and around the circuit area. The results of the word

Figure 4 Percentage distribution of gross regional domestic product of Central Lombok Regency at current market prices by industry, 2019–2023. Source: Statistic Indonesia Central Lombok Regency, 2024



frequency analysis (Figure 5) and main interpretation of word frequency (Table 2), which was based on primary data collected through interviews with informants, show that themes related to the government's dominant position, local communities and the dynamics of infrastructure development are the most important aspects in the Mandalika circuit area.

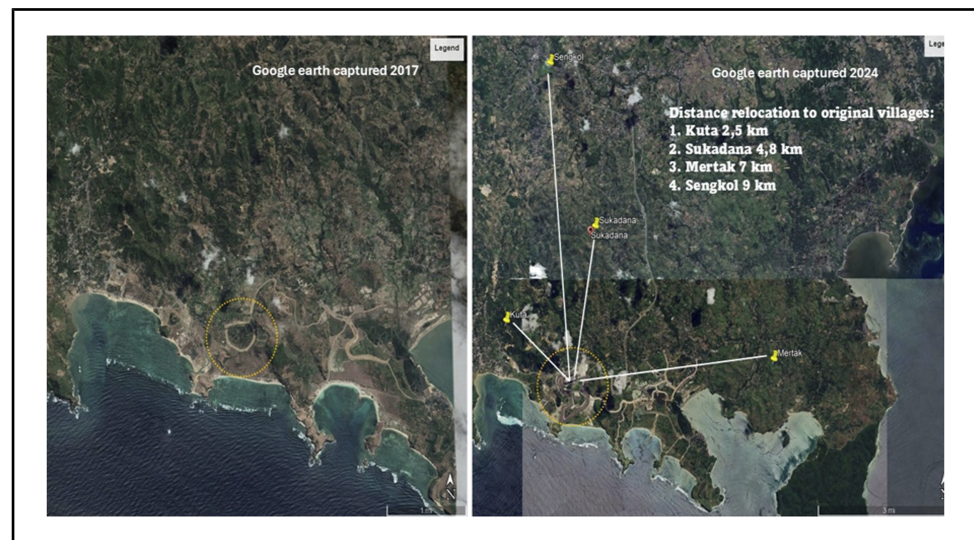
Figure 5 and Table 2, along with in-depth interview results, show that the government intends to upgrade the infrastructure of tourist destinations by acquiring agricultural land from Indigenous people. This action has several effects.

First, many farmers lost their maize and peanut crops due to construction. ITDC-set compensation did not match market values. Second, unequal benefits, especially displacement compensation, have caused social problems. Following evictions, the lack of adequate housing plans sparked protests against both the government and ITDC. Community efforts to lobby for relocation led to the eviction of graves and mosques. Even with complaints and protests, affected people cannot oppose the government. The government is not calculating evicted plant compensation based on community preferences.

Third, the relocated communities had to adapt to new environments. Many people's relocation to remote areas and smaller residential plots affected traditional farming and livestock practices. A few became traders, but most worked menial jobs like street cleaning. Javanese and Balinese immigrants dominated non-manual jobs, making it difficult for local people to compete.

Fourth, the Mandalika project has harmed the environment, which is essential to agriculture. Formerly, farmers grew crops with official authority near the circuit. Several kampongs were there. During the rainy season, the construction of the Mandalika Circuit has resulted in flooding. Since the development of Mandalika Circuit, the flood has impacted around 11 villages. The community mentioned a decrease in shrimp production, primarily due to river pollution and the grinding of hills for hotel development. Construction of hotels and luxury restaurants in disaster-prone areas has increased landslide risk. The problems related to waste have been observed; particularly due to the increasing tourism activity, the waste volume has been increasing. The government has removed the final dumping of Pengangat; that previous capacity was 300 (m3), and it is now being planned to be 800 m3 for 5-year service. The waste management is lacking to tackle the growing garbage volume (Tempo, 2024). Another issue with the environment is the potential of natural

Figure 6 Illustration of the relocation village from the Mandalika tourism site. Source: Google Earth, 2024



disaster, such as earthquakes and tsunamis, due to its location, which is prone to those disaster. [Figure 6](#) displays the relocation villages for affected people of the Mandalika tourism project.

Post-displacement community adaptation strategies

Community responses to the displacement can be categorised into two adaptation strategies: (1) remaining in the Mandalika area and (2) migrating to another region or island. Most Indigenous people opted to stay. They had to transition from farming to other occupations. Although the ITDC claimed to provide skills training, communities reported a lack of sustained follow-up programs, such as giving capital or assistance to start a business. Regrettably, the ITDC failed to hire many of the participants who had received training. The Indigenous people of Mandalika employed an alternative adaptation strategy by liquidating their assets for sustenance.

There is a lot of training available in this community, but we are disappointed that we only receive a limited amount. What we want is that after being given the training, we still need assistance because we need to understand that we cannot go through it all ourselves. Many residents who received the training have completed it without any further assistance. (Interview with Sengkol Village Head, 2023)

The adaptation strategies shared by the informants indicate that villagers are navigating through various stresses and changes, such as decreased household incomes and shifts in employment, as observed in studies conducted in other regions ([Erwin et al., 2021](#)). A variety of factors influence community adaptation, and when faced with limited options, adopting a strategy often involves making compromises to cope with the challenges at hand.

[Table 3](#) presents how the acquisition of land for the Mandalika construction has affected people's employment. It indicates a likelihood for a negative impact on the local economy, particularly on Indigenous communities.

Type of job	Jobs changes	Implication
Farmer	Still able to farm or plant far from the circuit construction location Some farmers work as motorbike taxi drivers, road sweepers, and other odd jobs	Incomes are reduced To make up for the lower income from the drop in agricultural income
Breeder	Breeders are having trouble locating fodder in the new area. Races and circuits limit Mandalika and outside road access	Breeders offer discounts on livestock. Even if they have trouble with a new type of employment, they look for alternative jobs that fit their skills
Fisherman and seaweed seeker	Still able to fish or find seaweed, but farther away	Due to competition from faraway fishermen and seaweed gatherers, their income is smaller
Trader	Start a stall near the relocation site and sell on Mandalika Special Area Road, although the racetrack restricts direct selling	If they give up selling or looking for a new location, their income will become unclear
Homestay owner	They own properties but struggle to promote them. Tourism and hospitality training has not given the community the social capital to compete with experienced investors from outside Mandalika setting up homestays	They seek side jobs to support their daily expenses

Source(s): Authors' analysis based on interviews with 21 villagers

State-led tourism policy implementation, responses and power dynamics in Mandalika

The ITDC serves as an intermediary in interpreting central tourism policies and disseminating them to local district and village governments. Despite often clashing with Indigenous communities and the ITDC, Presidential Regulation No. 3 of 2016 designated Mandalika SEZ a national strategic project, ensuring the continuation of circuit construction. Land disputes, displacement, social and economic inequalities and environmental issues intensify this conflict. The people's reactions to Mandalika's development are likely to be mixed, reflecting a complex balance of opportunities and challenges inherent in large-scale projects.

Land disputes and relocation may involve land ownership, compensation or traditional livelihoods. Since land is vital to Indigenous communities' identity and livelihood, land loss has eroded their social and economic resilience. Current laws may not recognise or adequately protect Mandalika land rights. Communities without official ownership documents are more vulnerable to land acquisition due to this lack of legal protection. The ITDC manages relocation and compensation, while the government acquires land and constructs housing for the Indigenous people of Mandalika.

A community of 120 families who previously resided in the Mandalika Circuit but lacked property ownership rights will benefit from this permanent housing. The Ministry of Maritime Affairs and Investment, the Ministry of Public Works and Housing, and the Central Lombok Regency Government coordinated this initiative between ITDC and the Central Government, with the aim of enhancing the community's standard of living. (Interview with ITDC Business Manager-1, 2023)

Despite the benefits and opportunities of acquiring tourism land, Mandalika faces social and economic inequality. Mandalika living is more dependent on outside resources, unemployment and lesser earnings due to land acquisition. Not everyone has the skills or opportunities to benefit from tourism, increasing economic inequality. Not letting people benefit from the tourism project can cause community conflict. Changes in livelihood lead to new challenges for local governments. Tourism opportunities are difficult to secure due to competition from established enterprises with large marketing networks. Homestays do not assist residents in promoting their offerings, as they require social capital to be successful. A homestay owner and a local government official provided further explanations for this phenomenon.

The guests only came once, at the Motor GP party, then my homestay was empty. I have no experience in handling it. (Interview with homestay owner-Sengkol Villager, 2023)

Despite great effort, villagers must adjust their habits as the area changes. Most could not involve in tourism activities due to job policy requirements or a lack of knowledge and abilities. Although some villagers securing paid employment, their overall living conditions did not significantly improve. (Interview with an official of the Central Lombok Development Planning Board, 2023)

The government supports tourism-affected areas in preserving their culture and creating new business possibilities. ITDC and local government collaborate to help impacted individuals and families join the tourism industry or find other livelihoods. The ITDC does this through vocational training, skill development and entrepreneurship guidance. The local community helps Mandalika's tourism grow by providing workers and venues for vendors and micro, small and medium enterprises (MSMEs). The ITDC Business Manager highlighted that improving MSMEs involves bettering locations, providing product innovation training for businesses and implementing structured ITDC training programs to support Mandalika tourism entrepreneurs. These include creating The Bazaar Mandalika in Kuta Village, a community market with a variety of MSMEs items. This initiative emphasises social responsibility for Mandalika people and promotes economic empowerment and sustainable development.

Indigenous people, strongly attached to their environment, need help voicing and solving these issues. However, due to lax regulations and a lack of benefits for the disadvantaged, they face limited protection. Their lack of technical and business knowledge hinders their ability to make

informed decisions. Despite monitoring and improving tourism areas, the ITDC prioritises development risks over Indigenous people's desires for regional progress.

Furthermore, government agencies may operate tourism-related businesses because of the close relationship between the ITDC and the government. As a state-owned entity, the ITDC holds responsibility for collaborating closely with local government agencies, districts and village leaders or committees. Some local government agencies view this strategy as effective, sharing governance responsibilities with the ITDC. However, implementation-related challenges persist. Interviews revealed similarities in reported cases across local governments, indicating common public administration mechanisms. Bureaucratic rigidity can make state-led initiatives less flexible and adaptable to local conditions. This finding implies a lack of transparency and frequent cooperation barriers within ITDC management.

When data is required for reports on the progress of tourism management related to the project, there is often a delay in obtaining it. (Interview with an official of Tourism and Cultural Administrative Office, 2023)

Several officials acknowledged the central government's intervention's legitimacy and necessity, but they sometimes criticised the ITDC's dominance. Infrastructural investments, top-down initiatives and strict governance procedures show that the central government is still inclined to Mandalika tourism. The local government and stakeholders seemed to follow the process.

Discussion

This study examines the Mandalika tourism destination's state-led policy and its implications for local sustainable livelihood challenges. The results yield several significant viewpoints.

First, translating state-led policy's sustainability pillars into concrete activities is a challenging task. Community engagement is essential in this process. Local communities were not fully involved in designing the compatibility of project goals and community needs. [Heslinga et al. \(2024\)](#) similarly noted this pattern in Borobudur, another super-priority site in Indonesia. The master plan's tourism development strategy is comprehensive since it includes sustainability, resilience and inclusivity. However, translating these concepts into actionable activities is complex. Without considering the local needs, the national policy could affect Indigenous communities' social, economic and environmental resilience.

Secondly, unclear government guidelines and the need for more tourism project development monitoring leave Mandalika's residents unprotected. The absence of clear standards indicates that imbalances in power among government officials, investors and Indigenous populations often lead to exploitation and socioeconomic disparities in large-scale tourism initiatives.

Third, we found that the state-led development policy in Mandalika encourages market-driven enterprises to put their goals ahead of local demands. This finding supports the studies on large-scale events in developing countries that often focus on economic effects and ignore important social factors ([Neef, 2021](#)). The government initially pitched the Mandalika project as a boon for locals, using tourism to strengthen the neighbourhood. The effect was small and seasonal, correlating with events. Mandalika employs many workers from surrounding islands rather than Indigenous peoples, highlighting the need for better local services.

Fourth, the Mandalika project, which relocated and adapted Indigenous communities, had an impact on community resilience. Top-down strategies and economic modernisation ideas that fail to address community concerns and offer fair compensation threaten Indigenous livelihoods. Policymakers handle tourism stakeholders' power dynamics to reduce conflict. These efforts failed to enhance the community's living standard following migration. These findings reveal that global tourism strategies prioritise expansion and economic goals over public concerns, especially in developing nations. It also shows that the government's developmental approach and stakeholders' market-driven rationale prioritise tourism over local concerns.

In general, the implications identified in this study are linked. Weak local engagement, unequal distribution of tourism benefits, and local dependence on government-led initiatives all come from one underlying issue: the dominance of a top-down governance approach in tourism policy implementation. We argue that without clear government guidelines in state-led policy, tourism development could not be translated smoothly by the local government. State-led policy frequently neglects the effects of these policies on the local level, delegating responsibility for resolving associated concerns to local governments.

Conclusion and implications for tourism futures

This study indicates that state-led policy may fail if it ignores contextual elements like Indigenous community livelihoods. It shows that strong reliance on top-down state action and bureaucratic procedures for implementation may hinder a society's ability to change. State-led development was dependent on the bureaucratic execution of this state-driven agenda. State-led programs may struggle to adapt to changing local conditions due to bureaucratic rigidity. Because centralised planning disregards local social, cultural and economic factors, it often produces solutions that don't meet local needs. Central governments and state-owned companies collaborate to develop state-led programs. Local government and stakeholders seemed limited to following the process. The project's success and impact on Indigenous communities depend on activism, community adaptation, tourism industry commitment and policymaker action. Since tourism often changes local economies, adapting to changing conditions while meeting tourism sustainability goals requires strategies that meet community needs. This involves including locals in the tourism value chain to generate cash and beneficial jobs. The community also gains enjoyment from witnessing improvements in tourism within the area.

This study shows that actors with different perspectives face similar challenges at different power levels. Government agencies handling land management, tourism, and Indigenous affairs need to collaborate to solve major issues. This study focused on one locale, but our findings may be useful to other regions, especially emerging Global South countries. Therefore, to promote the sustainability and future of tourism, particularly in Mandalika, several actionable recommendations can be initiated. This recommendation can be viewed as a micro-solution to a macro-problem.

First, value creation. It involves creating a distinct destination for creating riches. Value creation involves community environmental shaping. The *Sasak* tribe's uniqueness makes Mandalika special. Tourism planning must emphasise local social and cultural traits that make the destination unique. Promotion and training can boost tourism revenue by enhancing a region's uniqueness, distinctiveness and originality. Tourism regions' multiplier effects require an economic network for the tourism supply chain, including tourism sector groups, and are supported by clear guidelines.

Second, social involvement. It means the community must shape the environment. It expands value creation. Tourism regions' distinction, originality, attraction and growth could stimulate community engagement. Even if change takes time, the community must be accelerated. They can create branding, especially for a unique site. Government initiatives should include tourism and hospitality workforce readiness, entrepreneurship, community-based tourism, meaningful participation and Indigenous tourism management.

Third, value creation and social involvement necessitate monitoring. Regular community training, monitoring and evaluation are needed. It will guide future activities. The training must be followed up to ensure success. Thus, persuading community involvement will create valuable tourism destinations, fostering value creation. Then, economic acceleration will follow.

Fourth, government and local stakeholders must enforce sustainable tourism to increase community resilience. Environmental impact assessment is crucial to prevent degradation and disaster recovery. Due to the fast expansion of tourism, the local identity will be harmed without

environmental impact assessment. The government might control market-driven tourism by protecting community rights, particularly land rights.

This study highlights the present debate regarding the influence of state-led policy on sustainable livelihoods and tourism while proposing opportunities for future research. When administering state-led policy, the government may face a trade-off between efficiency and equity. The future of tourism offers both obstacles and prospects. Aligning tourism with sustainable livelihoods and the SDGs enables the creation of a tourism model that benefits tourists, local people and the environment simultaneously. Localised transformations may foster SDGs; therefore, future research may investigate more of the trade-off between efficiency and equity across problem domains to better understand balanced approaches. It is feasible that policymakers and scholars may conduct a thorough review of the possibility of community-led solutions for locally embedded circumstances.

References

- Asian Infrastructure Investment Bank (AIIB) (2018), *Project Document of the Asian Infrastructure Investment Bank - the Republic of Indonesia Mandalika Urban and Tourism Infrastructure Project*, available at: https://www.aiib.org/en/projects/approved/2018/_download/indonesia-mandalika/mandalika-project.pdf (accessed 16 April 2023).
- Bazargani, R.H.Z. and Kiliç, H. (2021), "Tourism competitiveness and tourism sector performance: empirical insights from new data", *Journal of Hospitality and Tourism Management*, Vol. 46, pp. 73-82, doi: [10.1016/j.jhtm.2020.11.011](https://doi.org/10.1016/j.jhtm.2020.11.011).
- Bhatt, K., Seabra, C., Kumar, J., Ashutosh, K. and Kumar Kabia, S. (2024), "Tourism-led inclusive growth in emerging and developing economies: a systematic literature review", *Sage Open*, Vol. 14 No. 2, 21582440241252516, doi: [10.1177/21582440241252516](https://doi.org/10.1177/21582440241252516).
- Bianchi, R.V. and Man, F.D. (2021), "Tourism, inclusive growth and decent work: a political economy critique", *Journal of Sustainable Tourism*, Vol. 29 Nos 2-3, pp. 353-371, doi: [10.1080/09669582.2020.1730862](https://doi.org/10.1080/09669582.2020.1730862).
- Bichler, B.F. (2021), "Designing tourism governance: the role of local residents", *Journal of Destination Marketing and Management*, Vol. 19, 100389, doi: [10.1016/j.jdmm.2019.100389](https://doi.org/10.1016/j.jdmm.2019.100389).
- Bramwell, B. and Lane, B. (2011), "Critical research on the governance of tourism and sustainability", *Journal of Sustainable Tourism*, Vol. 19 Nos 4-5, pp. 411-421, doi: [10.1080/09669582.2011.580586](https://doi.org/10.1080/09669582.2011.580586).
- Chen, P., Zhang, M. and Wang, Y. (2022), "Beyond displacement: the co-existence of newcomers and local residents in the process of rural tourism gentrification in China", *Journal of Sustainable Tourism*, Vol. 32 No. 1, pp. 8-26, doi: [10.1080/09669582.2022.2112201](https://doi.org/10.1080/09669582.2022.2112201).
- Chong, K.L. (2020), "The side effects of mass tourism: the voices of Bali islanders", *Asia Pacific Journal of Tourism Research*, Vol. 25 No. 2, pp. 157-169, doi: [10.1080/10941665.2019.1683591](https://doi.org/10.1080/10941665.2019.1683591).
- Dolezal, C. and Novelli, M. (2022), "Power in community-based tourism: empowerment and partnership in Bali", *Journal of Sustainable Tourism*, Vol. 30 No. 10, pp. 2352-2370, doi: [10.1080/09669582.2020.1838527](https://doi.org/10.1080/09669582.2020.1838527).
- Dwyer, L., Forsyth, P. and Dwyer, W. (2020), *Tourism Economics and Policy*, Vol. 5, Channel View Publications, Bristol, doi: [10.21832/dwyer7314](https://doi.org/10.21832/dwyer7314).
- Elliott, J. (2020), *Tourism: Politics and Public Sector Management*, Routledge, London and N.Y.
- Erwin, A., Ma, Z., Popovici, R., Salas O'Brien, E.P., Zanotti, L., Zeballos Zeballos, E., Bauchet, J., Ramirez Calderón, N. and Arce Larrea, G.R. (2021), "Intersectionality shapes adaptation to social-ecological change", *World Development*, Vol. 138, 105282, doi: [10.1016/j.worlddev.2020.105282](https://doi.org/10.1016/j.worlddev.2020.105282).
- Farsari, I. (2021), "Exploring the nexus between sustainable tourism governance, resilience and complexity research", *Tourism Recreation Research*, Vol. 48 No. 3, pp. 352-367, doi: [10.1080/02508281.2021.1922828](https://doi.org/10.1080/02508281.2021.1922828).
- Heslinga, J.H., Yusuf, M., Damanik, J. and Stokman, M. (2024), "Future strategies for tourism destination management: post COVID-19 lessons observed from Borobudur, Indonesia", *Journal of Tourism Futures*, Vol. 10 No. 5, pp. 68-74, doi: [10.1108/JTF-06-2023-0144](https://doi.org/10.1108/JTF-06-2023-0144).

- Higgins-Desbiolles, F. (2020), "The 'war over tourism': challenges to sustainable tourism in the tourism academy after COVID-19", *Journal of Sustainable Tourism*, Vol. 29 No. 4, pp. 551-569, doi: [10.1080/09669582.2020.1803334](https://doi.org/10.1080/09669582.2020.1803334).
- Hua, G. and Yuxiang, Y. (2020), "Research review of sustainable livelihood of rural tourism", *Tourism Tribune*, Vol. 35 No. 9, pp. 134-148, doi: [10.47175/rissj.v3i2.431](https://doi.org/10.47175/rissj.v3i2.431).
- Indonesia Tourism Development Corporation (ITDC) (2018), "Indigenous people development plan (IPDP) of the Mandalika urban and tourism infrastructure", available at: https://www.aiib.org/en/projects/approved/2018/_download/indonesia-mandalika/Indigenous-Peoples-Development-Plan.pdf (accessed 16 April 2023).
- Inkson, C. and Minnaert, L. (2022), *Tourism Management: An Introduction*, 3rd ed., Sage Publication, London.
- Khan, A., Bibi, S., Lorenzo, A., Lyu, J. and Babar, Z.U. (2020), "Tourism and development in developing economies: a policy implication perspective", *Sustainability*, Vol. 12 No. 4, p. 1618, doi: [10.3390/su12041618](https://doi.org/10.3390/su12041618).
- Liu, A. and Liu, H. (2009), "Government approaches tourism: an international inquiry", *International Journal of Tourism Policy*, Vol. 2 No. 3, pp. 221-238, doi: [10.1504/IJTP.2009.024554](https://doi.org/10.1504/IJTP.2009.024554).
- Natarajan, N., Newsham, A., Rigg, J. and Suhardiman, D. (2022), "A sustainable livelihoods framework for the 21st century", *World Development*, Vol. 155 No. 4, pp. 1-15, doi: [10.1016/j.worlddev.2022.105898](https://doi.org/10.1016/j.worlddev.2022.105898).
- Neef, A. (2021), *Tourism, Land Grabs and Displacement: The Darker Side of the Feel-Good Industry*, 1st ed., Routledge, London, available at: [10.4324/9780429340727](https://doi.org/10.4324/9780429340727).
- Nguyen, P.C., Schinckus, C., Chong, F.H.L., Nguyen, B.Q. and Tran, D.L.T. (2025), "Tourism and contribution to employment: global evidence", *Journal of Economics and Development*, Vol. 27 No. 1, pp. 22-37, doi: [10.1108/JED-07-2024-0269](https://doi.org/10.1108/JED-07-2024-0269).
- OECD (2024), *OECD Tourism Trends and Policies 2024*, OECD Publishing, Paris, doi: [10.1787/80885d8b-en](https://doi.org/10.1787/80885d8b-en).
- Prasad, N.S. and Kumar, N.N. (2022), "Resident perceptions of environment and economic impacts of tourism in Fiji", *Sustainability*, Vol. 1 No. 9, 4989, doi: [10.3390/su14094989](https://doi.org/10.3390/su14094989).
- Robi, S. (2024), "The politics of Africa's urban industrialisation: authoritarian centralisation and policy integration", *International Development Planning Review*, Vol. 46 No. 3, pp. 257-276, doi: [10.3828/idpr.2024.5](https://doi.org/10.3828/idpr.2024.5).
- Ruiz-Ballesteros, E. (2023), "What community for community-based tourism?", *Current Issues in Tourism*, Vol. 26 No. 16, pp. 2664-2677, doi: [10.1080/13683500.2022.2091982](https://doi.org/10.1080/13683500.2022.2091982).
- Sharpley, R. (2021), "Tourism and development theory: which way now?", *Tourism Planning and Development*, Vol. 19 No. 1, pp. 1-12, doi: [10.1080/21568316.2021.2021475](https://doi.org/10.1080/21568316.2021.2021475).
- Tempo (2024), *Di balik Proyek Strategis Nasional Mandalika: Perbukitan Dikeruk, Sungai Meluap [Behind the Mandalika National Strategic Project: Hills Excavated, Rivers Overflow]*, available at: <https://www.tempo.co/lingkungan/di-balik-proyek-strategis-nasional-mandalika-perbukitan-dikeruk-sungai-meluap-45984> (accessed 20 June 2025).
- Tian, B., Stoffelen, A. and Vanclay, F. (2023), "Understanding resilience in ethnic tourism communities: the experiences of Miao villages in Hunan Province, China", *Journal of Sustainable Tourism*, Vol. 32 No. 7, pp. 1433-1452, doi: [10.1080/09669582.2023.2239525](https://doi.org/10.1080/09669582.2023.2239525).
- United Nations (UN) (2007), *United Nations Declaration on the Rights of Indigenous Peoples: Resolution/Adopted by the General Assembly, A/RES/61/295, 2 October 2007*, available at: <https://www.refworld.org/legal/resolution/unga/2007/en/49353> (accessed 25 June 2023).
- United Nations World Tourism Organization (UNWTO) (2017), *Tourism for Sustainable Development in Least Developed Countries: Leveraging Resources for Sustainable Tourism with the Enhanced Integrated Framework*, available at: <https://www.e-unwto.org/doi/pdf/10.18111/9789284418848> (accessed 25 June 2023).
- Wang, J., Huang, X., Gong, Z. and Cao, K. (2020), "Dynamic assessment of tourism carrying capacity and its impacts on tourism economic growth in urban tourism destinations in China", *Journal of Destination Marketing and Management*, Vol. 15, 100383, doi: [10.1016/j.jdmm.2019.100383](https://doi.org/10.1016/j.jdmm.2019.100383).

Westoby, R., Gardiner, S., Carter, R.W. and Scott, N. (2021), "Sustainable livelihoods from tourism in the "10 new Balis" in Indonesia", *Asia Pacific Journal of Tourism Research*, Vol. 26 No. 6, pp. 702-716, doi: [10.1080/10941665.2021.1908386](https://doi.org/10.1080/10941665.2021.1908386).

Further reading

Kubickova, M. and Campbell, J.M. (2020), "The role of government in agro-tourism development: a top-down bottom-up approach", *Current Issues in Tourism*, Vol. 23 No. 5, pp. 587-604, doi: [10.1080/13683500.2018.1551338](https://doi.org/10.1080/13683500.2018.1551338).

Kumar, A., Butcher, S., Hammett, D., Barragan-Contreras, A.S., Burns, V., Chesworth, O., Cooper, G., Kanai, J.M., Mottram, H., Poveda, S. and Richardson, P. (2024), "Development beyond 2030: more collaboration, less competition?", *International Development Planning Review*, Vol. 46 No. 2, pp. 27-242, doi: [10.3828/idpr.2024.4](https://doi.org/10.3828/idpr.2024.4).

Kunjuraman, V. (2022), "A revised sustainable livelihood framework for community-based tourism projects in developing countries", *Current Issues in Tourism*, Vol. 26 No. 4, pp. 540-546, doi: [10.1080/13683500.2022.2116563](https://doi.org/10.1080/13683500.2022.2116563).

McLoughlin, E. and Hanrahan, J. (2023), "Evidence-informed planning for tourism", *Journal of Policy Research in Tourism, Leisure and Events*, Vol. 15 No. 1, pp. 1-17, doi: [10.1080/19407963.2021.1931257](https://doi.org/10.1080/19407963.2021.1931257).

Statistic Indonesia (2024), "Produk domestik regional bruto kabupaten Lombok tengah menurut lapangan usaha 2019-2023", available at: <https://lomboktengahkab.bps.go.id/publication.html> (accessed 21 May 2024).

Wan, Y.K.P., Li, X., Lau, V.M.C. and Dioko, L.(D.) (2022), "Destination governance in times of crisis and the role of public-private partnerships in tourism recovery from Covid-19: the case of Macao", *Journal of Hospitality and Tourism Management*, Vol. 51, pp. 218-228, doi: [10.1016/j.jhtm.2022.03.012](https://doi.org/10.1016/j.jhtm.2022.03.012).

World Travel and Tourism Council (WWTTC) (2022), "Travel and tourism economic impact 2022: global trends", in *World Travel & Tourism Council*, available at: <https://wttc.org/Portals/0/Documents/Reports/2022/EIR2022-GlobalTrends.pdf> (accessed 25 June 2023).

Corresponding author

Ambar Widaningrum can be contacted at: ambarwid@ugm.ac.id

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgrouppublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com