

Tourism Development Strategy for Increasing Local Own-Source Revenue in Kupang City During the COVID-19 Pandemic

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Abstract

Purpose: This study examines how the Kupang City Tourism Office formulated strategy to increase Local Own-Source Revenue (LO-SR) or *Pendapatan Asli Daerah* (PAD) during the COVID-19 pandemic and identifies the internal and external barriers encountered in that process.

Methodology: A qualitative case study design was applied, combining semi-structured interviews with five key informants from the Tourism Office and Regional Revenue Office with secondary documentary data, analysed through SWOT-based IFAS and EFAS matrices.

Results: Kupang City tourism was positioned in Quadrant I (IFAS = 2.31; EFAS = 1.96), indicating that an aggressive, growth-oriented (S-O) strategy is appropriate, centred on integrated destination management, certified human resource development, and cultural heritage optimisation; however, PAD contributions during the pandemic derived mainly from hotel, restaurant, and entertainment taxes rather than destination retribution.

Conclusions: Strategy formulation was sound in direction but structurally disconnected from direct PAD generation, while budget constraints, human resource deficits, low community awareness, and Cyclone Seroja compounded the pandemic's impact.

Limitations: The single-city scope, small government-only informant pool, and subjective SWOT weighting restrict the generalisability of findings to other secondary cities in Eastern Indonesia.

Contributions: The study extends destination-level SWOT applications in Eastern Indonesia by linking strategic positioning explicitly to fiscal outcomes, offering local governments an evidence-based framework for aligning tourism strategy formulation with revenue mobilisation objectives under crisis conditions, and for distinguishing programme activity from measurable fiscal return.

Keywords: *COVID-19 Pandemic, Kupang City, Local Own-Source Revenue, SWOT Analysis, Tourism Development Strategy*

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1. Introduction

Tourism remains one of the most consistently cited engines of regional income for Indonesian local governments, occupying a strategically important position in national economic development ([Purnomo, Fathani, Setiawan, Fadhlurrohman, & Nugroho, 2021](#)). Beyond its role as a foreign exchange earner, the sector functions as a labour-absorbing and investment-generating activity whose benefits extend into hospitality, transportation, culinary trade, and the creative economy ([Fadilla, Hariyanti, & Putri, 2024](#)). This significance has intensified as tourism has become entangled with regional fiscal policy: under Indonesia evolving decentralization framework, local governments are expected to mobilize Local Own-Source Revenue (PAD) more assertively, reducing dependence on central transfers ([Lewis, 2023](#)). Tourism sector development policies therefore create dual expectations, namely attracting private investment for destination quality improvement while simultaneously generating measurable fiscal returns for the municipalities that host them.

Kupang City, the capital of East Nusa Tenggara Province (NTT), functions both as an international transit gateway and as a destination in its own right, with attractions ranging from Pantai Lasiana and Pantai Teluk Kupang to Gua Monyet and the Sepe ikat weaving tradition. As the administrative and commercial hub of the province, the city's tourism performance carries implications for regional economic development that extend well beyond municipal boundaries, particularly given NTT persistent workforce and infrastructure constraints ([Putranto, Astuti, & Halawa, 2025](#)). Tourism attractions in Kupang are managed jointly by government agencies and private operators, with all attractions subject to regional taxes and levies under Kupang City Regional Regulation No. 6 of 2011 on Regional Taxes and Levies. The city's tourism resource richness is theoretically well positioned to translate into higher PAD and stronger regional development outcomes, yet realised revenue performance has fluctuated considerably.

In executing its mandate, the Kupang City Tourism Office has organized its strategy around four performance indicator areas, namely City Tourism Destination Development, City Tourism Marketing, City Tourism Industry, and City Tourism Institutional Development. Realization data for 2017 to 2020 show PAD declining from IDR 229.1 billion in 2017 to IDR 167.5 billion in 2020, a trajectory that coincides with both programmatic transitions within the Tourism Office and the onset of the COVID-19 pandemic. These fluctuations point to only partial effectiveness of the specialized programmed implemented during this period, with the underlying cause frequently attributed to insufficient tourism human resource or *Sumber Daya Manusia* (SDM) quality, which in turn constrains service standards and tourist arrival volumes ([Jimad, Roslina, Yuningsih, Mardiana, & Perdana, 2022](#); [Putranto et al., 2025](#)).

The COVID-19 pandemic compounded these structural challenges considerably. Indonesia tourism sector experienced severe contraction from the pandemic's onset, with foreign tourist arrivals falling by more than seventy percent compared to pre-pandemic levels ([Mustari, Sari, & Rosmita, 2022](#)). Presidential Instruction No. 4 of 2020 on Activity Refocusing, Budget Reallocation, and Procurement in the Context of Accelerating COVID-19 Handling redirected central government funding toward the health sector, constraining tourism development investment nationwide. Government pandemic response measures, including work-from-home protocols, social distancing, and closures of tourism access points, caused tourism revenue to decline sharply across Indonesian destinations ([Firdaus, Norvadewi, Muryanti, Hidayatullah, Saksana, & Sitorus, 2022](#)). Even after partial reopening, mandatory quarantine requirements for foreign visitors continued to suppress international arrivals, eliminating a key source of both foreign exchange and indirect destination promotion, a pattern consistent with broader findings on pandemic-era tourism flow disruption in Indonesian coastal destinations ([Pan, Chen, & Shiau, 2022](#)). The public health dimension of this disruption was particularly pronounced in NTT itself, where community-level knowledge, attitude, and practice research documented persistently elevated case burdens and behavioral adaptation challenges through the second wave of the pandemic ([Lee & Suryohusodo, 2022](#)). Conditions that directly shaped the operating environment within which the Kupang City Tourism Office was attempting to sustain its PAD-oriented programming. National input-output modelling of Indonesia post-pandemic tourism

recovery further indicates that building back better strategies required deliberate reallocation of stimulus toward labour-absorbing tourism subsectors rather than passive reopening alone ([Firdausy & Buhaerah, 2022](#)), a finding consistent with the active, multi-component strategy subsequently pursued by Kupang City.

Existing research on Indonesian tourism strategy during the pandemic has tended to concentrate on business-level survival tactics by [Firdaus et al. \(2022\)](#) and [Mustari et al. \(2022\)](#), village-level and rural tourism recovery by [Mulyani, Kholifah, Saputro, Witarsana, and Wurarah \(2022\)](#), or provincial fiscal aggregates by [Lewis \(2023\)](#), with relatively little attention paid to the mechanism through which a city-level tourism office's strategic choices translate, or fail to translate, into own-source revenue at the destination level. This gap matters practically as well as theoretically, since local governments across Indonesia are increasingly evaluated on their capacity to reduce dependence on central fiscal transfers, and tourism is frequently held up as a flagship sector for achieving that goal even where the underlying revenue architecture has not been examined closely enough to justify the expectation. Studies that do apply SWOT analysis to Indonesian tourism destinations, including those in Eastern Indonesia by [Timuneno, Faggidae, Maak, Riwu, and Manongga \(2024\)](#), typically stop at strategy formulation without tracing whether the recommended strategic quadrant is structurally capable of generating direct fiscal returns. This study addresses that gap by combining a systematic IFAS and EFAS-based SWOT assessment of the Kupang City Tourism Office with an explicit account of how PAD is actually generated within the city's tourism economy. The novelty of this research therefore lies in explicitly disaggregating tourism strategy effectiveness from PAD contribution effectiveness, a distinction that is often assumed but rarely tested empirically in single-destination studies. Accordingly, this study aims to analyze the strategy formulated by the Kupang City Tourism Office to increase PAD during the COVID-19 pandemic and identify the internal and external barriers encountered in executing that strategy, with the broader purpose of offering local governments in comparable secondary cities an evidence-based framework for aligning destination strategy with fiscal outcomes under crisis conditions.

2. Literature Review

2.1 Tourism as a Regional Economic Instrument

Tourism is conventionally defined as the temporary departure of persons toward destinations outside their usual place of residence, motivated by economic, social, cultural, religious, or experiential purposes ([Purnomo, Fathani, Setiawan, Fadhlurrohman, & Nugroho, 2021](#)). The concept comprises a dynamic element (travel to the destination), a static element (sojourn at the destination), and a consequential element capturing the economic, social, and physical impacts of tourist-host contact. Etymologically, the Indonesian term “pariwisata” derives from Sanskrit roots conveying continuous, circular movement away from and back to one's place of origin, a conceptual foundation that continues to inform Indonesian tourism management theory ([Faggidae, 2021](#)). Contemporary applications of this concept in Indonesia increasingly emphasise tourism's function as a structural transformation instrument, shifting local economies from primary sectors toward services [Timuneno, Faggidae, Maak, Riwu, and Manongga \(2024\)](#), and as a vehicle for inclusive economic development when creative economy actors are integrated into the tourism value chain ([Fadilla, Hariyanti, & Putri, 2024](#)). Digitalisation research further indicates that a decade-long trend toward technology-enabled tourism development has reshaped how destinations both market themselves and capture value from visitor spending, a dynamic increasingly relevant to secondary cities such as Kupang that compete for a share of national and provincial tourist flows ([Jiang & Phoong, 2023](#)).

2.2 Strategic Management in the Public Tourism Sector

Strategic management is conventionally understood as comprising three sequential stages, namely strategy formulation, strategy implementation, and strategy evaluation ([David, 2017](#)). Formulation involves establishing vision and mission, identifying external opportunities and threats, identifying internal strengths and weaknesses, and selecting among alternative strategies. Implementation, often described as the action stage, requires annual objective-setting, policy development, and resource allocation sufficient to mobilise personnel toward the formulated strategy, while evaluation involves reviewing internal and external factors, measuring performance, and initiating corrective action.

Within public sector tourism agencies, this classical framework interacts with crisis management theory, which emphasises that strategic planning under conditions of acute disruption, such as a pandemic, must incorporate contingency and scenario-based elements rather than static long-range plans ([Jiang, Ritchie, & Verreyne, 2021](#)). Applied specifically to tourism, resilience-oriented strategic management treats disruption not as an exception to be absorbed passively but as a recurring condition that destination management organisations must build adaptive capacity to withstand ([Jiang et al., 2021](#)). This reframing is particularly relevant to city-level tourism offices in Indonesia, which frequently operate with constrained budgets and must therefore prioritise strategic interventions with the highest expected return under uncertainty, a challenge documented across multiple Indonesian destination case studies during the pandemic period ([Pan, Chen, & Shiau, 2022](#)). A recurring theme in this literature is that strategy documents produced under crisis conditions tend to privilege visible, activity-based indicators, such as the number of training sessions delivered or festivals organised, over harder-to-observe fiscal indicators, such as the proportion of programme spending subsequently recovered through tax or retribution revenue; this asymmetry in what gets measured helps explain why strategic effort and fiscal outcome can diverge even when an organisation is, by conventional strategic management standards, performing its formulation and implementation functions competently.

2.3 Local Own-Source Revenue and Fiscal Decentralisation

Under Law No. 1 of 2022 on Financial Relations between the Central Government and Regions, PAD is defined as regional revenue derived from regional taxes, regional levies, revenue from separately managed regional wealth, and other legitimate sources consistent with applicable legislation. PAD functions as an indicator of regional fiscal independence, with higher PAD generally associated with reduced reliance on central government transfers ([Lewis, 2023](#)). Indonesia fiscal decentralisation framework has evolved substantially since Law No. 1 of 2022 replaced the earlier Law No. 33 of 2004 and Law No. 28 of 2009, with the explicit aims of developing a more efficient subnational taxation system and improving the quality of subnational spending ([Lewis, 2023](#)). Empirical assessments of the new law's early implementation suggest mixed results at the district level: while local tax revenues in several municipalities rose following tariff consolidation into the Specific Goods and Services Tax (PBJT), retribution revenues, the category most directly tied to tourism destination entrance fees, have often remained comparatively stagnant because collection systems for site-based levies are underdeveloped ([Muja & Syamsuddin, 2023](#)). This distinction between tax-based and retribution-based revenue streams is directly relevant to tourism, since destination entrance fees fall under the retribution category, whereas hotel, restaurant, and entertainment levies are classified as regional taxes; national-level assessments confirm that Indonesia post-pandemic fiscal recovery has been driven disproportionately by tax instruments rather than service-based retributions ([Indrawati, Satriawan, & Abdurrohman, 2024](#)). Recent public-service accountability research further argues that the effectiveness of decentralised fiscal transfers depends on aligning sectoral programme design, such as tourism development spending, with measurable revenue outcomes rather than treating programme activity as an end in itself ([Isman, Salomo, & Bakri, 2025](#)).

2.4 SWOT Analysis in Destination Strategy Formulation

SWOT analysis is a systematic technique for identifying internal and external organisational factors to formulate strategy, based on the logic of maximising strengths and opportunities while minimising weaknesses and threats ([Rangkuti, 2017](#)). The SWOT quadrant framework identifies four strategic positions: Quadrant I (S-O, aggressive growth), Quadrant II (S-T, diversification), Quadrant III (W-O, turn-around), and Quadrant IV (W-T, defensive). Weighted IFAS and EFAS matrices translate qualitative stakeholder judgements into comparable numerical scores, allowing destination managers to locate their strategic position empirically rather than impressionistically. Applications of this technique to Indonesian tourism destinations have proliferated in recent years, including studies of underdeveloped regencies in West Sumatra, where SWOT-based positioning was used to prioritise infrastructure investment in prominent local industries by [Satrianto, Sentosa, Ariusni, Ikhsan, and Abd \(2023\)](#), and of ecotourism development on Sumba Island in NTT, where similar matrices guided creative-economy-based destination planning under resource constraints comparable to those in Kupang ([Timuneno, Fanggidae, Maak, Riwu, & Manongga, 2024](#)). A broader review of SWOT

applications across Indonesia tourism sector between 2020 and 2023 found that ecotourism and multi-stakeholder tourism village models have become the predominant strategic response to pandemic-era disruption, gradually displacing single-destination flagship development approaches ([Dávid, Rahmat, & Priatmoko, 2024](#)). However, a persistent limitation across this literature is that SWOT-derived strategic recommendations are rarely cross-checked against the specific revenue mechanisms through which a local government captures fiscal value from tourism activity, a gap this study addresses directly for Kupang City.

2.5 Tourism Human Resources, Community Empowerment, and Cultural Heritage

Tourism service quality is widely recognised as contingent on workforce competency, yet certification coverage among Indonesian tourism workers remains low, particularly outside Java and Bali. In NTT specifically, fewer than thirteen percent of tourism workers hold industry-recognised certification, a gap attributed to high training costs, limited access, and low awareness among informal sector operators ([Putranto, Astuti, & Halawa, 2025](#)). Comparable findings from other Indonesian regions confirm that human resource development models emphasising structured, competency-based training produce measurable improvements in service quality and destination competitiveness ([Jimad, Roslina, Yuningsih, Mardiana, & Perdana, 2022](#); [Hasyim, Sabuhari, & Jabid, 2023](#)). Community empowerment initiatives, including training for micro, small, and medium enterprises or *Usaha Mikro, Kecil, dan Menengah* (UMKM) and Tourism Awareness Groups (Pokdarwis), are frequently deployed as a lower-cost complement to formal certification, with participatory approaches shown to be most effective when service teams collaborate directly with village officials and community leaders at every implementation stage ([Rahman & Natalia, 2025](#)). Cultural heritage assets, including textile traditions such as Kupang Sepe ikat weaving, are increasingly positioned as creative economy anchors capable of diversifying a destination's tourism product beyond natural attractions; comparable commodification of local cultural heritage has been documented in Cirebon, where cultural tourism products were deliberately packaged to extend visitor engagement and spending ([Kartika, Dienaputra, Machdalena, & Nugraha, 2022](#)). Integrating creative economy actors into formal tourism governance structures has been shown to strengthen stakeholder collaboration outcomes more broadly by [Khusaini, Finuliyah, Lestari, and Yulianti \(2024\)](#), suggesting that Kupang Sepe Festival and related cultural programming are consistent with a wider national pattern of culture-led tourism diversification.

2.6 Disaster Risk and Tourism Resilience

Tourism destinations in disaster-prone regions face compounding vulnerabilities when public health crises coincide with natural hazards. Tropical cyclones, earthquakes, and other geophysical events have repeatedly disrupted Indonesian tourism infrastructure, with destination resilience frameworks emphasising pre-event preparedness, in-event response capacity, and post-event recovery planning as distinct but interdependent phases ([Jiang, Ritchie, & Verreynne, 2021](#)). Assessments applying region-based disaster resilience models to Indonesian coastal tourism areas have found that infrastructure damage from cyclones and storm events routinely diverts already limited development budgets toward reconstruction, delaying planned service quality improvements ([Bhaskara, Filimonau, Wijaya, & Suryasih, 2021](#)). This dynamic is directly analogous to Kupang City experience with Tropical Cyclone Seroja in April 2021, which compounded pandemic-related revenue losses by damaging tourism infrastructure at a moment when development funding had already been reallocated to health sector priorities.

3. Research Methodology

This study employed a qualitative case study design combined with descriptive analysis, an approach well suited to investigating complex, multi-component strategic interventions in their real-world organisational context ([Busetto, Wick, & Gumbinger, 2020](#); [Naz, Gulab, and Aslam \(2022\)](#)). Qualitative methodology was selected because the research questions concern why and how the Kupang City Tourism Office formulated its PAD-oriented strategy and encountered particular barriers, rather than measuring the magnitude of a predefined relationship between variables; this orientation is consistent with methodological guidance on developing semi-structured interview instruments for case-based organisational research ([Naz et al., 2022](#)). The unit of analysis was the Kupang City

Tourism Office as an organisational actor, situated within its interactions with the Kupang City Regional Revenue Office (Dispenda) and the broader municipal tourism ecosystem.

Primary data were collected through semi-structured interviews with five key informants purposively selected for their direct involvement in tourism strategy formulation and PAD administration: the Head of the Kupang City Tourism Office, the Head of the Tourism Office operational division, and the Head of the Tax and Levies Division of the Kupang City Dispenda, together with two additional operational staff informants. Interview guides covered strategy formulation processes across the Tourism Office four performance indicator areas, perceived internal strengths and weaknesses, perceived external opportunities and threats, and specific barriers encountered during pandemic-era programme implementation. Secondary data were drawn from official Tourism Office planning documents, including the Kupang City Tourism Master Plan (RIPPAR-Kota) 2019 to 2025, statistical publications from Badan Pusat Statistik (BPS) Kota Kupang, and relevant prior academic literature on tourism strategy and PAD in comparable Indonesian regencies. Data analysis followed [Rangkuti \(2017\)](#) SWOT methodology in five stages: data grouping and classification, individual factor identification and analysis, IFAS and EFAS matrix construction with informant-assigned weights and ratings, SWOT matrix cross-tabulation to generate strategic alternatives, and final synthesis of strategic recommendations for Tourism Office management. Weights and ratings for each internal and external factor were derived through triangulated consensus across informant responses, cross-checked against secondary documentary evidence where available, consistent with recommended practice for strengthening credibility in small-sample qualitative organisational studies ([Busetto et al., 2020](#)).

4. Results and Discussions

4.1 Internal Factor Analysis Summary (IFAS)

Internal factors comprise the strengths and weaknesses arising from Kupang City own tourism system. Two primary strengths were identified. First (S1), Kupang City possesses diverse tourism resources, including natural attractions such as ODTW Batu Kepala with its sunset panoramas, cultural tourism assets, culinary tourism, and a creative economy sector with seventeen active sub-sectors, the highest count recorded in NTT Province, supported by active Pokdarwis groups. Second (S2), tourism attractions benefit from reasonably adequate supporting facilities: of sixty-one recorded ODTW sites in Kupang City, thirty-nine are equipped with public toilets and parking facilities.

Table 1. IFAS matrix: Internal factor analysis summary

Factor	Weight	Rating	Score (W x R)
STRENGTHS			
<i>S1</i> : Diversity of tourism resources (natural, cultural, culinary, creative economy)	0.50	5	2.50
<i>S2</i> : Adequate tourism infrastructure and facilities (39 of 61 ODTW equipped with toilets and parking)	0.50	5	2.50
Total Strengths	1.00		
WEAKNESSES			
<i>W1</i> : Limited tourism development funding (COVID-19 reallocation)	0.29	2.9	0.85
<i>W2</i> : Low tourism human resource (SDM) quality and certification levels	0.24	2.7	0.64
<i>W3</i> : Low community awareness for facility and environmental maintenance	0.18	2.0	0.35
<i>W4</i> : Tourism destinations not yet contributing directly to PAD	0.29	2.9	0.85
Total Weaknesses	1.00		
TOTAL IFAS SCORE			2.31

Table 1 show four primary weaknesses were identified. Limited tourism development funding (W1) reflects COVID-19-driven redirection of budget toward pandemic handling, which prevented planned SDM training, festival organisation, and attraction construction. Insufficient attention to tourism SDM quality (W2) manifests in low certification rates among tourism workers, consistent with the sub-thirteen-percent certification coverage documented across NTT more broadly ([Putranto, Astuti, & Halawa, 2025](#)). Low community awareness for maintaining tourism facilities and environments (W3) is evidenced by facility damage and waste accumulation at tourism sites, compounded by inadequate accessibility infrastructure. Finally, tourism destinations not yet directly contributing to PAD (W4) constitutes the most consequential weakness for the Tourism Office core fiscal mandate.

4.2 External Factor Analysis Summary (EFAS)

Table 2. EFAS matrix: External factor analysis summary

Factor	Weight	Rating	Score (W x R)
OPPORTUNITIES			
<i>O1</i> : Growing tourist arrivals (Kupang as NTT transit hub)	0.38	4	1.54
<i>O2</i> : Potential for quality tourism human resource development	0.31	5	1.54
<i>O3</i> : Cultural profile promotion (Sepe tenun, Semana Santa, festivals)	0.31	4	1.23
Total Opportunities	1.00		
THREATS			
<i>T1</i> : COVID-19 pandemic (travel restrictions, budget reallocation)	0.40	2.5	1.00
<i>T2</i> : Natural disasters (Cyclone Seroja, April 2021)	0.30	2.0	0.60
<i>T3</i> : Multi-ethnic tourism attraction selectivity	0.30	2.5	0.75
Total Threats	1.00		
TOTAL EFAS SCORE			1.96

Table 2 show three opportunities were identified. Growing tourist arrivals (*O1*) reflect Kupang role as a transit hub for goods, services, and people within NTT. Tourism SDM development potential (*O2*) reflects the sector's expanding demand for quality-matched human resources. Cultural profile promotion (*O3*) reflects opportunities associated with Sepe ikat weaving, officially designated as Kupang City characteristic textile, alongside other cultural festivals. Three threats were identified. The COVID-19 pandemic (*T1*) reduced tourist arrivals drastically and diverted development funding toward pandemic management. Natural disaster exposure (*T2*), specifically Tropical Cyclone Seroja in April 2021, damaged multiple tourism attractions and required substantial reconstruction expenditure, consistent with regional disaster resilience research documenting how cyclone events compound already constrained tourism development budgets ([Bhaskara, Filimonau, Wijaya, & Suryasih, 2021](#)). Multi-ethnic tourism selectivity (*T3*) reflects the reality that not all of Kupang diverse ethnic cultural forms attract equal tourist interest, requiring focused development of higher-demand cultural products.

4.3 Discussion

4.3.1 The S-O Strategy in Practice: Integrated Destination Development

The Tourism Office primary recommended strategy, integrated tourism development to increase arrivals, requires combining accessibility, infrastructure character, cross-sector compatibility, and local communication into a coherent destination proposition. Consistent with the Kupang City Tourism Master Plan (RIPPAR-Kota) 2019 to 2025, destination development is organized around five constructions programmed, including Tourism Attraction Development (Pembangunan Daya Tarik Wisata). During the pandemic period, three attraction development initiatives were pioneered: Sepe ikat weaving cultural tourism, the Kelapa Lima Culinary District, and LLBK (*Lapangan Lalu Bola Kampung*), each intended to extend the diversity of Kupang tourism product and, given the city's transit role, to lengthen average visitor stays. This pattern mirrors findings from Sumba Island, where creative-economy-based ecotourism development was similarly pursued as a resource-efficient

strategy for destination diversification under constrained provincial budgets ([Timuneno, Fanggal, Maak, Riwu, & Manongga, 2024](#)).

Attraction management in Kupang spans both government and private operators, with government-managed sites including Ekowisata Hutan Mangrove, ODTW Batu Kepala, Pantai Koepan, and Gua Monyet Alak, and privately managed sites including Subasuka Water Park and Taman Wisata Pondok Bonak. A critical finding is that attraction development remains incompletely optimised: environmental management issues, exemplified by waste accumulation at Ekowisata Hutan Mangrove, require strengthening, and current attractions have not yet been sufficiently developed to retain visitors for extended stays. This finding parallels broader assessments of Indonesian tourism trends between 2020 and 2023, which found that destinations shifting toward ecotourism and village-based models frequently struggle to translate diversification into measurable visitor retention without complementary investment in on-site amenities and programming.

4.3.2 Cultural Tourism Product Diversification

The Sepe Festival held in April 2022 engaged predominantly female weavers in competitions intended to build community weaving competency while integrating culinary tourism participation. Plans for a complementary Sepe dance, developed alongside accessory design under the DEKRANASDA Kupang City chairperson, are intended to complete a comprehensive cultural package spanning weaving, dance, and accessories, positioning Sepe as Kupang City distinctive cultural identity. This approach is consistent with cultural commodification strategies documented in Cirebon, where packaging local cultural assets into coherent, marketable tourism products was found to extend both visitor engagement and spending by [Kartika, Dienaputra, Machdalena, and Nugraha \(2022\)](#), and with broader evidence that integrating creative economy actors into tourism governance strengthens stakeholder collaboration outcomes ([Khusaini, Finuliyah, Lestari, & Yulianti, 2024](#)). The strategy also aligns with tourism marketing theory emphasising destination image elevation, applied here to Kupang positioning as both a distinct destination and a transit city with an expanding creative economy footprint.

4.3.3 PAD Contribution: Industry Taxes versus Destination Retribution

A central finding of this study is that tourism development strategies implemented during the pandemic did not generate direct PAD impact. Tourism sector contributions to Kupang City PAD derive from the tourism industry, specifically hotel tax, restaurant tax, and entertainment tax, rather than from tourism destination entrance fee retributions. This reflects a structural characteristic of Kupang tourism destination management: PAD-generating industry activities are commercially operated and taxed under regional tax categories, while government-managed attractions either do not charge entrance fees or lack effective retribution collection systems. This finding is directly consistent with national-level evidence that Indonesia post-pandemic local revenue recovery has been driven disproportionately by tax instruments rather than retribution-based charges, since retribution collection infrastructure for site-based services remains comparatively underdeveloped across Indonesian municipalities ([Muja & Syamsuddin, 2023](#)). It also echoes assessments of the broader fiscal decentralisation reform, which found that while regional tax revenues rose following tariff consolidation under the new fiscal law, levy and retribution revenues in several municipalities remained comparatively stagnant because collection responsibility is often limited to a narrow set of services ([Isman, Salomo, & Bakri, 2025](#)). This pattern is corroborated by regional spatial economy research showing that, across several Indonesian provinces, the tourism sector's contribution to regional economic output during the pandemic was mediated far more strongly by industry taxation than by destination-level charges ([Liyushiana, Yunita, & Ridwan, 2022](#)). The practical consequence for Kupang is that the Tourism Office strategic successes were felt more directly by Sepe weavers, creative economy participants, MSMEs, and event operators than by the formal PAD revenue stream, a disjunction that strategy formulation exercises focused solely on visitor numbers or destination quality would not, by themselves, reveal.

4.3.4 Barriers Encountered by the Tourism Office

Table 3. Barriers encountered by the Kupang City Tourism Office in executing its functions

No.	Barrier Category	Description
1	Internal: Budget constraint	Limited government-allocated budget; COVID-19 caused significant reallocation of development funds to the health sector, preventing planned SDM training, festival organisation, and attraction construction
2	Internal: Low SDM quality	Tourism human resources have received insufficient government attention; many tourism workers remain uncertified, negatively affecting service quality
3	External: COVID-19 pandemic	Significantly reduced tourist arrivals and forced budget reallocation; mandatory quarantine requirements suppressed international visitor numbers
4	External: Low community awareness	Insufficient awareness in maintaining tourism facility cleanliness and environmental quality; damaged facilities and littering reduce attraction quality
5	External: Cyclone Seroja	Tropical Cyclone Seroja (April 2021) caused significant physical damage to infrastructure, requiring reconstruction expenditure that further strained the limited development budget

Table 3 show the most significant barrier encountered by the Tourism Office is the low quality of tourism SDM. During COVID-19, SDM development was pursued through culinary training for fresh fish vendors designated for the Kelapa Lima and LLBK culinary districts, an economic creative sector exhibition within the Sepe Festival, and capital access provision for eligible creative economy operators demonstrating stable business activity, including barber equipment and grilled corn culinary equipment. However, SDM development remained sub-optimal because limited budgets prevented all tourism operators from participating in available training, a constraint consistent with evidence that competency-based training models require sustained rather than one-time investment to produce measurable service quality gains ([Jimad et al., 2022](#); [Hasyim et al., 2023](#)).

Pokdarwis groups, established at the sub-district level, were tasked with educating local communities about tourism potential, including welcoming tourists with traditional dances and demonstrating weaving techniques. However, the Tourism Office requires more comprehensive monitoring of training participants and UMKM recipients, including regular site visits, to ensure implemented strategies generate positive long-term impacts, consistent with participatory community empowerment research showing that sustained, staged engagement across planning, implementation, and evaluation produces more durable outcomes than one-off interventions ([Rahman & Natalia, 2025](#)). These findings align closely with evidence from Bangka Regency, where tourism management despite abundant potential assets remained sub-optimal because institutional conditions, while reasonably developed, were undermined by insufficient SDM quality at both governance and stakeholder levels, producing inconsistent post-pandemic visit growth with direct downstream effects on regional tax and levy revenue.

4.4 SWOT Quadrant Positioning and Strategic Alternatives

Table 4. SWOT matrix: Strategic alternative summary

	Strengths (S): S1 Diverse tourism resources; S2 Adequate facilities and infrastructure	Weaknesses (W): W1 Limited funding; W2 Low SDM quality; W3 Low community awareness; W4 No direct PAD contribution
Opportunities (O): O1 Growing arrivals; O2 SDM potential; O3 Cultural promotion	S-O Strategy (Aggressive/Growth): develop integrated tourism through systematic resource management; build competent certified SDM; optimise non-Sepe cultural heritage for additional products	W-O Strategy (Turn-around): attract private investment to reduce APBD dependency; expand training and community empowerment; strengthen coordination on facility maintenance

	Strengths (S): S1 Diverse tourism resources; S2 Adequate facilities and infrastructure	Weaknesses (W): W1 Limited funding; W2 Low SDM quality; W3 Low community awareness; W4 No direct PAD contribution
Threats (T): T1 COVID-19; T2 Natural disasters; T3 Ethnic selectivity	S-T Strategy (Diversification): strengthen inter-agency coordination to restore pandemic- and disaster-damaged infrastructure; promote Sepe tenun nationally and internationally	W-T Strategy (Defensive): strengthen enforcement against facility damage; accelerate retribution PERDA drafting; implement CHSE certification across the tourism industry

Table 4 with an IFAS score of 2.31 and an EFAS score of 1.96, both above their respective midpoints, Kupang City tourism is positioned in Quadrant I of the SWOT diagram, indicating a fundamentally healthy strategic condition in which the optimal approach is an aggressive, growth-oriented S-O strategy that leverages internal strengths to capture available external opportunities.

5. Conclusions

5.1 Conclusion

Two principal conclusions emerge from this analysis of the Kupang City Tourism Office PAD-oriented strategy during the COVID-19 pandemic. First, the strategy implemented encompassed six components: tourism industry quality improvement, regional regulation design for tourism destinations, tourism SDM development, tourism attraction construction, tourism image development, and community empowerment through tourism. SWOT analysis positioned Kupang City tourism in Quadrant I (IFAS = 2.31; EFAS = 1.96), indicating that an aggressive S-O strategy leveraging resource diversity and infrastructure strengths to capture growing arrival and SDM development opportunities was appropriate. However, these strategies did not directly impact PAD: tourism sector PAD contributions in Kupang City derive from tourism industry taxation (hotel, restaurant, entertainment) rather than from destination entrance fee retributions, with tangible strategic benefits felt more strongly by Sepe weavers, creative economy participants, MSMEs, and event operators than by the formal municipal revenue stream. Second, tourism development encountered barriers across both internal and external dimensions. Internal barriers included limited development funding, exacerbated by COVID-19 budget reallocation to the health sector, and inadequate development of certified tourism SDM, resulting in low service quality. External barriers included the COVID-19 pandemic itself, Tropical Cyclone Seroja destruction of tourism infrastructure in April 2021, and insufficient community awareness regarding facility and environmental maintenance.

5.2 Research Limitations

This study is subject to three limitations. First, data collection occurred during the COVID-19 pandemic period under time constraints that prevented comprehensive coverage of all tourism sub-districts across Kupang City; a broader investigation across a longer time horizon would likely produce a more complete strategic picture. Second, the study relied on five key informants drawn exclusively from government institutions; incorporating perspectives from private sector tourism operators, community members, Pokdarwis leaders, and tourists themselves would provide stronger triangulation of the strategic landscape. Third, the SWOT analysis relies on subjective weight and rating assignments derived from informant judgement; a more rigorous stakeholder Delphi or Analytic Hierarchy Process (AHP) weighting methodology would produce more statistically defensible factor prioritisation and reduce the risk that a small number of vocal informants disproportionately shape the resulting matrices.

5.3 Directions and Future Study

Three recommendations are directed at the Kupang City Tourism Office based on this study's findings. First, the Tourism Office should prioritise accelerating the drafting and enactment of regional regulations on tourism destination retribution, establishing a direct mechanism for attractions to contribute to PAD and addressing the structural gap this study documents between tourism development investment and PAD revenue. Second, SDM development programmes should be

expanded in scope and enhanced in quality, with training that is role-specific, certified, and systematically monitored through post-training follow-up site visits, ensuring that training investment generates sustained rather than one-time impact. Third, private sector partnership development should be prioritised as a financial sustainability strategy, since continued dependence on regional budget allocations for all tourism development funding creates structural fragility, whereas public-private partnerships for infrastructure, marketing, and destination management would distribute investment risk and expand overall development capacity.

Two directions for future research are recommended. First, a longitudinal study tracking PAD revenue from the tourism industry before, during, and after pandemic recovery, disaggregated by revenue type (hotel tax, restaurant tax, entertainment tax), would provide quantitative evidence of cultural tourism strategies' actual fiscal impact and support more evidence-based resource allocation decisions. Second, a comparative study of tourism strategy implementation and PAD generation across multiple NTT regencies and cities, such as Labuan Bajo, Ende, and Alor, which possess different tourism profiles, would help identify which specific strategy elements translate most effectively into PAD growth across the varied destination contexts of Eastern Indonesia.

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Author Contributions

AAAWW conceived and designed the study, conducted the interviews, and drafted the original manuscript. NT supervised the research process, validated the SWOT analytical framework, and reviewed and edited the manuscript. AM curated the secondary data, prepared the tables and figures, and contributed to manuscript review and editing. All authors read and approved the final manuscript.

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