

# Advancements and Challenges of Government-Initiated Tourism Development for Sustainable Livelihood: The Case of the Mandalika Destination, Indonesia

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## Abstract

Mandalika, a super-priority tourism site within Lombok Island's Special Economic Zone (SEZ), poses a concern to locals. This study examines the impact of tourism development on the sustainability of local economies, the adaptations made by local communities to accommodate tourism, and the government's initiatives to support local communities and promote sustainable tourism-related livelihoods. This study employs a qualitative research method. The data collection comprised both primary and secondary sources. Thematic analysis was utilized to identify primary themes and patterns relevant to the study issue. It serves as an essential instrument for analyzing data gathered from the perspectives of indigenous peoples, non-governmental organization activists, tourism business managers, and local government authorities. This study reveals that policies have neglected local adaptability. The Mandalika tourism mega-project resulted in the displacement of indigenous populations, leading to a decline in their income. This research challenges the notion that tourism enhances the local economy. Prioritizing economic growth over social well-being diverts governmental focus from local communities, presenting a significant issue. Strengthening support for life adjustments would improve societal well-being. The government should mitigate hazards and prevent the adverse impacts of mega-project development on the community.

## Keywords

Government-initiated tourism; land acquisition; policy responses; sustainable livelihood; tourism development

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## Introduction

Policymakers in the global tourism sector recognize that sustainable practices addressing economic, social, and environmental issues align with the Sustainable Development Goals (SDGs), specifically SDG 1 (poverty eradication), SDG 8 (decent work and economic growth), and SDG 11 (sustainable cities and communities). Through job creation, human capital development, poverty alleviation, social inclusion, and environmental preservation, tourism-related investments can contribute to economic growth (Bianchi & Man, 2021; World Tourism Organization [UNWTO], 2023; World Tourism Organization et al., 2017). The Indonesian government acknowledged that the country's tourism industry needed to take a different turn. The Indonesian government implemented a capital-intensive strategy and development program in May 2017 to boost international tourist arrivals by promoting five priority destinations. Mandalika, located on Lombok Island in the West Nusa Tenggara Province, has emerged as one of the five priority tourism destinations. Global financial institutions primarily financed the extensive and rapid infrastructure development in Mandalika.

Tourism development often requires more space, which can result in the displacement of local people, particularly in developing nations (Neef, 2021). Despite global legislation such as UN Resolution No. 61/295 (United Nations, 2007) guaranteeing the rights of indigenous people, the transfer of land ownership rights continues to exploit local community livelihoods. Von Braun and Meinzen-Dick (2009) found that land grabbing benefits the private sector, which invests swiftly in agricultural countries. Increased tourism often displaces residents, negatively affecting them. This risk increases with uncontrolled land acquisition. Development frequently alters the environment, endangering local livelihoods. The transfer of land ownership to outsiders also alters sociocultural patterns. Local communities experienced a loss of their space and land. Mega-projects in strategic and densely populated areas lead to severe social, economic, cultural, and environmental dislocation among residents (Neef, 2021). In the worst-case scenario, economic gains may necessitate community relocation (Chen et al., 2022).

Between 1994 and 2025, Scopus identified 124 documents related to “top-down policy” and “tourism” within the context of tourism development research that impacts sustainability. Between 2018 and 2024, the colors in VOSviewer changed, indicating peak popularity (Figure 1). As shown in the graph, top-down government policies have had an impact on this issue.



study examines how the government acquired local community land for Mandalika, promoting a top-down development strategy. This research addresses the following question: How does tourism development affect local livelihood resilience? What are locals' responses and adaptation strategies to tourism growth? What strategies does the government employ to support local communities and promote sustainable tourism as a livelihood?

## **Tourism policies and the power dynamics among stakeholders in tourism development**

Tourism governance processes involve institutions, practices, and decision-making guidelines to steer, control, and mobilize action (Bramwell & Lane, 2011). National governments, local governments, and other stakeholders must work together to develop and implement policies that promote the sustainability of tourism destinations. However, government and elite stakeholders, who directly and significantly influence tourism-related discourses, often marginalize public interests (Beaumont & Dredge, 2010). Balancing the trade-offs between individual and collaborative actions is crucial to establishing coordination in implementing collaborative governance and developing tourism strategies (Vignieri, 2019). Recognizing common issues, formulating solutions, and implementing them requires agreement (Wan et al., 2022).

Tourism development involves multiple stakeholders, including governmental entities, local communities, private sector enterprises, and tourists. Bhat and Gaur (2012) emphasized the necessity of balancing power among stakeholders in destination marketing, asserting that various organizations, including the entire population of a country affected by destination marketing decisions, should be acknowledged as stakeholders. According to Saito and Ruhanen (2017), not all destination stakeholders possess equal power and influence in collaborative activities or decision-making; certain groups can exert greater influence over the process. Power imbalances often lead to an uneven distribution of benefits and influence, which can marginalize stakeholders with less power. The positions and roles of each stakeholder are as follows.

The government determines tourism development through legislation, funding, and strategy (Bramwell & Lane, 2011). Legislation, zoning, and investment incentives can boost tourism initiatives. Top-down decision-making may overlook local communities and smaller stakeholders due to the concentration of power. Governments sometimes stress large-scale economic projects over local demands and environmental sustainability. In developing nations, the exclusion of local communities from tourism planning can lead to detrimental decisions (Neef, 2021).

Company and investor financial resources and commercial abilities give them leverage (Bramwell, 2011; Saito & Ruhanen, 2017). Building competitive tourism infrastructure, amenities, and attractions requires these investments. Private sector involvement boosts growth and creativity, but it also gives rise to disputes. Private companies may choose profit over equity. This approach may result in initiatives that benefit investors above the residents.

Dong and Nguyen (2023) discovered that local communities, despite being the most impacted, had minimal influence on tourism growth. These communities require indigenous knowledge and culture to foster meaningful and sustainable tourism. They often lack financial and technological resources to influence decisions. Tourism initiatives can displace local communities due to power imbalances. Displacement or loss of vital resources can disrupt

society and the economy (Neef, 2021). Tourism benefits, such as jobs and business opportunities, may not provide as much advantage to local communities compared to other stakeholders.

Tourism policies and initiatives should match local environments and cultures. However, neoliberalism and other strategies to maintain capital control while leveraging new resources in emerging countries also incorporate tourism (Sharpley, 2022). Wealth accumulation from outside the tourism site is associated with tourism in developing countries (Rasool et al., 2021). For the host, the effects are often not linear and uneven, which makes social inequality, environmental damage, and loss of social and cultural engagement worse (Neef, 2021; Weaver, 2022). Moreover, Liu and Liu (2009) examined official records to assess how the public sector emphasizes development policies and views tourism. In the context of global tourism, the strategies were based on growth- and economically oriented agendas, primarily industrial objectives, rather than public ones. In contrast to developed nations, developing countries prioritize national goals over local concerns.

Sustainable tourism fosters improved livelihoods for local communities and their environments over time. Kunjuraman (2022) claimed that government, private, and community members must collaborate to establish policies that balance economic growth with environmental and social well-being. Sustainable tourism is adaptable and generates institutional, social, environmental, and economic benefits without harming other livelihoods (Su et al., 2016). The opposite is true. Unregulated land acquisition exposes locals. Land grabbing damages the ecosystem and affects livelihoods, according to Tian et al. (2023). Outsiders interfere with native livelihoods and traditions, denying them access to historical grounds. Mega-projects in vital and inhabited areas of emerging countries pose a threat to social, economic, cultural, and environmental alienation (Neef, 2021).

Tourism and the local economy rely on the livelihoods of local people (Sirima & Backman, 2013). To preserve these livelihoods, people must adapt to the changing environment. Increased land usage or extension, livelihood diversification, including tourism, and migration for alternative jobs are standard adaptation measures (Scoones, 1998). According to Guo and Yang (2020), tourism expansion forces residents to establish sustainable livelihood capital. Participating in and developing tourism initiatives can improve their skills.

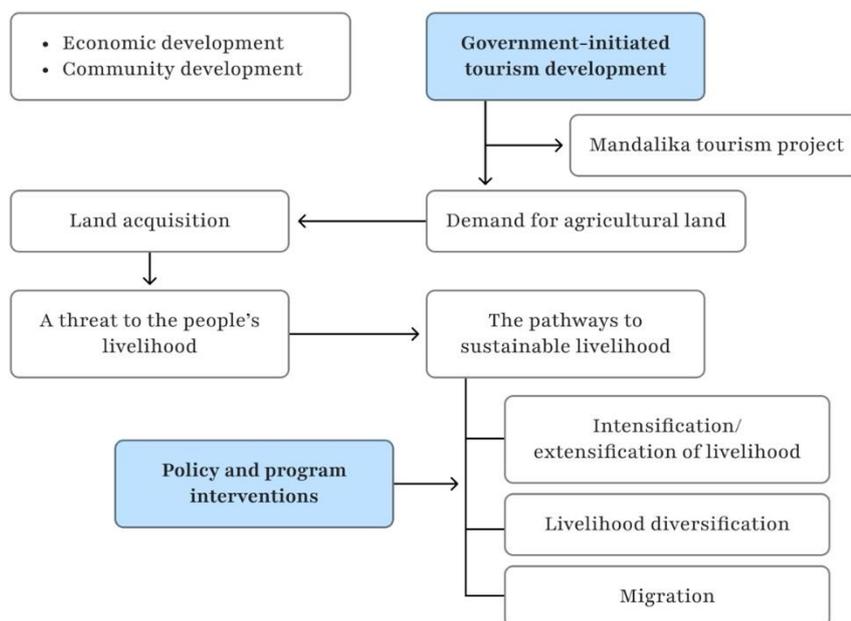
## **Principle of Leaving No One Behind (LNOB)**

“Leave no one and no place behind (LNOB)” necessitates continuous, transformative, and emancipatory development. Involving marginalized and underserved populations in the process is crucial for achieving inclusivity and sustainability (Kumar et al., 2024). Uncontrolled land acquisition in tourism development poses a risk to local communities, as the physical environment has a significant impact on their livelihoods (Scheyvens & Biddulph, 2018). Tourism expansion may increase the demand for space that local people use as a source of livelihood. Therefore, the construction of a tourism destination forces local people to adapt and protect their livelihoods.

Scoones (1998) identified three common strategies: first, increasing the size of existing land or acquiring more land to expand it; second, changing jobs to work in different industries, such as providing services to tourists; and third, leaving the destination to find new jobs or ways to earn a living. Therefore, local people can negotiate residential areas further away from their initial settlements. However, the outcome depends on the policies implemented by regional

or national governments and the availability of more profitable options. The following framework, as seen in Figure 2, exemplifies this idea:

**Figure 2:** The Study Framework



## Method

This study employs an exploratory qualitative method to address the research questions. Universitas Gadjah Mada's Ethical Review Board approved the study's interview protocols and methodology, No. KE/UGM/034/EC/2023. It examines four villages directly impacted by the project: Kuta, Sukadana, Mertak, and Sengkol. The construction of the Mandalika Circuit necessitated the complete relocation of Kuta Village. The construction has also led to the loss of agricultural and livestock lands, which are critical to local economies in Sukadana, Mertak, and Sengkol Villages, serving as buffer zones.

Two categories of data, primary and secondary, were collected. Thematic analysis was used to identify key themes and patterns related to the study issue. It is an essential tool for assessing the acquired data from the viewpoints of local people and non-government organization activists, as well as the insights provided by tourism business managers and local government authorities. The use of semi-structured interviews made it possible to get covert data without enforcing strict guidelines. Nonparticipatory observation records the current living situations of locals, illustrating the significant changes brought about by tourism development. In the meantime, we gathered secondary data from official records, statistical publications, and media sources through document analysis. We examined several specific aspects to address the research questions, as outlined in Table 1.

**Table 1:** Aspects of Analysis and Explanation

No	Aspect of Analysis	Explanation
1	Impact of the construction of the Mandalika tourism project	Investigate the local people's perspective on the impact of constructing the Mandalika tourism project on them, based on their views and opinions.
2	Local people's responses and adaptation strategies	Explain the local people's responses and adaptation strategies to the new situation after displacement.
3	Government responses (national and local)	Investigate the governments and the state-owned enterprise (ITDC) and analyze the facilitating and supporting policies, programs, and activities related to the land acquisition thread.

A total of 35 participants from various institutions engaged in about two hours of in-depth interviews. Researchers interviewed the following sources: The participants in the study comprised 21 residents from Kuta, Mertak, Sukadana, and Sengkol villages, alongside four village heads, five officials from the Central Lombok Regency government, two business managers from the Indonesia Tourism Development Corporation (ITDC), and three NGO activists from the Local People Alliance (AMAN) of Central Lombok Regency and West Nusa Tenggara Province.

This study employs the triangulation principle by drawing on multiple sources of information. The data analysis process began with a verbatim transcription of the interview records. The data are subsequently encoded using structural coding, which consolidates and classifies responses to questions across interviews (Saldaña, 2021). Responses were categorized and examined in the context of government-initiated tourism projects, their influence on the ongoing livelihoods of local communities, and community adaptation efforts. We then evaluated and filtered the response categories to identify primary themes and patterns related to the study problem. Referring to Saldaña (2021), interview quotations serve as evidence for interpreting data derived from informants' perspectives.

## The context and regulations

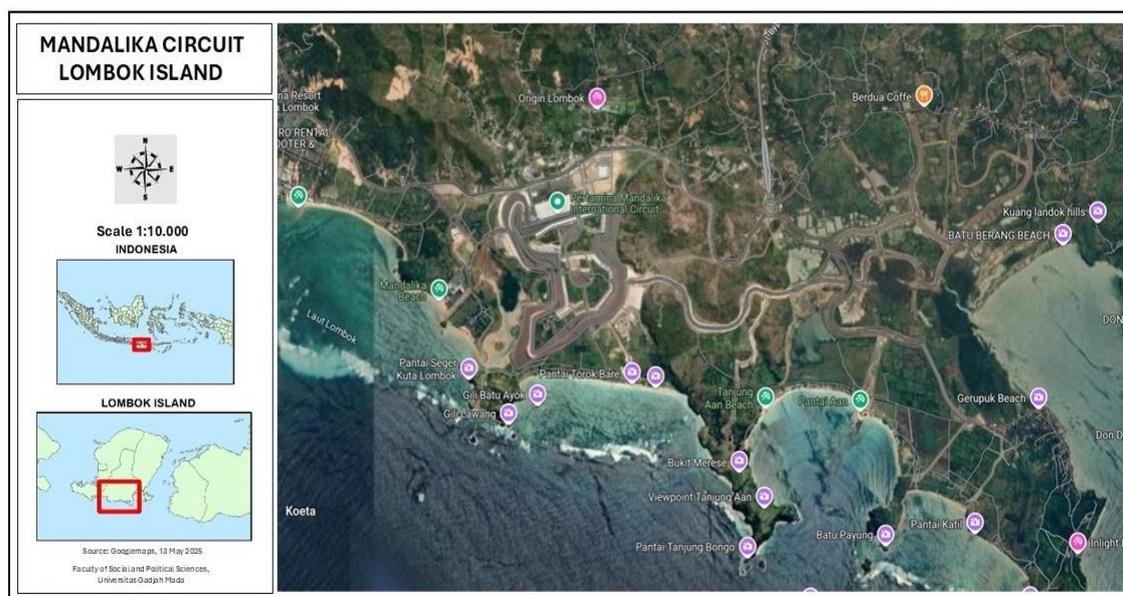
The Indonesian government designated Mandalika as one of the five super-priority destinations in the Indonesia Tourism Development Priority Program, declared in 2017. This program aims to increase foreign and domestic visitors, foreign exchange earnings, employment, contribution to GDP, and tourism competitiveness (Indonesian Ministry for Public Works and Housing [MPWH], 2018). It is based on Government Regulation No. 52 of 2014, which designated Mandalika as a Special Economic Zone (SEZ) for national priority tourism areas. In late 2016, the National Land Agency granted land management rights to the ITDC, a state-owned company, for the construction of the Mandalika Circuit. The West Nusa Tenggara Provincial Government requested an endorsement from the Central Lombok Regency Government for the ITDC's proposal for the administration of the Mandalika SEZ by Government Regulation No. 52 of 2014. After the proposal's ratification, the ITDC complied with all requisite guidelines.

Multiple levels of management oversee Mandalika SEZ. Presidential Decree No. 46 of 2014 established the National Special Economic Zone Council. The Council's coordinating minister for economic affairs reports to the Indonesian president. The ITDC Secretary leads the provincial regional council and oversees the Investment and One-Stop Integrated Service

Office (DPMPTSP) under the governor's supervision. The ITDC and DPMPTSP are regency administrators.

Presidential Decree No. 84 of 2021 also highlighted the 2020–2044 Lombok National Tourism Destination Master Plan, which emphasized the importance of community engagement. This involvement empowers local communities by ensuring they receive significant benefits from tourism growth, have a say in how destinations are planned and managed, and can access tourism sustainability initiatives.

**Figure 3:** Mandalika View



*Note: Adapted from "Mandalika Circuit Lombok Island" by ITDC*

The Indonesian government has collaborated with private companies to create considerable infrastructure in the Mandalika area. The government invested at least US\$3 billion in 1,250 hectares, with 1,175 hectares transferred to the ITDC, the project manager. As shown in Figure 3, the government used the land to build hotels, a water park, a 27-hole golf course, villas, and a Grand Prix track. Under the supervision of the ITDC (2018), this tourism destination features capital-intensive projects and top worldwide chain resorts. The government has committed US\$316.5 million for infrastructure development in Mandalika, with 78.5% of the funds coming from loans supplied by the Asian Infrastructure Investment Bank (AIIB) (2018), totaling US\$248.4 million. The Indonesian government funds the remaining US\$316.5 million through the ITDC. The circuit has hosted several national and international motorcycle competitions, including the Motorcycle Grand Prix (MotoGP), which took place for the third time in September 2024.

## Results and discussion

### The initial phase of Mandalika construction

The facilities in the Mandalika SEZ area exemplify a strategic approach to tourism development aimed at addressing economic, educational, social, and other challenges. The development of Mandalika as a tourism destination engages local communities by employing essential labor and establishing areas for local vendors, including micro-, small-, and medium-sized enterprises (MSMEs). The presence of the Mandalika Circuit as a tourism icon is expected to have a positive influence on the development of MSMEs in the Mandalika area (ITDC, 2018; interview with the ITDC Business Manager-2, 2023). The ITDC arranged training for MSME activists in the Mandalika tourism area to help them establish a community market in Kuta Village. The Bazaar Mandalika, a business hub for MSMEs, will feature a diverse range of products from local MSMEs. According to the ITDC Business Manager-2 (2023), this initiative is a manifestation of the company's commitment to social responsibility, supporting the local community.

The conflict between the local communities and the ITDC has frequently marked the construction of the Mandalika SEZ since its beginning. In almost all regions of Indonesia, acquiring land for commercial purposes often raises a significant concern. Likewise, the establishment of the Mandalika SEZ faced opposition from the local community, particularly due to its objection to using land in Kuta Village for the Mandalika Circuit. Complaints concerning activities during the construction and operation phases originate from diverse sources and manifest in various forms. Table 2 presents a list of common public complaints and the corresponding incidents that resulted in related losses.

**Table 2:** Categories of Complaints Concerning the Circuit Development Project

Complaint	By whom	Illustration
Minor issues of company operations	A person, family, or small group of people	Livestock are escaping due to workers' carelessness in securing gates or breaking fences.
Larger repetitive issues	A person, family, or small group of people	Large-scale company facility building is damaging homes and farms
Major claims concerning company operations that negatively affect a broader population.	Community groups, NGOs, or local authorities (including village and district levels)	Company operations pollute a community's water supply, making it unsuitable for drinking, livestock, and irrigation.
Major claims concerning policy or procedural matters	Community groups, NGOs, and local authorities (including village and district levels)	Violations of company policy include failing to follow guidelines for proper consultation to obtain prior and informed consent, as well as providing inadequate compensation for land.

*Note: Author's analysis based on interviews with villagers, local government authorities, NGO activists, ITDC business managers, and field observation*

The government partially dismissed the land claims of local groups because the authenticity of the submitted documentation was unclear. The anticipation of the negative consequences of the mega-project has led to resistance. The locals were concerned about the negative impacts of the mega-project on a 64.12 km<sup>2</sup> area that encompasses four villages, supporting the livelihoods of 32,837 residents (MPWH, 2018). The inadequate compensation for local

agricultural or livestock land underpinned this opposition. The United Nations (2021) contrasted the project by citing claims that local ethnic Sasak people are losing their homes, lands, and livelihoods. In this case, the government has rejected the United Nations' assertions as a "false and exaggerated narrative." The government promised transparency and advocated for restitution payments and dialogue among residents and the ITDC.

Law No. 2 of 2012, concerning land acquisition for public interest, obscures the process of land transfer. This law enables the government to acquire land under the pretext of "national interests." This phenomenon entails the acquisition of land with legal entitlements, presumably for the public interest. The notions of public interest and appropriate compensation are subject to interpretation, with government officials determining compensation and limiting local landowner involvement. Landowners could challenge the government's decision; however, titling records sometimes lacked clarity and accuracy, hindering the proof of legitimate possession. Consequently, landowners often had to accept government compensation. According to one of the informants:

*"The Mandalika project has multiple land dispute issues. The project has not yet fully compensated the residents whose land it used. Some residents have received down payments for land compensation but have yet to receive the full amount. Although the compensation for plant removal falls short of the community's harvesting expenses, it still exists."*

(A Kuta Villager)

*"The ITDC lacks a formal grievance settlement procedure for impacted individuals and communities. Community grievances are resolved by direct communication with village heads".*

(Kuta Village Head)

According to authorities from the Central Lombok Regency Development Planning Agency, the government has implemented several initiatives to reclaim land lost because of the Mandalika project. The ITDC and the local government collaborate to manage such initiatives, offering various assistance and training programs to support working capital. However, the communities' persistent resistance to project progress has presented challenges for the government.

## **Impacts of tourism development on local resilience**

The Mandalika project necessitates land acquisition, which will result in the displacement of residents, particularly those who rely on the land for their livelihoods. It undermines communities and economies, harms cultural heritage, and results in an inequitable distribution of benefits. The unbalanced allocation of benefits and economic opportunities generates tensions within the community. Their primary sources of income are agriculture, seaweed harvesting, and animal husbandry, primarily with cattle. The impacts on their sources of livelihood include decreased agricultural land, limited access to beaches and seas, and societal transformations in their communities as they increasingly rely on unskilled labor for daily necessities. Moreover, people were denied employment opportunities. Due to the scarcity of land, many former farmers are now working in agricultural fields. Similarly, workers in the seaweed aquaculture industry must seek new, remote locations to cultivate seaweed.

Table 3 outlines the positive and negative impacts of the Mandalika Circuit's development on local employment. The primary negative consequence is job loss for many people. Some individuals experience changes in their employment after relocating. These changes significantly affect livelihood risks.

**Table 3:** Positive and Negative Impacts Encountered by Local Communities

Type of job	Positive effect	Negative effect	Level of livelihood risk
<b>Farmer</b>	Still able to work as a farmer/planter on agricultural land far from the circuit construction site.	The shifting of cultivated land reduces the incomes of farmers and plantation owners.	High
<b>Breeder</b>	Get the chance to create wider connections for selling livestock products from the group cages at the Mandalika Circuit construction site.	Breeders have trouble getting fodder in the new area. Circuits and racing events limit Mandalika and outside roadway access.	High
<b>Project worker</b>	Engaged in projects located inside or outside the circuit area or near the Mandalika Special Area Road.	The pay rates earned are lower compared to the work before the construction of the circuit.	High
<b>Trader</b>	Start a stall near the relocation site and sell on Mandalika Special Area Road for additional earnings.	During racing events, the racetrack area prohibits small traders from engaging in direct trading.	Medium
<b>Driver</b>	Secure a position as a truck driver, providing transportation services for various essential goods and necessities within the local area.	Earnings decrease when there are no job offers for a transportation service driver.	Medium
<b>Odd jobs</b>	Some people work as motorbike taxi drivers, road sweepers, and in other jobs.	Income remains stagnant as the activities don't relate to circuit development and racing.	Medium
<b>Security guard</b>	Obtain employment as a security guard for a project located either within or outside the circuit area.	The construction of the circuit has no substantial negative impacts.	Low

*Note: Author's analysis based on interviews with 21 villagers, four village heads*

Following project development, the community must adjust to the new environment; for example, fishermen should acquire farming skills, while farmers should develop technical expertise. Even though changing sources of livelihood are familiar in all places and sectors, the community struggles to adapt due to a lack of requisite skills and support. The Mandalika project created pressure on local resources, caused social and economic disruptions, resulted in the loss of cultural heritage, and led to an unequal distribution of benefits. This affects the communities' resilience.

*"More damage has been caused by the Mandalika project. Moving often requires replacing homes with land, even if they're acquainted with large spaces. Additionally, the area's average occupation is farming and animal breeding; therefore, the project has minimal economic impact. Few people can trade there, but most jobs are low, like street sweepers. Locals are less competent and competitive than immigrants (Javanese and Balinese). Local communities do not have the chance to do work other than physical labor."*

(A Mertak Villager)

The Mandalika project raised environmental concerns regarding alterations to the landscape. The circuit was located in an open agricultural area, near several villages. In 2022, Kuta Village experienced an unprecedented flood. The flood completely submerged hundreds of houses in the Mong, Eatmate, Merendeng, and Batu Riti hamlets (Tempo, 2024). Community members also testified that the river around their neighborhood was not as deep before the hills were cleared.

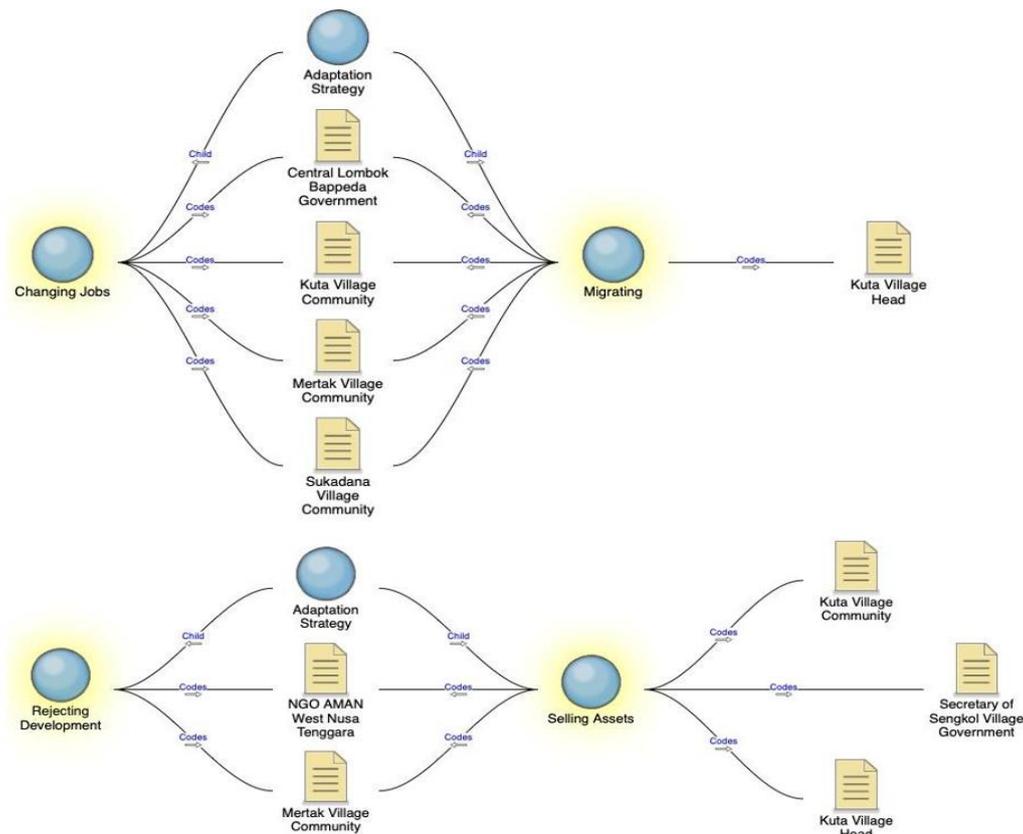
Additionally, waste generation in the Mandalika SEZ is substantial, averaging 58.16 kg per day. After MotoGP events, waste generation increases dramatically; for example, the 2022 MotoGP generated 60 tons of waste. Improper waste management can lead to flooding and compromise the natural beauty of an area (Tempo, 2024). The community activities had no significant impact on the environment. The people cultivate the land, engage in smallholder agriculture, and manage livestock, including cattle. They exerted minimal pressure on the land. In other words, the development of the circuit and its associated facilities has transformed the land. Community members reported that flooding has intensified since the development of the Mandalika project. Environmental changes have also decreased shrimp production due to river pollution and hillside excavation for hotel development in areas prone to landslides.

*“The Mandalika project has transformed the landscape of Central Lombok Regency. The construction of infrastructure in the area and circuit has resulted in the destruction of mangrove and swamp ecosystems. These mangroves and swamps provide vital ecological support and are a source of income for the community.”*

(An NGO Informant)

## **Adaptation strategies and community responses**

The responses from the local communities surrounding the Mandalika SEZ varied. If they could return to work or earn more for their basic needs, most informants supported Mandalika SEZ. The aspirations for Mandalika SEZ focused on job creation, income improvement, and better opportunities for future generations. The Kuta Village Head reported that since 2019, the village has accommodated approximately 300 to 400 hotels, villas, and homestays. This business size can increase village income by 4.7 billion rupiah (311,000 USD) annually. The village authority has used this money to enhance local facilities and attract tourists. However, after several years, the conditions of the Mandalika SEZ have not improved, particularly in terms of the well-being of the people. The NVivo results of community adaptation strategies are illustrated in Figure 4.

**Figure 4:** NVivo Results of Community Adaptation Strategies

A substantial amount of capital is flowing, primarily toward Jakarta, the capital of Indonesia, and its investors. Local people were unable to obtain adequate employment at the ITDC because they failed to meet the age, educational, and skill requirements set by the organization. As a result, they are unable to generate income and benefit from the development. The ITDC's recruitment of workers from Bali and other regions intensifies the situation. Individuals who disagreed spoke silently. Two locals claim that the community's protest effort is weak.

*"We are ordinary people and cannot participate in a protest; even if we try, we will not succeed. We incurred financial losses on fertiliser and seeds, receiving only 3 million rupiah (215 USD)."*

(A Kuta Villager)

*"Our daily living depends on farming and fishing. What choices would we make if we suddenly lost everything? Should we be forced to work for others?"*

(A Sengkol Villager)

Staying close to Mandalika or moving to a different area or island are two community response choices. Most locals chose the first choice. They switched from farming to trading, construction, motorbike repair, hotel work, tour guiding, and street selling (see Table 3). Despite the ITDC's claim to provide upskilling to the community, people expressed dissatisfaction with its lack of sustainability, blaming it on the absence of follow-up initiatives such as support for starting businesses. Furthermore, ITDC did not select these trained local participants for employment in the recruitment process. The Mandalika community's

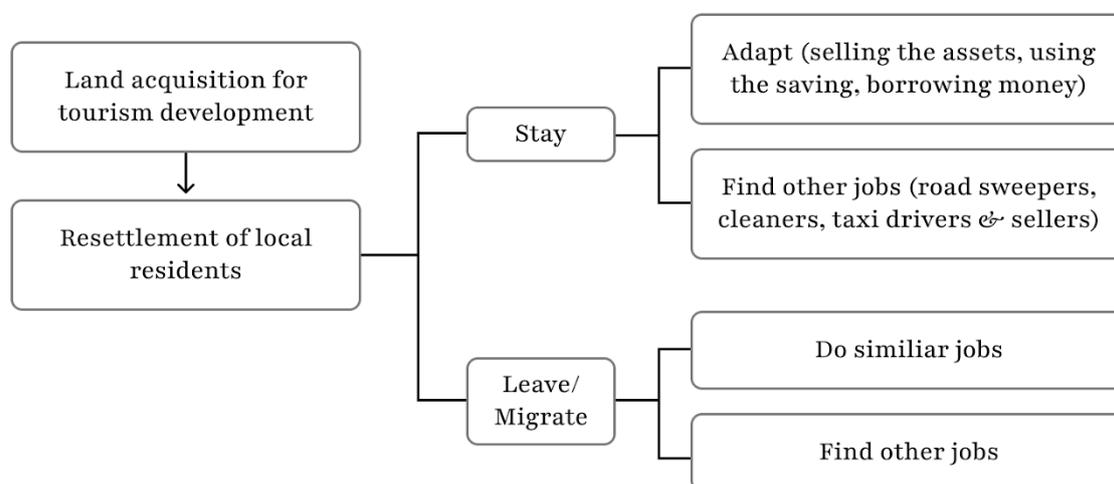
alternative adaptation strategy involved selling their assets for a living. During the transitional period, a few people reported selling their land to start a small business or for personal consumption. Some individuals required family loans due to unemployment and job seeking. Previously, people could farm, collect food from their backyard, and obtain nutrition from their poultry without having to work.

*“Community training is available, yet we’re disappointed since we receive just training. We require assistance after training because we are unfamiliar with the ideas and can’t execute the work alone. Several residents have finished the training, and there are no plans for more.”*

(Sengkol Village Head)

Figure 5 illustrates how local people have altered their behaviors and routines following the loss of their homes, farmland, and livestock due to the circuit development project, as previously noted in the NVivo results presented in Figure 4. Following project development, the community needs to adjust to its unfamiliar circumstances. Their adaptation strategies demonstrate that villagers respond to diverse stresses and changes, such as reduced household earnings and job transitions. Decreased income and job shifts, particularly among farmers and livestock producers, pose a significant risk to their livelihoods. This finding aligns with the research by Abd El-Rahman et al. (2025), which examined the impact of changing livelihoods and economic challenges on the outcomes for families who have relocated to the Asmarat district in Mokattam, Egypt. Their study concludes that forced displacement significantly shocked households' financial and social conditions.

**Figure 5:** Types of Behavior and Adaptation Strategies of Those Impacted by the Circuit Development Project



*Note: Author’s analysis based on interviews with 21 villagers, four village heads, and the Pujut district manager*

The findings align with those of research in other regions (Erwin et al., 2021; Hageback et al., 2005). Different life values influence adaptation, which means that implementing an adaptation strategy often requires making concessions due to limited options. The findings of Nixon et al. (2022) also indicated that communities applied livelihood diversification in response to social-ecological changes. In doing so, social, cultural, political, and economic capital provided a basis for communal adaptations, which can either facilitate or hinder them.

## Adjustment in community livelihoods and government interventions

According to Government Regulation No. 52, Year 2014, the government adopted a top-down approach for implementing Mandalika's development plan as a tourism destination (ITDC, 2018). This plan may have resulted from the changes observed in the Mandalika people's properties, livelihoods, and income. The sustainability of local communities' livelihoods must be a primary objective in projects aimed at responsible tourism development. Overlooking this sustainable perspective may raise concerns and result in negative consequences.

The central government is primarily responsible for implementing the SEZ initiative; however, the involvement of local governments (provincial and regency) is also essential. The policies enacted by the provincial and regency governments in the Mandalika SEZ encountered numerous challenges, notably the unclear land status established during the early stages of SEZ development. The government and the ITDC have played significant parts in transforming the livelihoods of the Mandalika people. Provincial and regency governments have also served as intermediaries in interpreting national policies, facilitating the dissemination of these directives to local district and village administrations. Additionally, the government regulated the acquisition of farmland and residential construction for the affected community.

The government designated the ITDC as the organization responsible for overseeing the Mandalika project, assigning it the task of resettling the Mandalika people and distributing land compensation payments. The government monitored the tourism region and promoted its expansion, thus bearing responsibility for the welfare of those impacted by the changes. According to Article 1.10 of Law No. 2 of 2012 regarding land acquisition for public interest, the assessed value must ensure adequate compensation for the entitled party. The estimated value encompasses land, structures, plants, objects, and intangible losses, including lost income and other consequential damages. In the pursuit of broader developmental progress, the adoption of a developmental strategy has undermined the benefits for the people of Mandalika. The government has recognized its obligation to collaborate with the ITDC, district officials, and village heads. The inaction has placed local communities in a challenging situation as they continue to struggle to adapt to the new conditions.

*"The government and the ITDC remain unprepared for conducting social assessments. This has an impact on the land's history, which is then forgotten. Thus, land brokers play a part in this issue, and land prices."*

(An NGO Informant)

This finding is supported by a study by McLoughlin and Hanrahan (2023), which showed that failing to monitor significant tourism effects makes it more challenging to address the current situation. A detailed checklist of evidence-based tourism planning is essential for policymakers to evaluate the long-term impact of tourism.

*"The ITDC emphasizes legal principles in its approach to land disputes. We elucidate the legal standing of individuals living in the ITDC and circuit areas, assessing whether their possession is legitimate or not. Outreach initiatives aim to help them recognize that they are occupying the land unlawfully. The National Land Agency, in partnership with the local government, worked together with the ITDC to manage the land arrangements. The purpose of these activities was to prevent conflicts."*

(ITDC Business Manager- 2)

The primary earnings from farming, fishing, and livestock rearing have declined. Infrequent, low-paying alternatives were identified. Given the decline of agriculture, farmers worried about their future. Additionally, they were unable to establish their businesses. Despite the government's efforts to implement changes that would enable locals to benefit from tourism, achieving this goal remains a challenging task. Businesses such as homestays cannot sustain themselves because they require social capital for promotion. As a result, people did not significantly benefit from the tourism program in terms of finding well-paying jobs or receiving enough benefits.

*"After losing their land, villagers had to adapt, but most couldn't work in tourism due to a shortage of knowledge or skills. Their living conditions did not improve, even if some found paid work."*

(An Official of the Central Lombok Development Planning Board)

The joint effort between the government and the ITDC aims to assist affected individuals; however, the informants reveal that they face multiple stressors and changes, such as decreased household incomes and shifts in employment. Studies from other regions have also documented this finding (Erwin et al., 2021; Hageback et al., 2005).

*"People in the surrounding areas are occasionally hired for work at hotels and sports events that need a basic skill set, but they are not given preference when applying for jobs. They are treated the same as outsiders."*

(Mertak Village Head)

*"Although the community has access to many training programs, we are disappointed to only receive basic training. We require assistance after training because we can't do it alone. Many trained residents have left without obtaining additional guidance."*

(Sengkol Village Head)

Although Presidential Decree No. 84 of 2021, on the 2020–2044 Lombok National Tourism Destination Master Plan, emphasized the importance of community interaction, government indifference led to limited assistance for the people of Mandalika. A lack of technical and business understanding impeded people's decision-making. The findings support previous research (Beritelli & Laesser, 2011; Marzano & Scott, 2009; Saito & Ruhanen, 2017). Power dynamics that can either help or hurt tourism at a destination depend on the positions of stakeholders, their interactions with one another, and the organizational groups within subsectors. Governments, large corporations, and the public sector hold the most influence. Key stakeholders used persuasion, authority, and power tactics to enforce branding goals.

This situation has intricate power dynamics. According to Wan et al. (2022), results often depend on the parties' influence, resources, and negotiation abilities. To identify key challenges, create effective solutions, and implement them, we need stakeholder agreement. Large-scale tourist projects often encounter power dynamics issues, as government officials, investors, and local populations have different levels of influence and decision-making power (Saito & Ruhanen, 2017; Vignieri, 2019). Land transfers for tourism development often involve power imbalances, and local governments may fail to protect vulnerable and marginalized populations. Power imbalances can lead to exploitation, marginalization, and economic and social injustices (Neef, 2021).

*“The project has not effectively involved the communities it impacts. Village officials are addressing complaints before forwarding them to ITDC. Support from community leaders and NGOs is essential for capacity building and problem resolution.”*

(Kuta Village Head)

*“We appreciate the initiatives taken by the Central Lombok Regency and the ITDC to prevent losses and reduce negative effects on daily life. Because our lives have changed and we must adjust to new circumstances, we also need certainty about our future.”*

(A Kuta villager)

Current policies and resources hinder the shift from subsistence farming to a market economy. The project employs top-down, market-oriented development but neglects social sustainability and economic growth. They overlooked the importance of ensuring sustainable and resilient livelihoods for individuals under external pressure. Sharpley (2022) noted that market-driven businesses often prioritize their goals over public needs, which contradicts government development initiatives. The Mandalika incidents demonstrated that statutes intended to protect people’s jobs and businesses were inadequate.

Table 4 illustrates the discrepancy between the perceived advantages accrued by the community and the consequences that they must encounter. Mandalika Circuit, a renowned sports tourism venue that has hosted MotoGP international racing three times, is still in the process of completing its project construction, with a particular focus on the surrounding facilities for both tourists and the local community. It contributes to the sustainability of the household economy by imposing constraints on economic activity. Consequently, these developments have left the local community uncertain about its future circumstances. These developments have also contributed to the sustainability of the household economy by imposing constraints on economic activity.

**Table 4:** Discrepancy Between ‘Expected and Perceived Benefits’ and ‘Facts and Perceived Impacts’

Aspect	Expected and perceived benefit	Fact and perceived impact
<b>Land</b>	Land price increases. Landowners prefer to exchange land outside the Mandalika racing circuit location for land of a comparable or larger size.	Disputes over land compensation and resettlement. Land use changes and agricultural land losses. Loss of grazing and fishing grounds. Home loss.
<b>Job opportunities</b>	Boosted tourism, creating jobs and economic opportunities for locals. Reduced unemployment. Local employment preferences. Empowered communities in all affected villages with skills training.	Unequal and inaccessible job opportunities. Less priority for local workers. The training has not received the desired follow-up. Some training recipients are less independent and depend on the ITDC and government assistance.
<b>Environmental</b>	Preservation of agricultural (including grazing and fishing) access, particularly in the Kuta sub-village.	New hotel constructions cause landslides and degradation of groundwater.

Aspect	Expected and perceived benefit	Fact and perceived impact
<b>Social and cultural traditions</b>	Lombok's image is improving due to tourism, and more tourists are attending cultural events.	Local customs have changed or been adjusted (including ritual barriers). Local culture serves only as a tourist attraction.

*Note: Author's analysis based on interviews with villagers, four village heads, NGO activists, and field observation*

## Conclusion

Following the findings and analysis, the study concludes with the question, "What is the purpose of tourism development, and who are its intended beneficiaries?" The findings suggest that socioeconomic disparities pose significant challenges to success. This process involves acquiring land for tourism initiatives that provide various benefits and economic opportunities. The Mandalika initiative excludes people from their homes and forces them to adapt, lowering their resistance. Inadequate top-down community issue management and an emphasis on economic development make local people vulnerable. Diverse adaptation strategies, such as the "staying and leaving" phenomenon noted by Scoones (1998), were observed. Authorities have employed strategies to address power dynamics among stakeholders, including mitigating conflict and local opposition, as well as setting broader development objectives. However, authorities often overlooked the living standards of local communities.

Agendas primarily focus on growth and economic factors, frequently neglecting the interests of local communities, particularly in terms of long-term livelihoods. The government implemented a developmental strategy that engaged stakeholders—namely, the ITDC and investors—while adhering to market principles and prioritizing tourism development over the needs of the local community. This finding supports the research of Liu and Liu (2009) and Neef (2021), which showed that the adverse effects of the tourism industry are often overlooked, especially in developing countries, despite their association with success and financial gain.

This study advocates for policies to improve local development, enhance community benefits, and position Mandalika as one of Indonesia's five super-priority destinations. First, the government should prioritize investments in tourism and hospitality jobs, while also enhancing community education on laws, regulations, and socio-environmental concerns. Social adaptation and community tourism literacy have become pressing necessities. The government should promote entrepreneurship, community-based tourism, active participation, and local tourism management. Third, the government should streamline the resolution of conflicts between tourism companies and residents. Mediation diminishes legal disputes and enhances fairness.

The study highlights the need for policymakers to consider local community impacts when developing supportive policies and management practices to encourage inclusive tourism. Tourism development necessitates a comprehensive process that demands a significant commitment from all stakeholders to enhance human experience. Tourism development, overly focused on market demands, frequently undermines fundamental human values. Economic growth does not necessarily correlate with improvements in well-being. Social and economic inequalities often present significant challenges. More research is needed on the

long-term effects of Mandalika's tourism growth and similar areas' tourism growth on the local economy. This will help people devise fair and sustainable ways to develop tourism.

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