

Research Article

Strategies for Optimizing the Tourism Department Budget to Improve Service and Promote Crafts Destinations in the Creative Economy Sector

Kholifatus Sa'diyah*, and Moh. Rasidi

Department of Economics, Universitas Nurul Jadid, Probolinggo, Jawa Timur, 67291, Indonesia

*Corresponding Author: diahimumut22@gmail.com | Phone: +6208225730194

ABSTRACT

This study was motivated by the issue of optimizing the promotional budget for craft destinations in the creative economy sector, which still faces various structural and operational challenges at the Situbondo Regency Tourism Office. Despite this, Situbondo Regency possesses significant tourism potential, featuring prominent destinations such as White Sand Beach, Baluran National Park, and Blekok Village. This study aims to analyze the strategies implemented by the Tourism Office in optimizing the promotion budget for craft destinations, as well as evaluating their impact on the development of the local creative economy sector. The research method used is a qualitative approach with data collection techniques including in-depth interviews with key informants, field observations, and document studies. Data analysis was conducted through data reduction, data presentation, and conclusion drawing. The research findings indicate that the strategies employed by the Tourism Office include selecting activities based on priority scales, focusing on training for creative economy actors, and involving local communities in program implementation. Despite budget constraints remaining a challenge, this approach has proven to drive increased tourist visits and innovation among local craft entrepreneurs. The strategy also strengthens community ownership of the program while supporting sustainable local economic empowerment.

Keywords: budget strategy; destination promotion; creative economy; crafts; local tourism

1. INTRODUCTION

In the last decade, the creative economy has become a new driving force for economic development in various countries, including Indonesia (Lestari & Nisa, 2024). The Ministry of Trade of the Republic of Indonesia defines the creative economy as an industry that draws on the creativity, skills, and talents of individuals to create economic added value through job creation and improved community welfare (Nugroho & Irawati, 2024). In this context, the tourism sector has become one of the biggest beneficiaries, where creativity and innovation play a central role in enhancing the appeal of tourist destinations and strengthening local identity through the preservation of art, culture, and local wisdom (Firmansyah et al., 2024; Widyanti et al., 2022).

The interconnection between the creative economy and the tourism sector is becoming increasingly evident, given that both sectors synergize in creating economic and social added value (Tauhid, 2022). The quality of services and the promotion of tourist destinations are important aspects in supporting the sustainability of this sector. Excellent service is not merely about meeting the basic needs of tourists but also about creating satisfying and emotionally impactful experiences (Jumiati & Rusyadi, 2023; Setia et al., 2022). Therefore, strategies for improving services, training human resources, and utilizing information technology and digital media are vital elements that cannot be ignored (Haeril et al., 2024). However, in reality, there are still various challenges that hinder the optimal development of this sector, particularly in areas such as Situbondo Regency. This district has significant potential for the development of the creative economy and tourism, but the limited budget faced by the Tourism Office is the main obstacle to optimizing services and promoting destinations. The insufficient budget directly impacts the low effectiveness of promotional strategies, service quality, and the lack of training needed to enhance the competencies of tourism stakeholders. This highlights a significant research gap, namely the suboptimal allocation of budgets to improve the quality of the tourism and creative economy sectors in a synergistic manner.

Previous studies provide a foundation for this study. Indrajaya et al., (2019) emphasize the importance of collaboration between tourism agencies and MSME crafters in performance-based budget management. Atmojo et al., (2024) map the potential of local crafts as a basis for developing creative industry clusters through regional budgets. Meanwhile, Andzani et al., (2024) highlight the use of social media and digital marketplaces as destination promotion strategies. However, these studies have not specifically addressed the optimization of budgets by tourism agencies in the context of improving services and promoting destinations in the creative economy sector, particularly at the local level, such as Situbondo Regency. This is the research gap that this study aims to bridge.

The novelty of this research lies in its focus on budget optimization strategies implemented by the Situbondo Tourism Office in two main aspects: improving service quality and the effectiveness of destination promotion based on the creative economy. Unlike previous studies that tended to emphasize general aspects of budget planning and evaluation, this study seeks to examine in depth how budget management strategies can be a solution to overcome funding constraints while supporting human resource capacity development and the effectiveness of digital destination promotion. This study aims to explore budget optimization strategies to improve service quality and promotion, so that Situbondo tourism can develop more competitively and have a significant economic impact on the community.

2. RESEARCH METHOD

This research method uses a descriptive qualitative approach that aims to gain an in-depth understanding of the phenomena occurring in the field, particularly regarding the Tourism Office's budget optimization strategies in improving services and promoting destinations in the creative economy sector. This approach was chosen because it is able to describe social realities from the participants' perspective and provides space for researchers to interpret the meaning behind the actions and policies carried out. This research was conducted at the Tourism Office of Situbondo Regency, East Java, because the area has significant creative economy and tourism potential but still faces challenges in budget management and service quality improvement. Research informants were selected purposively, namely individuals with competence and direct responsibility for creative economy policies and implementation, namely Medi Wendarta as head of the Creative Economy Division and Indra as treasurer of the relevant division. Data collection techniques included observation of activities and conditions in the field, semi-structured interviews with key informants to obtain in-depth information, and documentation covering written and visual data such as activity reports, budget documents, and photographic documentation. Data analysis was conducted inductively through the stages of data reduction, data presentation, and continuous drawing of conclusions throughout the data collection process. To ensure data validity, this study employed triangulation, which involves comparing data from various sources, techniques, and time periods, as well as conducting member checking to ensure that the researcher's interpretation of the data aligns with the intentions of the informants.

3. RESULTS AND DISCUSSION

3.1 Budget Constraints and Rigidity of Planning

One of the main challenges faced by the Situbondo Regency Tourism Office is budget constraints and the rigidity of the annual planning system. The budget used in the craft destination promotion program has been determined in the previous year's Budget Implementation Document (DPA). This makes it impossible to adjust activities to the dynamics and real needs in the field. As stated by Wendarta (2025), activities carried out based on the previous year's planning sometimes face changes during implementation but must still be carried out in accordance with the existing DPA. When program needs change, the department must still adhere to the initial budget ceiling, as emphasized by Indra (2025), that each item in each account must not exceed its ceiling in the DPA. This reflects compliance with financial accountability, but on the other hand, it hinders program innovation. These limitations highlight the need for a more flexible and adaptive budgeting approach, especially for the dynamic tourism and creative economy sectors.

3.2 Program Priority Setting Strategy

The main strategy implemented by the Tourism Office in dealing with budget constraints is to select activities based on priority. In this process, the department only selects activities deemed most urgent and directly impactful for the community, particularly creative economy actors. As noted in an interview with Wendarta (2025), there are numerous proposed activities to be implemented, but limited budget availability necessitates prioritizing the most critical ones first. Activity priorities are determined based on aspects of utility, urgency of implementation, and alignment with the strategic objectives of regional development. For example, craft training programs and digital destination promotion are prioritized

over ceremonial activities. This prioritization allows for more efficient budget use, even though not all community needs can be met at once. On the other hand, this approach requires strengthening the ability to analyze needs and communicate effectively with the community to avoid creating gaps in expectations. Going forward, this strategy can be strengthened with a participatory approach in program formulation so that the priorities set truly reflect the real needs on the ground (Wendarta, 2025).

3.3 Quantitative Measurement of Program Output

In assessing the success of the craft destination promotion program, the Situbondo Tourism Office still uses quantitative indicators as the main measure. One of the indicators used is the number of training participants involved. According to Indra (2025), the number of people trained is the main reference in measuring program output. Although this approach is relatively simple, it has shown fairly positive results, such as increased tourist visits and the emergence of more innovative entrepreneurs. This indicator facilitates administrative reporting and evaluation but does not provide a comprehensive picture of long-term impacts. Program success should not be judged solely by quantitative output but also by outcomes and impacts, such as increased income for entrepreneurs or expanded markets for craft products. Therefore, a results-based management evaluation approach needs to be implemented to measure program quality more comprehensively. Involving external partners such as universities or independent institutions can also strengthen the validity of program impact measurements. As a result, budget optimization strategies can be more measurable and sustainable in supporting creative economic development (2025).

3.4 Involvement of Local Communities as an Empowerment Effort

The Situbondo Tourism Office's budget optimization strategy also emphasizes the active involvement of local communities in all activities. This approach is not only for budget efficiency but also as a form of local economic empowerment. Wendarta (2025) states that communities are involved as training participants, activity consumption providers, and other implementing partners. The involvement of local communities in providing event catering, participating as trainees, and delivering training tailored to their needs fosters a sense of ownership and direct engagement in supporting the tourism and craft sectors. This approach also creates opportunities for local micro and small businesses to generate additional income and enhances community competencies through training. This is in line with the principle of participatory development, where the community is not only the beneficiary but also the main actor in development. This model has proven to be effective in situations of budget constraints, as it strengthens collaboration and local independence. In the long term, this kind of community involvement is an important foundation for realizing sustainable and inclusive tourism based on local wisdom in Situbondo Regency (2025).

The budget optimization strategy in promoting craft destinations in the creative economy sector implemented by the Situbondo Regency Tourism Office demonstrates a pragmatic, selective, and locally oriented approach. In the context of limited public budgets, the effectiveness of program implementation is highly dependent on the institution's ability to map priorities and maximize available resources. This study shows that the Situbondo Tourism Office has implemented an adaptive strategy, although it is still constrained by the rigidity of the annual budget system and institutional workloads that are disproportionate to the available funding allocation. Situbondo Regency is an area with considerable tourism potential. Strategically located on the main Java-Bali route and supported by the presence of leading tourist attractions such as Pasir Putih Beach, Baluran National Park, and Kampung Blekok, this area is one of the priority areas for tourism development in East Java. This potential aligns with the tourism development mission outlined in the Situbondo Regency Tourism Development Master Plan for 2019–2034. Within this framework, strengthening the creative economy sector, particularly handicrafts, is an integral part of the strategy to enhance the appeal of local tourist destinations. However, efforts to realize this development are not without challenges in budget management. Based on interviews with the head of the Creative Economy Division and the treasurer of the Tourism Office, it was found that the budgeting system used is still static, where all activities must adhere to the plans and allocations outlined in the Budget Implementation Document (BID) prepared in the previous year. This limits flexibility in adjusting activities to actual conditions in the field (Wendarta, 2025; Indra, 2025). Mardiasmo states that the weakness of the traditional budgeting system is its lack of responsiveness to changes in the environment and dynamic needs, such as those occurring in the tourism sector (Zhang, 2020).

Recognizing these limitations, the Tourism Office chose a priority-based program selection strategy. This means that only activities considered most urgent and having a direct impact on creative economy actors will be implemented. For example, skills training for local artisans is prioritized because it can have a double impact: improving human resource quality while also improving the quality of local products to be promoted. This strategy reflects the principle of

effectiveness in public management, where tangible results are the primary focus of every resource allocation decision (Wojciechowski et al., 2023). However, the success metrics used by the Tourism Department remain quantitative, such as the number of training participants. This approach needs to be strengthened with more in-depth quality indicators, such as the level of change in participants' skills or post-training income increases. Within the framework of public program evaluation, as explained by Rossi, Lipsey, & Freeman, an output-based approach needs to be combined with outcome and impact analysis to ensure that program evaluation does not stop at administrative achievements alone (Gulpinar, 2024).

Despite budget constraints and system rigidity, the results of implementing this strategy show a positive trend. The increase in tourist visits to local creative economy actors indicates that the program interventions have resonated with the community (Fitriana, 2022). Additionally, business actors have shown proactive responses by beginning to develop more innovative and adaptive products in line with market trends. This serves as an important indicator that the programs being implemented are beginning to have motivational and transformational effects. The next challenge faced by the agency is the gap between the number of proposed activities and the available budget. This imbalance forces the agency to conduct strict selection and even postpone a number of activities that are actually needed by the community. In such circumstances, a more participatory and needs-based planning system is required (Susanto et al., 2023), so that decision-making is not solely based on bureaucratic pressure but also takes into account local aspirations and urgencies (Syaifuddin, 2024). One positive aspect of the strategy implemented is the involvement of the local community in the program implementation process. The Tourism Department actively involves the community not only as training participants but also as partners in procuring activity needs such as food or logistics (Ajata, 2022). This approach is in line with the principle of community participation in local development as stated by Chambers, that the active involvement of citizens in the development process will increase a sense of ownership and strengthen the sustainability of the program (Paula, 2020). In addition, this strategy also opens up economic opportunities for local communities, especially vulnerable groups such as housewives and young people who do not yet have permanent jobs.

The budget optimization strategy implemented by the Tourism Office is also supported by an organizational structure that has strategic functions in human resource development and the creative economy. The Creative Economy Division is responsible not only for conducting training activities (Putri, 2023), but also for policy formulation, cross-sector coordination, and activity evaluation. This institutional structure is important to ensure the continuity and consistency of policy direction with community needs (Atmojo et al., 2024; Maharani, 2024). However, to improve program effectiveness, the Tourism Office needs to strengthen cross-sectoral cooperation, both with other local governments and universities and with the private sector. This collaboration can assist in aspects of funding, strengthening human resource capacity, and promoting destinations more broadly (Aqsa & Nugroho, 2023; Vestergaard et al., 2020). Opportunities to strengthen partnership networks are wide open, given Situbondo's tourism potential, which attracts interest from various groups, including foreign tourists.

To ensure that budget optimization strategies remain relevant to the evolving socio-economic dynamics, there is a need for more flexible budget system reforms. One solution is the use of a performance-based budget scheme, which allows for adjustments in allocation based on actual results and identified needs. This system is also more transparent and accountable, as every fund used must demonstrate its contribution to achieving program objectives. The budget optimization strategy for promoting craft destinations by the Situbondo Regency Tourism Office has shown fairly good results, although there are still a number of structural challenges that need to be addressed. Through a selective approach, focusing on priority activities, involving local communities, and committing to budget transparency, the Tourism Office has made a tangible contribution to the development of a craft-based creative economy in Situbondo. Going forward, this strategy needs to be supported by a more adaptive planning system, more comprehensive evaluation indicators, and more intensive multisectoral collaboration to ensure its impact is broader and more sustainable (Pranando & Fitri, 2023; Motik & Arif, 2024). Overall, the findings of this study show that the success of budget optimization is not only determined by the amount of funds available, but more by how organizations are able to formulate strategies, build partnerships, and involve the community in every stage of activities. The experience of the Situbondo Tourism Office can serve as a valuable case study for other regions facing similar challenges, especially in promoting the creative economy sector as the backbone of tourism-based regional development.

4. CONCLUSION

The budget optimization strategy implemented by the Situbondo Regency Tourism Office is carried out in stages, selectively, and based on priority scales. Despite limited budgets and a rigid budget planning system that does not allow for flexibility in program implementation, the office continues to strive to perform its functions efficiently through programs that have a direct impact on the community. The main strategy, which involves setting priority activities such as training

for creative economy actors, has proven effective in increasing tourist visits and fostering innovation in the handicraft sector. The involvement of local communities in operational activities and training is a significant strength, as it not only strengthens a sense of ownership toward the program but also promotes local economic empowerment. However, challenges such as the limitations of program evaluation indicators (which are still quantitative in nature) and the imbalance between tasks and budget allocation remain obstacles to achieving more optimal results.

RECOMMENDATIONS

Based on the research findings, there are several strategic recommendations to enhance the effectiveness of budget optimization for craft destination promotion in the creative economy sector of Situbondo District. First, the local government needs to develop a more flexible and adaptive budgeting system, such as through a performance-based budgeting approach, so that programs can adapt to field dynamics without being constrained by the rigidity of annual planning documents. Second, program success indicators should not only focus on quantitative aspects such as the number of training participants but also include qualitative aspects such as business capacity enhancement, local economic growth, and the sustainability of program impacts. Third, community involvement in all stages of program planning, implementation, and evaluation should be expanded through a participatory approach to ensure that policies are more contextually relevant and targeted. Finally, cross-sectoral collaboration, including partnerships with the private sector, creative communities, and higher education institutions, is needed to address budget constraints and promote innovation and diversification in promotion efforts.

REFERENCES

- Ajata, L. M. P. (2022). Entrepreneurship as a Mechanism for Competitiveness and Local Development. *Asia Proceeding of Sosial Sciences (APPS)*, 9(1), 302.
- Andzani, D., Virgin, D., & Setijadi, N. (2024). Peran Media Sossial dalam Membangun Citra Destinasi Pariwisata yang Menarik. *Jurnal Ilmiah Manajemen Bisnis dan Inovasi*, 11(1), 188–195.
- Aqsa, Q., & Nugroho, B. Y. (2023). A Literature Review: Cross-Sector Collaboration Arrangements to Deliver Public Services and Goods. *Technium Social Sciences Journal*, 40, 1–10. <https://doi.org/10.47577/tssj.v40i1.8342>
- Atmojo, M. E., Nasrullah, N., & Perdana, V. A. (2024). Creative economy improvement: Optimizing tourism potential through institution linking and branding. *Abdimas: Jurnal Pengabdian Masyarakat Universitas Merdeka Malang*, 9(1), 203–212. <https://doi.org/10.26905/abdimas.v9i1.12138>
- Firmansyah, Y., Rafdinal, W., Sayuti, A. M., Juniarti, C., & Hardiyanto, N. (2024). Cultural Innovation in Indonesia as a Development of the Creative Economy. *Jurnal Ekonomi, Bisnis & Entrepreneurship*, 18(1), 87–99.
- Fitriana, A. R. D. (2022). Pengembangan Potensi Pariwisata Dan Penguatan Ekonomi Kreatif Di Kampung Batik Jetis, Kabupaten Sidoarjo. *Selaparang: Jurnal Pengabdian Masyarakat Berkemajuan*, 6(1), 28. <https://doi.org/10.31764/jpmb.v6i1.7952>
- Gulpinar, M. A. (2024). Triple Approach to Program Evaluation and “Contextual Program Evaluation Model” Proposal. *The Educational Review, USA*, 8(1), 33–42. <https://doi.org/10.26855/er.2024.01.004>
- Haeril, Dinesh Basti Farani, Jemadi, Sulaiman Efendi Siregar, & Eko Budi Lestari. (2024). Peran Ekonomi Kreatif Melalui UMKM Dalam Mewujudkan Pariwisata Berkelanjutan. *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam*, 5(11), 2431–5441. <https://doi.org/10.47467/elmal.v5i11.5788>
- Indra, I. (2025). *Wawancara dengan bendahara Bidang Ekonomi Kreatif 1 Februari 2025* [Personal communication].
- Indrajaya, T., Cahyandito, M. F., Wiweka, K., & Adnyana, P. P. (2019). The Development of Creative Industry Strategies as a Tourist Attraction in Banten Province, Indonesia. *Journal of Economics, Management and Trade*, 1–10. <https://doi.org/10.9734/jemt/2019/v22i530101>
- Jumiati, I. E., & Rusyadi, Y. (2023). Sinergitas Birokrasi Dalam Mendorong Percepatan Pengembangan Ekonomi Kreatif Berkelanjutan Pariwisata Kawasan Kasultanan Banten Lama Kota Serang. *Prosiding Seminar Nasional Komunikasi, Administrasi Negara dan Hukum*, 1(1), 357–370. <https://doi.org/10.30656/senaskah.v1i1.243>
- Lestari, R. P., & Nisa, F. L. (2024). Ekonomi Kreatif dan Pembangunan Ekonomi: Sebuah Tinjauan Literatur tentang Peran dan Kontribusi. *Jurnal Ilmiah Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 1(1), 50–55. <https://doi.org/10.61722/jemba.v1i1.61>

- Maharani, A. (2024). Pelatihan Pengenalan Regulatory Impact Assesment untuk Kementerian Pariwisata dan Ekonomi Kreatif sebagai Bagian dari Rangkaian Pelatihan Analisis Kebijakan. *Jurnal Dharma Bhakti Ekuitas*, 9(1), 35–45. <https://doi.org/10.52250/p3m.v9i1.766>
- Motik, K. A. W., & Arif, L. (2024). Strategi Pengembangan Desa Wisata Berdasarkan Rencana Induk Pembangunan Kepariwisata Daerah Tahun 2015 – 2025 Dinas Pariwisata Kabupaten Sleman, Provinsi Daerah Istimewa Yogyakarta. *Reslaj: Religion Education Social Laa Roiba Journal*, 6(11). <https://doi.org/10.47467/reslaj.v6i11.3371>
- Nugroho, R. B., & Irawati, S. A. (2024). Strategi Pengembangan Ekonomi Kreatif pada Subsektor Wisata Kuliner Berbasis Kearifan Lokal di Kota Sampang. *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 6(11), 8442–8450. <https://doi.org/10.47467/alkharaj.v6i11.5474>
- Paula, L. (2020). Community Involvement In Local Development: Theoretical Analysis Of Community Development Approaches. *Rural Development 2019, 2019*(1), 451–457. <https://doi.org/10.15544/RD.2019.064>
- Pranando, Y. H., & Fitri, A. (2023). Strategi Pemerintah Daerah dalam Meningkatkan Pendapatan Asli Daerah dari Sektor Pariwisata pada Pemerintah Daerah Kabupaten Pesisir Selatan. *Jurnal Ilmu Hukum, Humaniora dan Politik*, 3(3), 93–101. <https://doi.org/10.38035/jihhp.v3i3.1546>
- Putri, D. T. (2023). Kemenparekraf's Role In Recovering The State's Economic Sector Through Tourism and MSMEs. *Jurnal Ilmu Sosial Mamangan*, 12(1), 24–31. <https://doi.org/10.22202/mamangan.v12i1.6439>
- Setia, B. I., Hurriyati, R., Dirgantari, P. D., & Pangestu, E. S. R. (2022). Implementasi Perancangan Organisasi Berdasarkan Market Driven Sebagai Strategi Pengembangan Industri Kreatif Pariwisata Perspektif Marketing Dan Kebijakan Publik. *Jurnal Agregasi: Aksi Reformasi Government dalam Demokrasi*, 10(1), 37–47. <https://doi.org/10.34010/agregasi.v10i1.6007>
- Susanto, N., Badri, H., Wiria Dinata, W., & Wijanarko, T. (2023). The Development of a Creative Program for Digitizing the Potential of Tourism Villages through Sport Tourism in Singkarak Lake, Solok Regency. *GANDRUNG: Jurnal Pengabdian Kepada Masyarakat*, 4(2), 979–985. <https://doi.org/10.36526/gandrung.v4i2.2152>
- Syaifuddin, S. (2024). Transformasi Pendampingan Ekonomi Kreatif: Memperkuat Kemandirian Ekonomi Masyarakat Melalui Inovasi Dan Kreativitas. *EJOIN: Jurnal Pengabdian Masyarakat*, 2(3), 641–646. <https://doi.org/10.55681/ejoin.v2i3.2551>
- Tauhid, T.-. (2022). Model Pengembangan Ekonomi Kreatif Dalam Mengakselerasi Pembangunan Pariwisata Kawasan Lasakosa Kabupaten Bima. *Jurnal Ilmu Administrasi: Media Pengembangan Ilmu dan Praktek Administrasi*, 19(1), 47–63. <https://doi.org/10.31113/jia.v19i1.843>
- Vestergaard, A., Murphy, L., Morsing, M., & Langevang, T. (2020). Cross-Sector Partnerships as Capitalism's New Development Agents: Reconceiving Impact as Empowerment. *Business & Society*, 59(7), 1339–1376. <https://doi.org/10.1177/0007650319845327>
- Wendarta, M. (2025). *Hasil Wawancara dengan Kepala Bidang Ekonomi Kreatif 1 Februari 2025* [Personal communication].
- Widyanti, T., Tetep, T., Supriatna, A., & Nurgania, S. (2022). *Development of a Local Wisdom-Based Creative Economy: 6th Global Conference on Business, Management, and Entrepreneurship (GCBME 2021)*, Bandung, Indonesia. <https://doi.org/10.2991/aebmr.k.220701.010>
- Wojciechowski, L., Skrzypek-Ahmed, S., Ivashko, O., Sak-Skowron, M., & Dziwulski, J. (2023). Public management as a concept for improving the efficiency and cost-effectiveness of public administration. *Journal of Modern Science*, 54(5), 842–862. <https://doi.org/10.13166/jms/176487>
- Zhang, W. (2020). Economic Growth with Tourism and Environmental Change. *International Journal of Economics Development Research (IJEDR)*, 1(2), 110–135. <https://doi.org/10.37385/ijedr.v1i2.53>