The Economic Impact of the 42nd ASEAN Summit in Labuan Bajo on The Accommodation Sector 
(Case Study: Residence House Rented)

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Abstract
The Meeting, Incentive, Convention, and Exposition (MICE) industry is very important for Indonesia because it directly provides benefits for entrepreneurs in the tourism sector and contributes to improving the quality of the community's economy. The MICE industry also provides benefits to the people of Labuan Bajo as a host. The 42nd ASEAN Summit 2023 is proof of readiness to organize international-scale events. Based on the objective conditions of the field, the occupancy rate reaches 100%, and many parties are constrained by accommodation. This study aims to see the direct economic impact obtained by the community on the accommodation sector. This research uses the qualitative descriptive analysis method where data is collected through observation, interviews, and literature from related party sources. The participants involved came from community groups in 4 sub-districts in West Manggarai Regency. The collected data is analyzed, reduced, verified, and drawn conclusions. The results showed that there were more than 50 houses rented with duration from 7 to 16 days. The rental price of residents' houses is from the range of 12 to 30 (million units). The price difference is caused by: The size of the house, number of rooms, facilities, mileage, and negotiation skills. Total income from renting houses reached IDR 1,206,000,000. It is concluded that there is an economic turnover (positive) from renting houses due to supply (accommodation) being lower than demand (visitors). This is a new finding for Labuan Bajo as a destination where residents' homes as an alternative when the accommodation is full.

Keywords: MICE Tourism, Rent House, ASEAN Summit, Accommodation, Event

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1. Introduction
The prominence of regional tourism is exemplified by the emergence of key destinations that attract international attention, driving economic and infrastructural development (Rafidola Mareta Riesa & Haries, 2022). A good regional tourism system provide increased competitiveness and dynamic features (Chiu et al., 2024). Transportation accessibility significantly boosts the regional tourism industry (Zhuang et al., 2024). Labuan Bajo stands out as a prime example of this trend, rapidly ascending as a super-priority tourist destination. Tourism development impacts regional economic
growth (Primayesa et al., 2023). This area’s burgeoning tourism facilities underscore its growth trajectory, a fact highlighted by its selection as the venue for the 42nd Association of Southeast Asian Nations (ASEAN) Summit. Tourism facilities are critical to destination branding (Turgambekova et al., 2023). National parks play a crucial role in driving local economic activities towards sustainable development (Duglio & Letey, 2019).

The Association of Southeast Asian Nations (ASEAN), comprising ten Southeast Asian countries, aims to foster regional cooperation in economic, political, security, and socio-cultural areas, striving for stability and progress. The 42nd ASEAN Summit, held in Labuan Bajo from May 9 to 11, 2023, served as a pivotal platform for leaders to discuss regional dynamics and address common challenges. This high-profile event underscored Labuan Bajo’s growing significance as a super-priority tourist destination, attracting a surge in visitors that resulted in a 100% hotel occupancy rate, as reported by the Indonesian Hotel and Restaurant Association (PHRI). However, the demand for accommodation during the summit far exceeded available hotel space, prompting residents to rent out their homes. This scenario highlights the critical need to explore the broader economic and social impacts of hosting international events. Moreover, a positive destination image—shaped by the natural environment, atmosphere, and entertainment—coupled with high event service quality, can significantly strengthen a destination’s brand. This, in turn, enhances tourists’ revisit intentions, driven by satisfaction and positive emotional responses from previous visits. Tourism landscape optimization can increase tourists’ revisit intention (Kou & Xue, 2024). Situational factors such as aesthetics and authenticity influence tourists’ revisit intentions (Chen et al., 2024). Tourism service quality influences tourists’ intention to revisit (Nonthapot et al., 2024).

Understanding these dynamics is crucial for strategic planning, aiming to maximize local economic benefits, ensure sustainable tourism growth, and elevate the overall visitor experience. This study delves into these aspects, emphasizing the importance of leveraging local resources to accommodate and attract future visitors.

Organizing events is a strategic approach to promoting tourism in a destination (Lu, 2021; Shiran et al., 2021), serving as a cornerstone of marketing activities. Events play a crucial role in attracting tourists and can significantly boost the local economy. The event industry is rapidly evolving, not only generating substantial financial revenue but also fostering the development of the destination. Events come in various types, each contributing uniquely to the destination’s appeal and growth. High-profile events, such as international summits or large-scale festivals, can draw considerable attention and increase tourist footfall, enhancing the destination’s visibility on a global scale. The 42nd ASEAN Summit in Labuan Bajo is a prime example, highlighting the potential for such events to elevate a region’s status. Understanding the typology of events, as illustrated by Getz and Page (2014), provides valuable insights into how different events can be leveraged to maximize tourism and economic benefits.

MICE, an abbreviation for Meetings, Incentives, Conventions, and Exhibitions, signifies a specialized tourism segment characterized by meticulously planned events for large groups traveling for a common purpose. This sector offers substantial revenue-enhancing opportunities for the tourism industry (Klinmalai & Kaewlai, 2024), as MICE participants typically stay longer and spend significantly more—up to seven times more—than ordinary tourists (Madeira et al., 2023). According to the International Congress and Convention Association (ICCA), the MICE industry significantly contributes to a country’s economic growth (Rojas-Bueno et al., 2023). The sector is independent of the holiday season, thus making a significant contribution to the economic development of the region (Zazueta-Hernández & Velarde-Valdez, 2024). This positive impact results from the extensive involvement of various industrial sectors, including printing, hospitality, souvenirs, travel agencies, transportation, event organizers, micro, small, and medium enterprises (MSMEs), meeting venues, infrastructure, communication networks, and tourist attractions. The profound economic impact of MICE tourism on local businesses and economic growth makes it a comprehensive (Aburumman, 2020), integrated solution for developing tourist destinations across Indonesia. The MICE industry integrates business and leisure, where delegates attend business-related events while engaging in leisure activities. Events commemorate significant human milestones, influenced by customs, culture, traditions, and religions, and involve the community at specific times for particular purposes. This integration underscores MICE’s importance in the broader tourism landscape, offering multifaceted benefits, including cultural exchange and community engagement, thus serving as a strategic avenue for economic and social advancement, particularly in emerging tourist destinations.
Previous study describes meetings as opportunities for building collective knowledge and strategies, while incentive travel, boosts productivity by blending business and tourism. Conferences foster cross-disciplinary collaboration, and exhibitions enhance visitor engagement through curated experiences (Taipakova, 2023). The MICE industry benefits all stakeholders, boosting the economy and professional skills. The 42nd ASEAN Summit in Labuan Bajo exemplifies these positive impacts, enhancing both local industry and community welfare.

Existing literature establishes a relationship between hosting major sporting events and real economic variables such as employment, personal income, personal income per capita, and taxable sales. There is limited research focusing on the impact of international events on local accommodation services, specifically beyond traditional hotels, resorts, and homestays. The current understanding primarily revolves around macroeconomic indicators, as defined by Kepdirjen 438/KN/2020, which emphasizes the indirect influence on economic activity. However, the exploration of how such events can utilize residents’ homes as temporary accommodation remains under-researched. This gap is particularly evident in regions with limited accommodation infrastructure, like Labuan Bajo, where international events such as the ASEAN Summit necessitate alternative housing solutions. The economic impact on local communities through the use of residents’ homes for accommodation during such events remains unexplored, presenting a significant gap in the current body of knowledge. This research provides actionable insights into the economic benefits of leveraging local housing for accommodation during international events. With Labuan Bajo and similar regions increasingly hosting high-profile events, there is a pressing need to understand how residents’ homes can supplement traditional accommodation options. To address this gap and urgency, this paper aims to understand to what extent are residents’ homes utilized as temporary accommodation during the ASEAN Summit in Labuan Bajo, and what is the economic impact on local households in terms of total houses used, length of stay, rental price, and total income generated during the event?

2. Methods

Qualitative research aims to understand, interpret, and explain social phenomena (Flick, 2007). Sugiyono (2016) defines qualitative research methods as those used to examine natural object conditions, with researchers serving as key instruments. This study employs a case study approach to investigate individuals or groups to gain an in-depth understanding of their experiences and outcomes from renting local houses during the 42nd ASEAN Summit. A case study involves an in-depth data analysis process focusing on an individual case, with the unit of analysis being the
individual. However, we can modify or adjust research strategies and tactics to answer research questions (Dahwa, 2024).

The study locations include Batu Cermin Village, Gorontalo Village, Labuan Bajo, and Wae Kelambu in the Komodo District of West Manggarai Regency. The transformation of residents’ houses into rented accommodations illustrates the real and dynamic impact of organizing events. Researchers used this method to recognize the evolving dynamics and processes of humans and the natural environment. The sample of participants was selected based on the developed theory and sampling continued until a comprehensive result was formed (Gentles & Vilches, 2017). Participants in this study are homeowners who rented their houses during the ASEAN Summit. Participants are individuals actively involved in research, while previous study emphasizes that tourism research often requires interaction between informants and researchers. Examining public opinion about tourism’s impacts necessitates engaging with the community. Supporting participants include related parties from the ASEAN Summit, such as the Tourism Office, village heads, and sub-district officials in areas with rented houses.

Data collection methods involve interviews, observations, and documentation. The collected data used the method of data reduction, display, and verification. The validity of the data, which measures the degree of trust or truth of the study’s results, is tested using data triangulation techniques. This approach tests the validity of data by using different times, places, and people. This comprehensive methodology ensures a robust and nuanced understanding of the impact of renting local houses during the ASEAN Summit, highlighting the social and economic dynamics at play in the host communities.

3. Results

42nd ASEAN Summit in Labuan Bajo

One significant advantage of hosting events is their ability to generate demand during off-season periods. The ASEAN Summit in Labuan Bajo, held from May 9 to 11, 2023, exemplifies this phenomenon. According to data from the Indonesian Hotel and Restaurant Association (PHRI), hotel occupancy rates in Labuan Bajo reached 100%, indicating a substantial surge in visitors during the summit. However, the existing lodging accommodations were insufficient to meet this increased demand. In order to meet market demands and global trends, host resources must be continuously improved (Tirtawati et al., 2024). Consequently, many residents offered their homes as rental accommodations (Valente et al., 2023). This development highlights the economic impact on individuals who rented out their homes during the summit. Therefore, this study aims to provide a comprehensive analysis of the economic benefits experienced by individuals who utilized their homes as accommodation facilities during the ASEAN Summit. By examining this case, the research seeks to elucidate the broader economic implications and potential advantages for local communities in hosting international events.

The Impact of Organizing 42nd ASEAN Summit Events from the Tourism Side

1. Economic Impact on Increasing Tourist Arrivals

Before and after the 42nd ASEAN Summit, the number of tourists exhibited a rising trend from May 1 to May 23, 2023. The Head of Destination Management at the Tourism Office of Creative Economy and Culture of West Manggarai Regency reported an increase in visits not only before and during the summit but also following the event. This surge in visits likely included all parties involved in the 42nd ASEAN Summit. An analyst from the same institution, further noted that the summit had the potential to stimulate economic growth across various sectors. These sectors include not only tourism but also agriculture, animal husbandry, fisheries, small industries, and services. This multifaceted economic impact underscores the broader benefits of hosting such international events. The data of Dinas Pariwisata Ekonomi, kreatif dan Kebudayaan kab. Manggarai Barat shows that there was an increase in the number of visitors from before the 42nd ASEAN Summit from 2,651 to 3,676 during the 42nd ASEAN Summit and to 5,637 after the event.
2. Economic Impact of Local Original Revenue (PAD)

Before the ASEAN Summit, the Local Original Revenue (PAD) from the tourism sector was IDR 170,480,000. During the summit, the PAD increased to IDR 218,970,000, attributed to the large number of participants who engaged in tourism activities in Labuan Bajo, particularly in Komodo National Park. These activities positively impacted the region when participants promoted them through social media and news media. Following the 42nd ASEAN Summit in Labuan Bajo, there was an additional increase of IDR 77,950,000 in PAD, bringing the total revenue to IDR 296,920,000, as illustrated in table 2. This increase highlights the significant economic impact of the ASEAN Summit on local tourism and regional income.

<table>
<thead>
<tr>
<th>Before</th>
<th>During</th>
<th>After</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDR 170.480.000</td>
<td>IDR 218.970.000</td>
<td>IDR 296.920.000</td>
<td>IDR 686.370.000</td>
</tr>
</tbody>
</table>

Source: Dinas Pariwisata Ekonomi, kreatif dan Kebudayaan kab. Manggarai Barat

The Economic Impact of Renting Local Houses

The implementation of the 42nd ASEAN Summit in Labuan Bajo significantly increased income for the residents of West Manggarai District. This revenue was generated from various tourism-related sectors during the event. Several groups, including security forces such as the police, army, special security forces, government representatives from central, provincial, and district levels, and private parties around Labuan Bajo, were unable to secure hotel accommodations. Consequently, many residents’ homes were used as alternative lodging options for these organizers, contributing to the local economy.

1. Number of resident houses rented based on area

The full level of accommodation at the 42nd ASEAN Summit created opportunities for more people’s houses to rent. Table 2 shows the results of this study found that there were 50 houses from four sub-district areas in Labuan Bajo that were rented.

<table>
<thead>
<tr>
<th>No</th>
<th>Region</th>
<th>Total House</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Batu Cermin</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>Gorontalo</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Wae Kelambu</td>
<td>23</td>
</tr>
<tr>
<td>4</td>
<td>Labuan Bajo</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Data processed by author

2. Length of Lease

The houses were rented from May 6 to May 16, 2023, with lease durations ranging from 7 to 15 days. VC reported, "My house was rented for 10 days, from May 6 to 16, 2023, and was occupied by six people. They would leave for work around 8 a.m. and return in the evening." Similarly, HR stated that his house was rented for 16 days, with two rooms occupied by four individuals from the event organizer. Additionally, his house served as a storage place for production materials needed for the event.
3. Rent House Price

Tourism effects house price (Vizek et al., 2023). Rental price calculations vary widely and are influenced by several factors, including the size of the house, the number of rooms, available facilities, proximity to event locations, comparison with surrounding rental prices, and the negotiation skills of the owner. Some houses required the addition of air conditioning (AC), with the costs borne by the tenants (Gao et al., 2022). SL, one such homeowner, reported: "The tenant requested the installation of air conditioners, and I agreed, allowing the units to remain after the rental period. Therefore, I set a modest rental price of IDR 10,000,000 for 8 days, which included the addition of two AC units." However, these facilities are often left unused after the event concludes. Additionally, amenities such as private cars also serve as bargaining points in rental price negotiations. An anonymous resident of Golokoe, Kelurahan Wae Kelambu (2023), rented his house and car to a provincial agency for a total value of IDR 35,000,000, encompassing both house and car rentals.

Table 3 shows the range of distribution house rental prices. The highest is IDR 30,000,000 and the lowest is IDR 12,000,000.

Table 3: Distribution of house rent price

<table>
<thead>
<tr>
<th>No</th>
<th>Price (IDR)</th>
<th>Total House</th>
<th>Total rental price (IDR)</th>
<th>Length of Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>12,000,000</td>
<td>1</td>
<td>12,000,000</td>
<td>14</td>
</tr>
<tr>
<td>2.</td>
<td>14,000,000</td>
<td>3</td>
<td>42,000,000</td>
<td>14</td>
</tr>
<tr>
<td>3.</td>
<td>15,000,000</td>
<td>11</td>
<td>165,000,000</td>
<td>16</td>
</tr>
<tr>
<td>4.</td>
<td>20,000,000</td>
<td>17</td>
<td>340,000,000</td>
<td>14</td>
</tr>
<tr>
<td>5.</td>
<td>21,000,000</td>
<td>2</td>
<td>42,000,000</td>
<td>14</td>
</tr>
<tr>
<td>6.</td>
<td>22,500,000</td>
<td>1</td>
<td>225,000,000</td>
<td>12</td>
</tr>
<tr>
<td>7.</td>
<td>25,000,000</td>
<td>14</td>
<td>350,000,000</td>
<td>13</td>
</tr>
<tr>
<td>8.</td>
<td>30,000,000</td>
<td>1</td>
<td>30,000,000</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>1,206,000,000</td>
<td></td>
<td>104</td>
</tr>
</tbody>
</table>

Source: Data processed by author

CR, one of the homeowners, explained: “The tenant, POLDA NTT, negotiated the rental price to IDR 20 million. This price includes air conditioning and fan facilities, the size and number of spacious rooms, and the house’s location adjacent to the main road of Golokoe Street.” The rental proceeds are used to pay off some bills or loan installments. Another homeowner, Ferdi (2023), stated: “The tenant of this house is the Bali Police Service. They negotiated the price with us, successfully reducing the initial price of IDR 25 million to IDR 20 million. Additionally, the agreement includes the services and facilities we provided, including satisfactory service and air conditioning.”

4. Discussion

During the period of the 42nd ASEAN Summit in Labuan Bajo, the average income from house rentals was IDR 20,000,000. This equates to IDR 2,000,000 per day per person over ten days. This practice aligns closely with the principle of homestay, where a part of a house is used as rental accommodation. Given the limited availability of star and non-star hotels, many attendees utilized local residents’ homes (Wang & Jia, 2024), some of which had never been rented before. This scenario highlights the significant economic impact of tourism development on the local housing market. The variability in rental values stems from several factors. Many residents, unfamiliar with fair pricing, set rental rates based on personal calculations and comparisons with similar properties. There is a significant relationship between house rental prices and both neighborhood and structural characteristics of residential properties (Bi et al., 2024). Homeowners interested in renting out their properties should consider both the physical characteristics of their houses and the spatial characteristics of their neighborhoods when determining rental prices (Quang et al., 2024). Most rented houses during the summit had at least two rooms and additional spaces such as living rooms, family rooms, and bathrooms. Proximity to the city center also influenced pricing.

The economic impact of this situation on the local community was substantial (Muresherwa et al., 2023). Residents who had not previously benefited directly from the lodging sector found significant new opportunities (Cunha & Lobão, 2022). Organizing event increase local economy and
enhance the destination’s brand image, attracting both residents and international visitors, and increasing tourism satisfaction (Kabiraj et al., 2021). Besides increasing tourism, organizing events can also boost the economy by attracting visitors to spend money on local services (Amorim et al., 2020). Typically, the economic benefits of organizing events are seen in the creative economy sector, including souvenirs, culinary products, snacks, coffee, and weaving crafts. However, this study shows that local homes can also be positively impacted by event organization. The total economic turnover reached IDR 1,206,000,000 in less than one month, demonstrating the significant economic impact of the ASEAN Summit. This influx of income from house rentals underscores the real impact of hosting an event at a destination. These findings align with previous research that indicates MICE tourism increases tourists’ length of stay, foreign exchange earnings, and additional income. Accessibility, venue quality, context and accommodation are important in the MICE tourism business (Klinmalai & Kaewlai, 2024). The experience of renting out their homes provided local residents with a new source of revenue and showcased the potential for further economic development through similar events.

Overall, the economic benefits extended beyond traditional tourism sectors, illustrating the broad-reaching impacts of hosting international events. This case study highlights the potential for local communities to capitalize on such opportunities, promoting sustainable economic growth and development.

5. Conclusion
Organizing an international-scale event necessitates a strong commitment from the host destination to ensure adequate accommodation availability. Addressing the supply-side shortage of accommodations during such events can be effectively managed by utilizing residents’ homes. The organization of events like the 42nd ASEAN Summit should aim to generate widespread positive economic impacts. By renting their homes to visitors, local residents can earn additional income and optimize the use of their facilities. The results of this study provide valuable insights into the economic impact of such events. The study’s objectives have been achieved by collecting and analyzing data related to the number of houses rented, rental prices, duration of rentals, and the total economic turnover during the event. New findings reveal that events like the ASEAN Summit significantly impact the housing sector in Labuan Bajo, with many residents benefiting financially by renting out their homes. However, a limitation of this study is the incomplete recording of all rented homes, primarily due to insufficient information. Future research should aim to capture a more comprehensive dataset to provide a clearer picture of the economic impacts. Additionally, this research can serve as a foundation for exploring other economic effects, such as those on MSMEs, culinary services, tour guide services, and liaison officers during major events. The findings of this research are expected to benefit various stakeholders in the tourism sector and contribute to the development of programs or similar activities. By highlighting the positive economic impacts of international events on local communities, this study underscores the importance of strategic planning and resource utilization to maximize the benefits of hosting such events.

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