Chapter 5
Tourism Entrepreneurs in Prawirotaman

Introduction

With Kampong Sosrowijayan, Kampong Prawirotaman is among the rare cases that affirm the ‘village-like’ character of Yogyakarta (Dahles, 2001:93). Similar to Kampong Sosrowijayan, the accommodation sector in Prawirotaman also falls under the category of non-star-rated accommodations but of a different quality. As suggested in the travel guidebooks, the guesthouses belong to the upper echelons of the inexpensive accommodations, less expensive than a hotel, but comfortable and with a simple breakfast included (Peeters et al., 1999:85). Tourists who stay in the neighborhood can directly experience the way people in a Javanese Kampong live. In fact, this is one of the reasons why many international tourists visit the city, apart from going to the other tourist attractions such as the Palace of the Sultan, Kotagede, Tamansari, Shinta, and the Borobudur although the last is located in Central Java but located close to Yogyakarta. As the market response was positive, the tourism businesses managed to develop well in Prawirotaman even though there was no support either from the national or the local level of the New Order Government and the government tended to put restrictions on their modes of operation (Dahles, 2001:94).

The guesthouse owners fully concentrated on their tourism business ventures after they gave up their batik factories, which used to be the dominant economic activity in Kampong Prawirotaman in the 1970s. With the positive response of the market, they enlarged their guesthouses; added more facilities, and expanded their businesses with tour and travel services, moneychangers, and restaurants. The business ventures seemed to be promising as international tourists kept flowing in and the name of Prawirotaman became increasingly well known among these tourists. The tourists gained access to information about the available accommodation, its prices, facilities, and locations from guidebooks like Lonely Planet,
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Periplus, and Indonesia Handbook, which wrote about the area (Peeters et al., 1999:93).

The situation changed rapidly after the series of crises, which sent the tourists away from Yogyakarta and caused serious problems to the tourism industry in the area. After almost a decade of crises, the tourism condition still had not recovered. In fact, the guesthouse owners in Prawirotaman were not prepared to face this kind of economic calamity. Since they made their living from tourism, the decline in the number of visitors signaled the start of serious business problems because they responded to the deteriorating conditions passively. Their choices of coping strategies were limited to subsistent strategies meant to sustain their businesses and their livelihood.

This chapter aims to investigate the guesthouse owners and their tourism businesses before and during the times of crises. This chapter starts with the history of Kampong Prawirotaman, but not before I have introduced my informants. Subsequently, I will discuss the transformation process from batik manufacture to tourism business in the first three sections and will give a description of the guesthouses business prior to the crises. As the main components of their business management, the marketing and employment management styles of the entrepreneurs will be discussed. The next sections discuss their experiences with the crises. In these sections, I will chronologically discuss the way the guesthouse owners coped with the series of crises, first after the monetary crisis in 1997, which was followed by the political and social crisis in 1998. Then I proceed with a discussion of their coping strategies after the first Bali bombing in 2002, and lastly I will discuss how the Yogyakarta earthquake in 2006 affected their tourism business and how the guesthouse owners coped with that.

My Informants

Prawirotaman was the first area of my field research at the beginning of 2005 and I returned to the area in 2006 after the earthquake. Together with two students of the Economics Faculty of Satya Wacana Christian University who were doing research for their bachelor thesis, I explored
the area. During my first field research in 2005, I managed to gather information from thirteen informants. After the earthquake in 2006, the number of informants I managed to interview dropped drastically to three. In the following paragraphs I will briefly describe the informants who contributed most information for this chapter.

My first interview in Prawirotaman was with the owners of the Shinta Guesthouse, which was established in 1994, located just a few steps away from the entrance to Kampong Prawirotaman. I stayed at the Guesthouse with the two students. Initially, we talked to Mas Eka, the son of Pak Warsito, the owner, who handled the guesthouse business. Mas Eka with his wife and their three year-old daughter lived in the same location as did Pak Warsito and his wife. Apart from Mas Eka, I also interviewed Pak Warsito and his wife. Before Mas Eka, the management was handled by his elder brother. However, he went to the USA in 2001 to work in a hotel and Mas Eka took over the management. There were sixteen rooms for rent in this cozy and nice guesthouse, which was equipped with bamboo furniture. There was also a swimming pool at the back yard.

On Mas Eka’s suggestion, I interviewed Pak Gatot from the Arso Guesthouse, which is located in Prawirotaman II and belonged to the Sumardi family. They had two guesthouses, which were located opposite each other. The first had a capacity of fifty five rooms while the second had twenty rooms and a swimming pool. The two sons-in-law (one of whom is Pak Gatot) and the youngest son in the Sumardi family managed the guesthouses together. The first guesthouse started its operation in 1982 and the second opened in 1990.

Next, I interviewed Pak Gondo, the owner manager of three guesthouses belonged to his family. He had one elder and one younger brother who both had other occupations and thus he was fully responsible for managing the guesthouses all three had inherited from their parents. During my stay at Citra Guesthouse, I also took the opportunity to talk to one of Pak

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1 Many Indonesians went to USA to look for jobs illegally especially after the social and political upheavals in 1998 their departure reached its peak in 2000s (KOMPAS, 11/10/2009).
Gondo’s senior employees, Pak Sukiran, who had been working for Citra Guesthouse for more than twenty years.

Opposite the Citra Guesthouse was Mas Cuk Guesthouse. The owner was Pak Cuk who managed the guesthouse together with his wife and their youngest son. The family had two sons but the first had a job in Kalimantan. They rented out eleven rooms and used three rooms for themselves. Pak Cuk started his guesthouse in 1990. Before that, he had done various jobs in different businesses. He had worked in batik processing, in a weaving company, and at the airport before he decided to start his tourist transportation business. Finally, he opened his own guesthouse in Prawirotaman.

A few steps from Mas Cuk Guesthouse were Lintang Guesthouse where I conducted an interview with Pak Sugiyono, one of the senior staff who worked for the guesthouse. He had been working for Lintang Guesthouse since 1983 and helped Ibu Sukirno, the owner, run the business. Since Pak Sukirno passed away in 1980 and after Ibu Sukirno passed away as well in January 2005, their five children, who lived in different cities in Java, inherited the business. One of them, Ibu Tik ran an antique shop in Solo and she was responsible for managing the guesthouse after her mother had passed away. Because she was too busy, I did not manage to have an interview with her. Instead, I gained information about Lintang Guesthouse from Pak Sugiyono.

A number of people provided additional information about the area and about the guesthouse businesses. First, I had an interview with Ibu Har, a kindergarten teacher who was also active in the RT (Rukun Tetangga) of the Kampong. She had been living in the kampong since 1959. At Prawirotaman, her father, who was a teakwood trader, owned a large piece of land, which by now had been inherited by his children. They rented out pieces of land for people from outside the Prawirotaman area who opened tourist facilities such as tour operators, shops, and restaurants. Second, I interviewed Aseng, the owner of Dragon antique shop in Prawirotaman. His shop was located opposite Citra Guesthouse. Third, I interviewed Mbak Nani and Mbak Narti who both were born and had grown up in
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Prawirotaman and who knew a lot about the area. Fourth, I interviewed Mas Warso, who ran Kakatua Travel Agency at Prawirotaman and was, at the same time, a Muslim religious leader in the area. He was well acquainted with the guesthouse owners in Prawirotaman.

Later, in 2006, when I returned to the area to find out about how they had experienced and coped with earthquake, I only managed to interview three people, Mas Warso, Pak Gondo from Citra Guesthouse, and Pak Cuk from Mas Cuk Guesthouse.

The History of Kampong Prawirotaman

Prawirotaman is a kampong with two parallel streets located at Kelurahan Brontokusuman, Kecamatan Mergansan in the southern part of Yogyakarta. Kelurahan Brontokusuman covers an area of 0.93 km² and consists of twenty RWs and eighty three RTs (Yogyakarta Province in Figures, 2009). Meanwhile Kampong Prawirotaman as part of the district covers more or less 0.2 km² with three RTs (Anggoro & Kun, 2000:23). From Prawirotaman, one can easily go to Kotagede, the center of silver crafts and to Parangtritis, the famous beach south of Yogyakarta.

Prawirotaman is a relatively quiet residential area. I never saw people in the neighborhood hanging around on the streets. According to Ibu Har, contacts among neighbors were limited in the kampong. The owners of the guesthouses on the main road of Prawirotaman were considered the elite and they tended to make sure that they did not become too involved in the activities in the kampong. However, they would not mind to give donations when necessary. It is a typical middle class urban area where people either are at work or stay inside their houses. When they went out of the area they generally used their cars or motorbikes.

My interview with Mas Warso revealed that the majority of the residents who live in Kampong Prawirotaman are Muslims but most of them were abangan. According to the statistics of 2001, there were 10,998 Muslims

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2 Abangan refers to followers of a more Javanized version of Islam or the so-called Kejawen (Magnis-Suseno, 1997:15-16).
out of a population of 12,469 while only twenty nine had finished a Pesantren\(^3\) education (Kawamura, 2004:2). Talking about the guesthouse owners in the Kampong, Mas Warso mentioned that Pak Gondo from Citra Guesthouse was among the few guesthouse owners who was religious and actively attended the mosque.

As I strolled along Prawirotaman I (one) Street where the first guesthouses had been established, I passed big buildings with brick fences that stood out because many of the other buildings were crowded and much smaller and functioned as shops, restaurants, transportation businesses, internet cafes, book rentals, and telecommunication services. Later on, I found out that the big buildings that generally functioned as guesthouses belonged to a group of people who were in some way related to each other. Their ancestor was an abdi dalem\(^4\) of the Palace of Yogyakarta. Meanwhile the majority of the houses or buildings belonged to migrants who had come after Prawirotaman had become a residential area. They rented out their land to people from other areas who opened tourism services such as travel agencies, money changers, and cafes and restaurants.

However, although the guesthouse owners were related to each other, they had limited personal contacts. They would meet only on formal occasions such as weddings or funerals. On different occasions, both Pak Gondo from Citra Guesthouse and Pak Warsito from Shinta Guesthouse expressed that they tended to shy away from intensive contacts and to avoid discussions about their business because they all had the same type of business. They tried to live in harmony although they competed with each other in order to attract guests to their guesthouses.

Just like any other old residential complex in Yogyakarta, the layout of Prawirotaman was related to the city plan the Sultan had designed in the past while abiding to the traditional structure of the kingdom. The Sultan

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\(^3\) A pesantren is an Islamic boarding school for Quranic studies for children and young people.

\(^4\) Abdi dalem are palace officials who originate from among the ordinary people. Their position in the Javanese community strata is right after that of the nobles (Selosoemardjan, 1981:26).
of Yogyakarta granted a piece of land to a military commander who led a platoon of soldiers and the commander subsequently bequeathed the land to his descendants. The place was named after the Prawiratama platoon he led. Many of his descendants still lived in the area and the majority of them run guesthouse businesses. As I visited a number of guesthouses, their shared ancestry was confirmed when I found the same picture of a man in his palace military uniform hanging on the walls of a number of guesthouses.

Doing business was not a new phenomenon for guesthouse owners in Prawirotaman as their ancestors had business experience for generations. In fact, the women from the upper class society in Yogyakarta initially started doing business. In about 1900, local entrepreneurs could be found in various communities such as Kotagede, Kauman, Tirtodipuran, Karangkajen, and Prawirotaman (Purwanto, 2004). The men worked as abdi dalem at the Palace while the women would make batik or traded in jewelry. Some even ran their own small or medium batik, gold, or silver businesses. The products were distributed in a limited fashion among high-class society and the women never moved beyond their own circles. Two or three times a week they would go to the market to trade (Selosoemardjan, 1981:101). In Prawirotaman itself, the women specialized in the manufacture of batik serving only high-class society and the Palace.

Local batik manufacture and the production of other products were booming in the 1950s when the national government implemented its Benteng Policy. One of the institutions which gained support from the government was the PPBI (Persatuan Pengusaha Batik Indonesia) or Association of Indonesian Batik Manufacturers. It was a batik cooperation whose members were batik producers. It was established in 1934, but did

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5 High class women were allowed to trade or to manufacture goods but they should not lower the prestige of their husbands and families who belonged to the respected groups in the society. They could only be involved in the batik and jewelry businesses because those two business areas were considered acceptable to high class women (Selosoemardjan, 1981:101).

6 Interview with Pak Joko Suryo, a historian from the Gadjah Mada University, 2 February 2008

7 Interview with Pak Joko Suryo, a historian from the Gadjah Mada University 2 February 2008. 'Politik Benteng' was a government affirmative program of the Old Order to promote ‘indigenous’ Indonesian entrepreneurs.
not develop well during colonial times. Dutch colonial government did not support the batik producers. The producers always had to buy batik materials from local Chinese retailers. During the Japanese occupation (1942-45) and several years after the Independence, the cooperation was not active. It started to develop when, in 1953, the central government gave the cooperation the monopoly on the import and distribution of cambric material – the major material used in batik production. Consequently, in Yogyakarta, the cooperative was the only institution that could distribute the cambric material to the batik producers and since batik prices were not restricted the PPBI members could earn high profits (Selosoemardjan, 1981:248-250).

The batik businesses in Prawirotaman were doing well due to government intervention. The sales of their products was not only limited to the local market but also included the national market. Merchants from big cities such as Jakarta, Bandung, and Surabaya and various cities in Sumatra such as Padang and Medan came to Yogyakarta to buy batik. These merchants even sometimes paid the producers in advance to make sure that supplies of the batik would run smoothly.

Local batik entrepreneurs in Yogyakarta enjoyed their prosperity until the late 1950s. However, in general they never thought about business expansion but rather invested their money in luxurious goods to increase their prestige in the society. New modern houses were built in many residential areas with a sign board in front of it saying “Batik Manufacture.” According to Selosoemardjan (1981), seven out of ten houses in this area had expensive cars and new fashionable furniture. Thus, government support had opened a new opportunity for the emergence of a new economic elite community in Yogyakarta (Selosoemardjan, 1981:250).

However, after 1959, the batik producers lost their privilege and the prosperous years of high profit came to an end. Since 5 July 1959, the government implemented strict control over the prices of the basic needs. Consequently, the batik producers in Yogyakarta and in other places were no longer allowed to sell their products at the free market prices. Most of the products had to be distributed through government cooperatives, or
through government controlled shops. The trade minister set up the prices of the small number of items, which could be directly sold to consumers (Selosoeumardjan, 1981:250). For a short period in the 1960s, the batik producers in Prawirotaman tried to diversify their products by producing weaving products which were cheaper than batik. However, they had to dissolve their businesses in 1964 when they could no longer procure subsidized yarn from the weaving cooperative (Kawamura, 2004:97). Conditions were becoming worse after the attempted coup d’etat in 1965. Besides the political problems, in 1966, inflation in Indonesia reached 636 per cent (Thee, 2004:54).

When the New Order regime came into power, the government launched a new economic policy which negatively affected the local textile industry including batik. The government allowed foreign investors to invest in Indonesia and also allowed the import of foreign goods on the Indonesian market (Kawamura, 2004; Purwanto, 2005). Consequently, traditional batik industries had to compete with Chinese-run weaving firms and Japanese joint venture industries (Purwanto, 2005:3-4). The new textile manufacturers used printing machines as new production methods to boost mass production. They produced printed batik material with an enormous variation in design and colors and could sell at lower prices compared to that of stamped and handmade batik (Kawamura, 2004:82).

Furthermore, at about the same time, a trend existed in the society not to wear traditional dress such as kain, sarung, selendang, and stagen\(^8\) but modern, western dress, and to switch from cotton to synthetic materials, also contributed to the collapse of traditional fabric industries (Hill, 1992:7). My informants gave the same reasons when they discussed about the decline of the batik industries in Prawirotaman. Due to slack market conditions, the sale of handmade batik from Prawirotaman declined. During an interview with Pak Warsito from Shinta Guesthouse, who used to be involved in the batik business, expressed that when the batik sales were declining, batik producers needed three times more capital than before. The reason was that the buyers tended to buy the batik products on

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\(^8\) Kain, Sarung (Sarong), selendang (a kind of long shawl worn over one’s shoulder) and stagen (women’s waist sash) are parts of traditional custom for Javanese women.
credit. Consequently, the producers should have had more money to top up material and production cost. The slack batik business condition had forced many traditional producers to switch to other businesses.

Since the 1970s, the batik producers in Prawirotaman have been involved in different kinds of businesses. According to Pak Warsito, after the decline of the batik business, 70 per cent of the batik producers in Prawirotaman switched to chicken breeding. Pak Warsito himself ran a chicken breeding business for about ten years. However, the new business did not run well for two reasons. First, many of the chicken died due to widespread chicken diseases. Second, when a number of people began to receive tourists in their houses, they complained about the chicken stench. Avoiding conflict with their neighbours, most chicken breeders jetisoned their business for other business activities. Pak Warsito, for example, had changed his business several times before he arrived at the current business. After giving up his chicken breeding, Pak Warsito involved in selling batik paintings, while at the same time renting his car to transport tourists around Yogyakarta. He finally opened a guesthouse in Prawirotaman. Others, such as the Sumardi family produced soft drinks for local consumption before they opened Arso Guesthouse in 1982.

When tourism was flourishing in Yogyakarta in the 1970s, the late Pak Sukarno, the owner of Pajajaran Guesthouse, initiated the tourism business in Prawirotaman. He started his business by opening a lodging for international tourists. Before, he used to work for a travel agency therefore he sensed a bright future of opening a guesthouse in the area after observing the trend of tourists coming to Yogyakarta. Pak Sukarno, then decided to convert his house into a guesthouse. It was not too difficult because he had experience in accommodating a number of Indonesian Air Force staff before he switched to the guesthouse business. Pak Sukarno’s brother, the owner of Lintang Guesthouse, was the next businessman to open a lodging business for tourists in the area. Their success motivated other ex-batik producers to follow in their steps and turned their houses into guesthouses too.
The tourism business was developing well in the area and many people earned a good living from the business. The guesthouse owners managed to expand their businesses and to add more rooms. People from outside the area were also interested in opening supporting businesses for tourists such as cafes, restaurants, bike and motorbike rentals, travel agencies, and book rentals. The area became very crowded during tourist peak seasons.

From Batik to Tourism

After having lived under uncertain economic conditions since the batik business declined, entrepreneurs in Prawirotaman thought that tourism was a more stable source of income. They responded to the flow of international tourists to their area by providing accommodation for them. The tourist flow to Prawirotaman was steadily increasing since the 1970s and reached its peak in the early 1990s. Generally, the entrepreneurs enjoyed prosperity from the tourism economy for almost two decades after the establishment of their accommodation businesses.

Prawirotaman perfectly met the needs of international tourists who came in the middle of the 1970s. At the time when tourism started to develop in Prawirotaman in the mid 1970s, the trend was for tourists to travel in groups arranged by travel agencies. Compared to tourists coming to Yogyakarta in earlier days, the latter group generally required higher standards in terms of accommodation such as nicer rooms, better facilities, and also excellent services. The Prawirotaman area as a middle class compound with its quiet atmosphere and spacious old fenced houses with many rooms and gardens was able to satisfy the tourists who came and stayed with them.

Entering a number of guesthouses in Prawirotaman, I could sense a strong atmosphere of Javanese culture in the houses. They made no great modifications to the main buildings but added more rooms for the guests at the back of the main house. They still maintained the arrangement of the ‘batik houses’ – a mixture between Javanese and colonial architecture. The houses were dominated by wooden ornaments and high ceilings, which
The lodgings in Prawirotaman can be categorized as middle-class accommodation and my informants preferred to call them guesthouses. They may have preferred the designation ‘guesthouse’ because the word *Losmen* or *Melati Hotel* in the Indonesian language refers to small and cheap hotels while the category hotel was also not quite suitable for their places as they were too small and they resembled residential houses. Four out of five guesthouse owners in my research stated that they had more than fifteen rooms in their guesthouses while only one had fewer rooms. All except one provided the guests with quite good facilities such as air conditioners or fans, and indoor bathrooms with showers or sometimes bath tubs. It was also very easy to find guesthouses with swimming pools in Prawirotaman. The rooms were generally spacious and equipped with quite a nice bed, side tables with night lamps, a dressing table, and a cupboard. The room rate in Prawirotaman was relatively higher than in Sosrowijayan. A guest would have to pay approximately between Rp. 75,000 to Rp. 250,000 per night (Approximately USD 7.7 – 25.7 in 2005).

The guest rooms are located at the back of the main building with the swimming pool in the middle if there is one. The owners hardly made any close contact with the guests and managed the guesthouses formally. To give an impression of professionalism, every guesthouse has a lobby with reception desks. As guests entered, receptionists in their uniforms would welcome them. After guests had checked in, welcome drinks would be served.

Most guesthouses in Prawirotaman were family owned. In my research, all the five guesthouses belonged to either a single family or to several families. In all cases, the manager of a guesthouse was at the same time the owner or one of the owners. The older generation such as in two of my cases, still exerted strong influence in the business management, although they had retired. My informants expressed that an important aspect in the
business was that the final decision regarding the policy of the business remained in the hands of their parents. When their parents had passed away such as in the other three cases, the business would be passed on to the next generation but was managed by those who continued to live in Yogyakarta. In one case, where the owner also had another job she managed her guesthouse with the help of her senior staff.

In my research, only one guesthouse was managed by a female manager. When parents were becoming old, they usually preferred to delegate the management of their business to their sons rather than to their daughters. This is especially evident among guesthouse owners who had both sons and daughters. It was not an issue for two guesthouses in my research because they only had sons. However, it was clear in the other three guesthouses but each had its own peculiarities. The last three guesthouses had different policies about who should be in the position of manager. In one guesthouse, the role of manager was given to the sons while their daughters helped with the financial management and the operational side of the business. In another guesthouse, the role of managers was in the hands of their first two sons-in-law and the youngest son of the family. An exception was in the case of Lintang Guesthouse. The owners had both sons and daughters but they delegated the position of manager to one daughter who lived nearby and who was relatively more flexible with her time than her brothers. In the last case, the children did not depend on the guesthouse for their income because each was engaged in professional occupations.

Four out of five guesthouse owners in my research developed their business gradually. Only Pak Warsito of Shinta Guesthouse expressed that he built a sixteen-room guesthouse in 1994 because he was cooperating with a Belgian investor, Mr. Wolter, who was interested in investing money in the tourism business in Prawirotaman. According to Pak Warsito, before they started their cooperation, Mr. Wolter made friends with his son – Mas Didit. Mr. Wolter was a tour leader who regularly brought tourists to stay at a guesthouse located just two houses away from Pak Warsito’s. When Mr. Wolter was interested in starting a tourism business in Prawirotaman, Mas Didit introduced him to Pak Warsito. The cooperation started with a restaurant in early 1984. When the cooperation ran smoothly, Mr. Wolter
was willing to invest more money in an accommodation business. Pak Warsito was the owner of the land and the building and managed the business while Mr. Wolter worked out the marketing strategy for the guesthouse. The income would be divided equally. Meanwhile the rest of my informants stated that they started with only a few rooms and gradually added more and more rooms. For example, Mas Cuk Guesthouse started with five rooms in 1990 and ended with eleven rooms in 1994. Arso Guesthouse started with five rooms and ended with seventy five rooms at two different locations. Four of my informants also built swimming pools apart from adding more rooms for rent. Only Mas Cuk Guesthouse did not have a swimming pool but then the owner also set lower room rates compared to the others in the alley.

Similar to what I found in Sosrowijayan, all informants were very careful about applying for bank loans. To start their business, they used their savings and two mentioned that they only applied for bank loans when they needed money to expand their guesthouses. It is understandable that without any experiences in the tourism business, it would be too risky to borrow startup capital from the banks. After a couple of years in the business, and when they were optimistic about the tourism development in the area, they added more rooms to their guesthouses and applied for bank loans to realize their plans. They said that they experienced a tourist boom in the 1980s and the 1990s. Even Pak Cuk from Mas Cuk Guesthouse recalled that in those years, during the holiday season, tourists had to sleep on the terraces of the guesthouses waiting until they could get rooms. I could imagine that with such blooming business guesthouse owners decided to add more rooms and, in order to accelerate the expansion and not to lose momentum, they chose to use bank loans to realize their plans.

However, not all entrepreneurs in Prawirotaman had the courage to take the risk of borrowing money from the bank for their businesses. One of my informants, Pak Warsito of Shinta Guesthouse, decided to go slow but safe in his business since he had had a bad experience with bank loans when he had his chicken breeding business after the batik industry had declined. His business did not go well while he already had loans from the bank. With that experience in mind, he was more cautious with bank loans.
Consequently, he could not start his business as early as the other entrepreneurs in Prawirotaman since his house, where his family with four children lived, was relatively smaller than the others so that it was difficult to welcome tourists without adding more rooms. One of his sons and his family also lived in another house in the same complex. He only started his tourism business after he had met Mr. Wolter. Before continuing with a description of the guesthouse businesses in Prawirotaman, table 5.1 briefly presents their profiles.

Table 5.1 Guesthouse Business Profiles at Kampong Prawirotaman

<table>
<thead>
<tr>
<th>Name of the guesthouse</th>
<th>Starting the Guesthouse</th>
<th>No. of Guesthouses</th>
<th>Number of rooms</th>
<th>Family ownership</th>
<th>Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tours</td>
</tr>
<tr>
<td>Citra Guesthouse</td>
<td>1977</td>
<td>3</td>
<td>67 (35,22,10)</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Lintang Guesthouse</td>
<td>1975</td>
<td>1</td>
<td>22</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Arso Guesthouse</td>
<td>1982</td>
<td>2</td>
<td>75 (40 &amp; 35)</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Mas Cuk Guesthouse</td>
<td>1990</td>
<td>1</td>
<td>11</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Shinta Guesthouse</td>
<td>1994</td>
<td>1</td>
<td>16</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: Research fieldwork data 2005-2006

The guesthouse owners in my research generally did not stop at having just one business but expanded to other businesses. The guesthouse owners at Prawirotaman slowly learned about the tourists’ needs from the experiences serving them. As time went by, besides providing accommodation for the tourists, in order to maximize profit gains, they also provided tourists who stayed in their hotels with travel services, moneychangers, restaurants, and laundries. However, these additional businesses were not registered. They only registered their main business in the accommodation services. Therefore, they could flexibly open and close the other services depending on the market situation without having to think about the taxes they should have paid if they had registered their businesses.
Five guesthouse owners in my research ran travel services. Their travel services were limited to transportation by minibuses to all destinations. When a tourist needed a guide, he was provided on request. The routes for tours were conventional – to Prambanan Temple, Borobudur Temple, and the farthest destination would be Mount Bromo in East Java. They never tried to offer alternative destinations. If the tourists wanted to go to Bali, the drivers only dropped them in Bali. In Bali, the local travel agencies would handle the rest of their trips, as the drivers from outside Bali were not allowed to drive tourist over there. Sometimes they also acted as agents of travel bureaus for airplane or train tickets. From the travel bureaus, they would receive some commissions.

Moneychangers were also available in every guesthouse. The moneychangers were only open during peak seasons. They cooperated with licensed moneychangers and they would receive commissions from them. However, my informants expressed that lately this business was not very good especially when bigger and more professional moneychangers were flourishing in Yogyakarta. They could give tourists better exchange rates and most of the time tourists preferred to go to them or they went to a so-called ATM (Automatic Teller Machine) or money dispensers. Furthermore, the tourists who came to Yogyakarta were more experienced because many of them had been to Yogyakarta more than once. Sometimes they received tips and information from other people who had experiences in traveling to Yogyakarta. Therefore, with many motorcycle or car rentals and other cheap public transportation in the area, tourists could easily move around on their own.

When they had first been established, two guesthouses in my research used to run restaurants. My informants stated that basically the motivation to build restaurants was to serve tourists who stayed at the guesthouses because in the 1970s, there were hardly any restaurants in the area. Then from the 1980s to the 1990s supporting tourist facilities such as restaurants, transport services and souvenir shops mushroomed. With this trend, one by one they decided to close their restaurants and to concentrate on other businesses.
The following case study on Citra Guesthouse as told by Pak Gondo, the owner manager, represents how guesthouses formed new sources of income generation after the batik business had declined and how, as a family business, a guesthouse was managed.

After the batik business had slackened, Pak Gondo’s parents had to think of side businesses to support their family. They ran the batik business from 1946 until 1980. In 1974, they started with chicken breeding because the batik business was no longer profitable. Some of the bamboo racks for drying the batik cloth were used for making the chicken coops. However, they were not successful with the business. Pak Gondo’s parents turned to the boarding house business following other batik entrepreneurs in Prawirotaman who have previously started with theirs. They rented out three rooms in their house. Since the decline of the batik business, many rooms used for storing batik material were empty.

From the boarding house business, they slowly switched to their guesthouse business in 1977. The business was growing pretty well. They started renting out seven rooms and added more and more rooms until they managed to have thirty five rooms in the first location. In 1986, Pak Gondo’s uncle sold his land at a low price to his family because his contractor business went bankrupt. Pak Gondo’s family used it to expand the guesthouse in the first location. In 1987, again they bought half of the land that belonged to Pak Gondo’s relative – a chicken breeder who also went bankrupt. The land was located right at the back of their first guesthouse in Jalan Prawirotaman II. They built Bayu Homestay in this location adjacent to Citra Guesthouse. Later, the family built a third guesthouse – Wilis Garden with ten rooms located in Jalan Timuran just a few steps from the first two guesthouses, which was launched in 1995. Talking about capital to build the guesthouses, Pak Gondo admitted that at the beginning, they only relied on their savings. However, when they were expanding their business, they borrowed money from the bank. Pak Gondo could obtain easy credit facilities because his wife worked for one national bank in Yogyakarta. However, he said that they had paid back all their loans and had avoided applying for new loans since the crisis.

For different guesthouses, they aimed at different market segments. The most expensive called Wilis Garden was built the latest. In this place, the rooms were bigger and looked out on a nice garden and there was a quiet environment. Then, in terms of price, followed Citra Guesthouse – the oldest with moderate room rates and the cheapest was Bayu Homestay with smaller but convenient rooms. In every guesthouse, Pak Gondo provided a swimming pool for the guests.

In addition to the accommodation business, they also had various supporting businesses. In the beginning of the establishment, they had a restaurant to serve tourists who stayed in their hotels because there were no restaurants in the alley. However, they closed the restaurants when many were opened in the area. The moneychanger was only open when there were many tourists. Since 1981, they also rented out three minibuses for tours for which they only hired one full time driver who was paid monthly but every time he would drive he would get a ten percent commission from the price of the tour. Besides cars for tours, they also had two taxis, which they rented out to drivers.

In Pak Gondo’s family there are three children and he is the second. His parents managed to send them all to university and after they graduated they found good jobs. The eldest is a government officer in Yogyakarta and the third works for a private company in Jakarta. Although Pak Gondo is not the eldest son, he was given the responsibility to manage the Guesthouses in Prawirotaman. He said that his two brothers were more interested in other occupations. One works as a government officer in Yogyakarta while the other is working in a company in Jakarta. His elder brother who works in Yogyakarta occasionally helped with the management of the guesthouses.
Pak Gondo’s story tells the typical tale of entrepreneurs in Prawirotaman who switched from batik manufacture to the tourism businesses. They slowly developed their guesthouse business in response to the tourism development in Yogyakarta in the 1970s.

**Marketing Strategies**

The guesthouse owners in Prawirotaman relied most of the time on their networks to promote their guesthouses similar to what I found in Sosrowijayan. In principal, they only wanted to indulge in cheap promotion. Only one informant, Pak Gondo from Citra Guesthouse set money aside to join travel shows both in Indonesia and abroad such as in Malaysia and Singapore. All informants mentioned the importance of the word of mouth method as a tool to create customer chains. Apart from that, their promotion tools were limited to putting up signboards in front of their guesthouses, to printing business cards and brochures, and to using the internet. Furthermore, in order to widen their market, hotel owners also tried to link up with various networks. With the help of travel writers, my informants’ guesthouses were eventually mentioned in foreign guidebooks. To attract tourists who came in groups led by tour leaders, they used to have special contract rates for foreign travel agencies through foreign tour leaders. Meanwhile, to penetrate the individual tourist market, they relied on becak drivers and freelance guides as intermediaries. The following table shows the marketing strategies the different informants chose.
Generally, my informants did not take any detailed actions to ensure the satisfaction of their guests. In my research, only two informants mentioned that they took the customers’ satisfaction seriously. They made efforts to keep up to date with the customers’ satisfaction because when the customers were satisfied they would promote their guesthouses to others. One guesthouse owner even went about this in a very structured way. He distributed questionnaires to the guests who stayed at his place. He called his questionnaire “Efficiency Report”. The questions concerned nationality, number of nights the guests stayed, types of rooms chosen, how the guest learned about the place, the guest’s impression about the services, the staff, the room equipments, the swimming pool, the breakfast, and the cleanliness. Besides that, he also wanted to know about the overall strengths and weaknesses of the guesthouse in the eyes of the customers.

To attract tourists who passed in the alley, all the guesthouse owners put signboards in front of their buildings. Generally, seen from the outside, the guesthouses did not look like lodgings because they had not changed the exterior part of the buildings in any meaningful way. The buildings looked just like any other house in the alley. Therefore, the signboards helped the guests who were looking for accommodation.

The guests could also pick up business cards and brochures from the guesthouses to take with them. Similar to those of the losmen in Sosrowijayan, the small business cards contained all the information
needed before tourists made a reservation to stay at the guesthouses. On the business cards and in the brochures they included information about room rates, facilities, and also addresses, contact phone numbers and/or fax numbers. Guesthouse owners put the brochures and the business cards at the reception desks so that tourists could easily pick them up. When the tourists left, guesthouse owners would be very glad if they were willing to bring a number of brochures or business cards with them. The idea was that the tourists would give the business cards or brochures to other tourists they met and who might be potential customers for the guesthouses.

Two guesthouse owners of the five in my research decided to apply direct marketing by approaching tourists at their points of arrivals. They only did this when their guesthouse had recently been established. They were at that time young, energetic university students. They may have seen Sosrowijayan as their competitor because it had developed earlier as a tourist centre so the area was well-known among backpackers and the location was moreover much closer to the train station. In order to promote their existence, without any budget allocation for promotion, they persuaded individual tourists who just arrived at the airport, bus terminal, or train station to join them and to stay at their guesthouses. They did not have too much trouble using this strategy. Some tourists may have had a plan about where they would stay, but others still needed to decide and they would be happy with this pickup service after a long tiring journey.

During the tourists’ visits, the guesthouse owners were able to set up their networks using intermediaries such as becak drivers and tourist guides at those points of arrival. They entered into a cooperation agreement with these relations. The intermediaries would bring tourists to their guesthouses and would be paid a commission as a reward. For domestic tourists, the intermediaries would receive 10 per cent commission of a one-day room rate, while for international tourists they would receive 20 per cent. To bring international tourists was considered more difficult because they had to speak English and thus they received a higher commission. In one case, to strengthen the relationship, the guesthouse owner was even willing to engage in more than business-like relationships with a number of
intermediaries who had especially good work performances. He tried to bind them through a patron-client relationship by giving them financial support when they were in need. They sometimes came to him to borrow money in times of emergency such as when a member of the family was sick or when they had to pay their children’s school fee, for example. For him, it was not a “free lunch” as he would judge the performance of the intermediaries and would determine how much he would give accordingly. Eventually, the two guesthouse owners were not the only ones who used the services of the intermediaries. The other three informants told me that they also paid commission to intermediaries such as guides, becak and taxi drivers when they brought guests to their places.

The arrival of internet technology also helped the promotion of the guesthouses for free. However, it seemed that not all guesthouses utilized this technology for their promotion. I could find the names of my informants’ guesthouses on different websites on the internet but only one had created a website especially for his guesthouse. It showed some pictures of the guesthouse and provided some information about the guesthouse and its facilities. Although the quality of the promotion on the web was still very basic, it may have helped introduce their guesthouse to a wider public.

When the guesthouses at Prawirotaman were mentioned in a number of international guidebooks it had a positive impact on their business. It was by coincidence that all my informants had their guesthouses recorded in the guidebooks. According to my informants, foreign guidebooks helped the guesthouses in the area in their international promotion. They admitted that guidebooks such as the Australian Lonely Planet, or the French Guide du Routard and the German Anders Reisen played important roles in the provision of reliable information to backpackers – the segment catered for by the guesthouses in Prawirotaman.

Besides targeting individual tourists, group tourists were another market, which was important for the guesthouses in Prawirotaman. In the late 1970s to 1980s many travel agencies used the accommodation facilities in Prawirotaman to accommodate tourists who had bought package tours. Although they normally came only during the holiday season, income
earned from them was quite good because they came in groups. They bought package tours from travel agencies in their countries of origin, had specific tour programs, and the accommodation in Yogyakarta was also arranged in advance. They were under the guidance of a tour leader and when they arrived in Yogyakarta, he would manage their trips in cooperation with the locals such as *becak* drivers and other transportation services.

Efforts to attract foreign group tourists had to be done by establishing links with travel agencies. Generally, guesthouse owners tried to link up with travel agencies abroad through the help of the tour leaders or by contacting them directly. Guesthouse owners would eventually form their own networks with the tour leaders who regularly guided tourists. More than 50 per cent of my informants mentioned that they took the opportunities to approach tour leaders. They realized that they were in the position to recommend their guesthouses to the travel agencies and so they had to treat them well. One service that guesthouse owners generally mentioned was that tour leaders stayed in their rooms free of charge. The guesthouse owners sent the contract rates to the travel agencies through the tour leaders, so that if they came to an agreement, the guesthouse owners could expect a regular flow of tourists for certain periods of time. They could not always renew their contracts when they had ended, because sometimes tour leaders found a new place for the next groups. The relationship between the tour leaders and the guesthouse owners was fluid and the tour leaders were free to inspect other guesthouses in the area and to recommend another guesthouse to their travel agencies. Besides going through tour leaders, some had wider links with travel agencies abroad by sending them letters of offers directly.

In the following, I present an example of the way Pak Gondo managed his guesthouses. He put all his efforts into attracting customers to his place.
Discussing about marketing strategies of his guesthouse, Pak Gondo expressed that he always tried to find ways to introduce customers to his guesthouse. For example, when his guesthouse had just been established in 1977, Pak Gondo often spent time waiting for tourists at points of arrival and offered them to stay at his guesthouse. If they agreed, he would drive them to the guesthouse.

He always moved from one tourist arrival to the next and he did this more often during the low season. At night, either he would wait for tourists who used the night buses, which arrived at 2 a.m. at the bus station or he waited for the Safari or Wisnu trains at the train station. He would not mind sleeping at the station just to wait for the tourists before they arrived. In the afternoon, he would go to the airport. He knew the owner of a travel counter so that he usually waited for tourists over there. When the sales person could find the tourists for the guesthouse, Pak Gondo would pay him some commission. Pak Gondo usually stayed at the airport from morning until 2 p.m. after which he would go home for lunch. After lunch, he would go to the train station to wait for the train which arrived from Bandung at 3 p.m. and then he return to the airport again.

Paying a small amount of money, Pak Gondo was able to rent a counter at the airport and to hire a sales person between 1983 and 1987. He and the sales person took turns waiting for tourists at the airport. However, when a new airport director was appointed, the policy changed drastically. The new director saw an opportunity to make money from the counters. The counters were not rented out anymore, but were managed by airport management and the guesthouse owners had to pay a commission for every guest sent to them.

Since he regularly spent time at the tourist points of arrival, he came to know tourist guides and also becak drivers. Later on, he relied on them to take tourists to his guesthouses. He would give them fifteen percent commission of the price of a one-day room rate. He did not make a difference whether they brought foreign or domestic tourists.

As an entrepreneur, Pak Gondo never missed a chance to promote his guesthouse. In 1984, in the afternoon or in the evening after he had worked on his fields in Gombong, he would go to the train stop and would run from one coach to the next to hand out brochures of his guesthouses to international tourists. He had to do it fast because the train stopped only for 3-5 minutes. He said that even now, he always brought brochures of his guesthouses wherever he went and would hand them out to tourists he met. If they were interested, they could join him to go to the guesthouses because his family would pick him up at the airport by car. For him, it was a cheap way to promote his business. He passes his marketing skill to his son.

When internet became widely used, he also designed websites for his guesthouses. He learnt that many international tourists had access about accommodation and other information through the internet. At the beginning, tourists could only access the information but now they could also book rooms in his guesthouses through internet.

With the help of travel writers, his guesthouses were also mentioned in the guidebooks, which had a great impact on the number of tourists who stayed at his guesthouses. According to Pak Gondo, besides information from relatives and friends, many tourists stayed at his places because they learned of these guesthouses from guidebooks. The information from the guidebooks was reliable because the authors told what they had experienced themselves or what they have learned from the information from the tourists they interviewed. The authors came every two years to check on room rates and the quality of the guesthouses to keep their books up to date. Once he had a guest who was a guidebook writer who refused when Pak Gondo offered him a free room. The book writer explained that he would not accept the offer otherwise he would not be objective in writing about Pak Gondo’s guesthouse. He explained to Pak Gondo that if he did not give the right information, no one would buy his books anymore. Furthermore, he said that the guidebook was also free from advertisements.

Over time, increasing numbers of tourists came to his guesthouse and he stopped going to the arrival points towards the end of the 1980s but relied more heavily on the services of his intermediaries. After a couple of years also group tourists came from travel agencies mostly in
Europe such as from Italy, Belgium, Holland, and also, but in less numbers, from other countries such as Australia, Canada and the United States.

He took the opportunity to establish links with travel agencies abroad. First, he did it through the tour leaders who led the groups of tourists or he sent letters of offers directly to travel agencies abroad. He would negotiate the room rates with the tour leaders, and would write the agreement in the form of contract rates for certain periods of time. He let them mark up the price when they sold the rooms to their customers. Besides that, he also tried to establish direct links with travel agencies abroad. In this case, he had a unique strategy. When many international tourists stayed at his hotel, he would inspect the stickers of the travel agencies stuck on their luggage and would write down the addresses. With these addresses in hand, he would contact them and send letters of offers. This might result in a business partnership or might fail, but the point for him was that he had to try whatever he could in order to attract customers to come and stay at his guesthouses. Second, he sometimes joined travel exhibitions both in Indonesia and abroad but all were in Asia such as Singapore and Malaysia. From there, he got to know many more international travel agencies.

Eventually he managed to cooperate with various travel agencies both foreign and Indonesian. However, he said that he limited his cooperation with Indonesian travel agencies because they tended to postpone payment to sometimes two months, three months, six months, even a year or they did not pay at all. Therefore, he only cooperated with the ones he really knew were reliable. According to him, it was different when he cooperated with many travel agencies from abroad. Most of the time, they always paid their bookings in advance.

For him, it was necessary that he had links with many travel agencies because he had to compete with many other hotels. Although they were categorized as non-star rated guesthouses, the room rates were similar to those of one or two star rated hotels in Indonesia. They were his tough competitors on the package tour market.

However, he also expressed that sometimes customers chose his guesthouses for the atmosphere and the personalized services, which they could not find at star-rated hotels. He sometimes communicated with his customers. His employees could also interact with the customers although not as freely but in any rate, the atmosphere was less formal than in star-rated hotels.

He further said that he also had other purposes while he talked to his customers. He wanted to know about his competitors not only in Yogyakarta but also in other places. He liked to ask questions about their favorite hotels and why they liked it there. He used their information as feedback to improve his services and the facilities in his guesthouses. He hoped to serve his customers better so that they would be glad to voluntarily promote his guesthouses to people they knew.

Just like other guesthouse owners, Pak Gondo did not want to spend too much money on promotion, but he creatively managed the available sources and opportunities to make sure that customers came to his place.

**Guesthouse Employment**

The operational management of the guesthouses changed over the years. When the guesthouses were first opened, the entrepreneurs and their relatives were involved in the actual operation of the businesses. They had
Tourism Entrepreneurs in Prawirotaman

to move flexibly from one task to another starting from carrying the tourists’ luggage until serving their meals and dealing with payment and transactions. Their intimate involvement in the actual operation of the business was meant to save labor expenses because of the highly fluctuating market. In almost all of the cases, as the business developed, the owner manager and his family members or relatives would become involved exclusively in the management of the business. For the operational side they would rely exclusively on hired laborers.

Even though the business became more established, the involvement of family members and the relatives was still considered important especially to secure key management positions. Only in one guesthouse, the business was managed solely by the owner manager with the help of a senior worker who had no family relationship with the employer but had worked for the company for more than ten years. The remaining four guesthouse owners relied on wives, children, siblings, and mothers to occupy key management positions such as the financial management or service labor supervision. Table 5.3 shows the family involvement in the business of the guesthouses.

Table 5.3 Family Involvement in the Management of the Guesthouse Business in Prawirotaman

<table>
<thead>
<tr>
<th>Name of guesthouse</th>
<th>Spouse</th>
<th>Parents</th>
<th>Children</th>
<th>Brother/sister</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citra Guesthouse</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mas Cuk Guesthouse</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shinta Guesthouse</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arso Guesthouse</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lintang Guesthouse</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

Source: Research fieldwork data 2005-2006

Although they were generally moving towards professionalism, human resources were still managed flexibly. To give a professional impression to the guests, in every guesthouse there was a reception desk with one or two receptionists wearing a batik uniform who welcomed the guests with standard hospitality. They were especially responsible for room
reservations, bookings, and dealing with customers’ requests and complaints. Apart from the receptionists, guesthouse owners also positioned the workers in certain sections. To make it easier to supervise them, they made their workers responsible for specific jobs but job divisions were by no means rigid. Whenever necessary they could easily require them to move temporarily to another job when they were short of labor in a certain section and they were redundant in other parts. Every laborer was expected to be flexible and willing to perform any tasks required.

The guesthouse owners in Prawirotaman tended to hire many unskilled workers to help with the day-to-day business operations. The workers worked in three different shifts – from morning to afternoon, from afternoon to late evening, and from late evening to morning. Fewer people (usually between two to three) worked the last shift. I found only one special case, Mas Cuk Guesthouse, in which Pak Cuk, the owner, with eleven rooms hired only one laborer and the rest were family members. The whole family helped with the operational aspects of the business. My informants explained that the laborers had to perform different tasks in the guesthouses. Besides taking care of the rooms, they also had to do the cleaning, serving the guests, washing, gardening, helping in the kitchen, helping with simple repairs such as fixing the roof, water taps, or broken lamps, etc. The laborers were expected to have multiple skills. Hiring many laborers is a very common phenomenon in Indonesia since laborers are cheap but they are also very unstable. The turnover tends to be high. People may work for a few days or even a single day and then leave. However, it seemed to me that with the labor management they applied, the expenses for laborers became high and the guesthouse owners also ran the risk of having surplus laborers during low seasons, which had negative effects on their economic position. Table 5.4 shows the number of laborers hired by the guesthouse owners at Prawirotaman before the crises.
Table 5.4 Number of Employees Hired by Guesthouse Owners at Prawirotaman

<table>
<thead>
<tr>
<th>Name of the guesthouse</th>
<th>No. of Laborers hired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citra Guesthouse</td>
<td>60 (for three guesthouses)</td>
</tr>
<tr>
<td>Mas Cuk Guesthouse</td>
<td>2</td>
</tr>
<tr>
<td>Shinta Guesthouse</td>
<td>16</td>
</tr>
<tr>
<td>Arso Guesthouse</td>
<td>30 (for two guesthouses)</td>
</tr>
<tr>
<td>Lintang Guesthouse</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Research fieldwork data 2005-2006

In order to recruit workers, all the guesthouse owners in my study preferred to use informal contacts and to recruit people they knew personally or who were recommended by people they trusted. They may have recruited people who lived in the neighborhood or, if they recruited workers from other areas nearby such as Bantul or Gunung Kidul, they would use their networks of friends and relatives. It was also possible that senior workers recommended members of their families, relatives, and friends. Through these strategies they expected to limit problems caused by misbehavior such as dishonesty or morally unacceptable conduct among their workers, which might cause trouble.

In all the cases I studied, the guesthouse owners did not require many qualifications from their workers apart from personal qualities. Formal tourism education was only required for receptionists who had to have at least finished their senior high school and had to be able to communicate in Basic English. Although my informants admitted that receptionists were very important in the management of the guesthouse because he or she was the first to be in contact with the guests, they did not think of hiring any professional employees. Low labor cost was the reason behind their recruitment policy. Pak Gatot from Arso guesthouse said: ‘Ideally, we should recruit graduates from the Tourism Academy for receptionist positions, but it would be too costly if we do so’. All guesthouse owners believed that honesty was embedded in the idea of good service provision apart from other qualities such as friendliness and hard working.

As the guesthouse owners emphasized personal qualities and not skills, close supervision was considered important especially during the first
weeks after recruitment. They admitted that both the owners and the senior workers were responsible for the supervision of the rules of conduct and the routine. The workers acquired skills through working experiences. When they had mastered these skills well, they were really valuable assets for the enterprise.

To ensure that experienced workers would stay, guesthouse owners felt obliged to pay attention to their welfare. Welfare concerned not only the financial aspect but also extended to social relations. Salaries might not meet the standard minimum wages set by the government, which was Rp. 400,000 per month (approximately equals to USD 41) in 2005. For example, at Shinta Guesthouse, a laborer earned between Rp. 200,000 to 300,000 per month (approximately USD 21-31) depending on their work performance and how long they had been working for the guesthouse. However, apart from their salaries, the employers also gave them other remuneration like an extra allowance for celebrating *Idul Fitri* and bonuses when the occupancy rate of the guesthouses was high. When at work, the employers also provided them with their daily meals, and provided rooms for single workers who lived far from the area. Pak Gatot of Arso Guesthouse even felt obliged to maintain good relationships with the families of his workers. He visited them and their families during Idul Fitri. Occasionally he would invite the families to have a party.

The dynamics of the labor and operational management in the guesthouses will become clearer with the following illustration. I will continue with my description of the way Pak Gondo and his family, the owners of Citra Guesthouse managed their workers and how they ran the business operations in their guesthouse.
At the beginning of the establishment, Pak Gondo's family only hired a few workers. Since the beginning of the establishment, besides his parents, he was the one who had always been involved in the operation of the business. During the peak season, he would be busy helping his parents by serving the guests but during the low season, he would be busy looking for customers at the points of arrival. Amused he recalled that this was one of the reasons why it took him thirteen years to obtain his degree in Civil Engineering from Gadjah Mada University.

Slowly, as the family was becoming more settled in their guesthouse business, they hired more people and the family members became less involved at the operational level. In 1982, they started hiring receptionists who were responsible for the front office management of the guesthouse. Receptionists had to be at least senior high school graduates with a basic ability in speaking English. Welcoming guests, recording their identities, receiving payments, and handling complaints and requests from the guests were the basic tasks a receptionist had to do.

As the business was expanding, they found it necessary to hire more laborers. Before 1998, they hired up to 60 people they recruited through the informal recruitment procedure. For the newly recruited workers, there was no special training but the seniors had to introduce them with their tasks.

As illustrated in the previous case, recruitment of labor was done in stride with the development of the business. While their business was becoming more developed, Pak Gondo’s family would also recruit more paid labor and reduce their dependence on family laborers. I found similar practices in other guesthouses where I was doing my research.

The Tourism Crises and the Guesthouse Businesses in Prawirotaman

Unfavorable environmental, social, and political conditions over the last decade caused the businesses of the guesthouse owners in Prawirotaman to slacken. Although many incidents had happened within the decade between 1997 and 2006, generally the informants noted that there were three points, which they found had severely affected their businesses. First was when the country was struck by the monetary crisis in 1997 followed by socio-political crisis in 1998. Second was the first Bali bombing in 2002 and the third was the Yogyakarta earthquake in 2006.

The first signs of the crisis had already been in evidence since the incidents of the burning forests in 1997 when they started losing their regular customers from Europe. Due to the fires, a number of travel agencies such
as Nouvelle Français from France, Trial Vendor from England, Cross Country from Holland, Joker from Belgium, and El Mundo Adventure from Italy had started to reduce their activities in organizing group tours to Yogyakarta.

This condition was exacerbated by the monetary crisis and the socio-political upheavals in 1998 and a series of incidents that happened afterwards. As expressed by my informants, international tourists who used to be their main market became very rare. They gave various answers to the question of the yearly occupancy rate as the number of rooms they had in their guesthouses was also diverse. With a total of sixty seven rooms, Pak Gondo said that due to the national crises, the occupancy rate of the three guesthouses that belonged to his family was on average approximately 30 per cent per year compared to 65 per cent prior to the crises. In Shinta Guesthouse with sixteen rooms, the occupancy rate had been going down to no more than 50 per cent while before the crisis the occupancy rate of their guesthouse was approximately 80 per cent per year.

Guesthouse owners in Prawirotaman were still struggling to cope with the drop of income and severe inflation caused by the monetary crisis when the bomb blast in Bali shocked them in October 2002. They claimed that the effect of it was also bad for Yogyakarta tourism, since Bali is the main tourist destination in Indonesia. Mas Warso, the owner of Kakatua Travel Agency expressed that under normal circumstances, international tourists would first go to Bali before they came to Yogyakarta. Therefore, because international tourists no longer went to Bali due to the incident, they automatically also did not go to Yogyakarta. He predicted that it would be different if the bombing had happened in Java.

For a few years after the incident, international tourists in the area remained rare. During my visit, I sometimes took the opportunity to walk along the alley, visiting guesthouses, and talking to the receptionists about the number of rooms occupied in those days. Most of the time, I received the answers that many rooms were empty. For example, in one visit I made in March 2005, I learned that in Citra Guesthouse only seven rooms out of thirty five were occupied and at Shinta Guesthouse seven rooms out of
sixteen. Then, in one visit in June 2005, I found out that Lintang Guesthouse with twenty two rooms was totally empty. Also during the weekends the occupancy rates of the hotels was about the same. Only during long weekends with special events such as Waisak, the area was busy with far more domestic than international tourists. Mid May to August is supposed to be the peak season for tourist arrivals in Yogyakarta but when I was there in 2005 I found that the occupancy rate of hotels in Prawirotaman remained low except for those guesthouses that accommodated budget domestic tourists. Guesthouses that accommodated budget domestic tourists gained profit especially during the long school holiday in Indonesia. As I observed during my field research, in June 2005 the small alleys were sometimes packed with tour buses full of schoolchildren and many family cars.

Due to the series of crises, guesthouse owners started having trouble with various costs to pay. First, the cost of maintenance of the guesthouses became too expensive especially when they had many rooms in their guesthouses. Second, they also had problems paying their workers. Consequently, some of their workers decided to stop working and found other opportunities because their income was too low since their employers could not increase their wages. With fewer workers, it became too difficult to keep up proper maintenance. Only those who did not find alternatives decided to stay although they had to be content with low wages. Third, besides maintenance problems, one of my informants had to stop with his plan to build a third guesthouse.

From the observations during my field research I sensed signs of poor maintenance in the guesthouses where I stayed. I stayed at a different guesthouse every time I went to the field, so that I had the opportunity to see the condition of the rooms. In all the guesthouses, I could recognize that many rooms failed to meet the standard and smelled bad as the result of bad maintenance and low occupancy. In one room I stayed in, many cockroaches moved freely about in the room. I also found that the water tap was becoming corroded. When I opened the tap, the first water flow

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9 Holiday marking Buddha’s birth, enlightenment, and death.
looked yellow as it mixed with the rust from the iron inside the water tap. It proved that the room had not been occupied for quite some time. In a different place, I also found that many parts of the building, such as the doors to the rooms and the windows were broken and had not been repaired.

From what I observed, guesthouses with more than twenty rooms tended to be less well kept than those with a small number of rooms because of labor and finance shortages. As mentioned earlier, the occupancy rate of the guesthouses tended to be very low, which automatically influenced the income of the owners and thus their ability to spend money on guesthouse maintenance. With a reduced number of laborers, automatically, the capability of the laborers to take care of the guesthouse rooms diminished especially because they did not use technological means to help them with the cleaning.

The welfare of the laborers had become totally different from conditions prior to the crises. It was not only that their salaries could not keep up with their expenses but the chances to earn additional income were becoming less frequent as well. According to Pak Sugiyono from Lintang Guesthouse, the workers’ economic condition had dropped badly. In the past, besides their monthly wages, the workers would get tips from the guests and sometimes they could also benefit from money changer transactions with the tourists, but now the opportunities to get additional income was diminished because of the low occupancy rates in the guesthouse. Furthermore, Pak Sugiyono said that as a result, many guesthouse workers in various places decided to look for other jobs.

In my research, three guesthouse owners admitted that they lost a number of workers. Two of them lost quite significant numbers of workers. Lintang Guesthouse lost half of its staff compared to before the crises when they employed 20 people. Since 2000, they only hired ten people while Citra Guesthouse lost fifteen workers. Mas Cuk Guesthouse lost one of his workers. However, the guesthouse owners could not specify when exactly their workers had left.
Although the number of laborers they hired was less than compared to the number before crises, the guesthouse owners did not recruit new laborers after the ones they had had left. It was a general policy taken by the guesthouse owners to leave the choice to stay or to leave in the hands of the workers. Asked about the reason, they said that they had moral obligations to support the laborers because most of them had been working for them for a long time.

The other two guesthouse owners declared that they hired the same number of employees before and after crises. Two had smaller numbers of workers compared to the other guesthouses in the area. One only hired one person even before the crises and he involved more family members, his wife and his youngest son. The other one had a relatively small but good quality guesthouse with sixteen rooms and the occupancy rate of his guesthouse remained better than that of the others. Therefore, it was reasonable that they were in a better position to pay their workers compared to the other guesthouses with many workers but lower occupancy rates. Then one changed his employment policy to encourage the workers to stay as will be discussed in the next section of the chapter.

With the very competitive tourist market, hotel owners in Prawirotaman had to struggle in order to maintain their business. With the bad conditions of the guesthouses, it was hard for them to compete. It was not just that tourists were becoming scarce but they also had to face competitors both from hotels of their own class and from star-rated hotels. Many star-rated hotels also had to rent out their rooms at lower rates due to the crises. New hotels in their class but with wider parking lots were mushrooming in Jalan Sosrowijayan and surroundings such as in Dagen and Pasar Kembang. Furthermore, Prawirotaman was farther away from the city centre, which was a disadvantage in targeting domestic tourists. Looking at the present condition in Prawirotaman, Pak Gondo of Citra Guesthouse expressed his concerns:

‘I am afraid that in the next five or six years to come, we can no longer call Prawirotaman a ‘Kampung turis’ because many guesthouse owners in Prawirotaman will not be able to afford to provide good services. Generally, domestic tourists who come here are old customers. We hardly receive any new customers.’
His worries were not without reason. Looking at the condition of guesthouses in Prawirotaman and the decline in popularity of Prawirotaman as a ‘Kampung Turis’, it may not take too long before tourists leave Prawirotaman altogether. Furthermore, the pressure on the future of their guesthouse businesses was also intensified when an earthquake struck the whole Province and Prawirotaman was badly affected.

In the following, I will proceed with a discussion of the coping strategies the guesthouse owners employed in dealing with the series of crises.

**Coping Strategies in Times of Crisis**

Facing the series of crises, all informants were flexible and applied different strategies. Generally, they did not only use one strategy at one time but sometimes applied more than one strategy at the same time. Their choices of strategies to apply also depended on the availability of opportunities and the amount of capital they had. The strategies used by my informants will be discussed in detail in the following.

**Coping with Monetary and Socio-political Crises**

To combat the crises, the guesthouse owners generally decided to make internal business adjustments besides looking for alternative income and the temporary use of savings. All the guesthouse owners switched from the international to the domestic tourist market. Furthermore, the majority of guesthouse owners in my research chose to look for side jobs to avoid their economic situation from falling into an even deeper crisis. As their income dropped, the guesthouse owners also had to reduce the costs for maintenance. Two guesthouse owners decided to close down their side businesses. In addition to that, one guesthouse owner also adjusted the employment policy to help with the employees’ welfare.

Next, in table 5.5, I present the strategies each guesthouse owner used to deal with the impacts of the monetary and socio-political crises before I will continue the discussion.
Table 5.5 Coping Strategies of the Guesthouse Owners after Monetary and Socio-political Crises

<table>
<thead>
<tr>
<th></th>
<th>Switch to Domestic Tourism</th>
<th>Discount and over-use policy</th>
<th>Saving</th>
<th>Alternative Revenue</th>
<th>Business efficiency Maintenance</th>
<th>Closing down side businesses</th>
<th>Employment Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citra Guesthouse</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>contractor (2000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lintang Guesthouse</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arso Guesthouse</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>Batik Cooperation (2002)</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Shinta Guesthouse</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>Tour Sales Intermediary</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Mas Cuk Guesthouse</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>Intermediary Rent Out Space (1999)</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

Source: Research fieldwork data 2005-2006

**Market Diversification**

The crisis had changed the market orientation of the guesthouses in Prawirotaman. Before 1997, all guesthouse owners in my research targeted western markets but after the crisis, they could no longer rely on a single market. They also accommodated the domestic market. Western style breakfast with bread, toast or pancake served with jam or cheese, orange juice and fruit, showers and other facilities in the rooms which were adjusted to general western levels gave me an impression that the guesthouse owners in Prawirotaman were very much western market oriented. However, as the number of international tourists was becoming smaller, guesthouse owners in Prawirotaman had to switch their target market. All informants admitted that they decided to concentrate on the domestic tourist market to compensate income loss. Their strategy was inseparably tied to the programs of the government that were boosting domestic tourism. As a result, the domestic tourists were increasing in numbers and guesthouse owners responded positively to this policy. Two informants that offered relatively better quality lodgings than the others targeted only the middle class domestic tourist market. They refused to accommodate groups of lower class tourists and students. Meanwhile, the rest of my informants did not mind accommodating students and other
types of lower class domestic tourists as long as they could still earn an income to pay for the operational costs of their guesthouses.

In order to adjust to their new market target, all five guesthouse owners in my research admitted that they had to rent out the rooms at lower rates. The change from foreign to domestic market, either middle and upper class or lower market, had significant consequences on their room pricing policies because accommodation sectors from all levels turned to the domestic market so that it became very competitive. As the crisis struck the hotel business, market segmentation became blurred. Pak Gondo from Citra Guesthouse expressed that the competition between star-rated hotels and small hotels had started in the early 1990s. In one interview, he stated that from 1993 to 1994 many star rated hotels were built in Yogyakarta because investors were sanguine about the tourism conditions. Due to the crisis, they suffered from low occupancy rates, which resulted in higher competition within the accommodation sector including the non-star rated accommodation in Prawirotaman. Because of the problem, guesthouse owners could not set room rates too high.

Three guesthouses that also accepted the budget domestic tourists had to agree to extend their room capacity so that individual guests could pay less because they shared the rate with more people. The rooms in the guesthouses in Prawirotaman were designed to accommodate two or three people at the most and the guests were charged accordingly. When they dealt with budget domestic tourist groups, they had to adjust to their needs. They used one room for many people (up to six people in one room) and divided the rate among the number of people staying in one room. Budget domestic tourists had low consumption capacities, they did not think about comfort, and they considered price as the most important aspect. From the point of view of the guesthouse owners, it was a disadvantage but in times of crises they had no better alternative.

Living on Savings

The guesthouse owners chose to live on their savings as the tourism crisis struck them unexpectedly. Savings came either in the form of cash in
Tourism Entrepreneurs in Prawirotaman

rupiah or foreign currency – usually in US dollars, or in the form of precious jewelry and gold. For example, late Ibu Sukirno, the owner of Lintang Guesthouse had lived from her savings in US dollars until she passed away in January 2005. As I had not met her in person, I learnt this from Pak Sugiyono who had been her most trusted man. He said that in the past, she saved money in dollars and it had helped her when the tourist market was slack. Generally, guesthouse owners in Prawirotaman also invested their savings in and, however, I did not find any of them who sold his land to cope with crisis at this stage.

Finding Alternative Revenues

Finding alternative sources of income was one of the choices to cope with the crisis when income from guesthouse businesses did not guarantee a stable livelihood. The opportunities to earn extra income were facilitated to a significant extent by social capital, personal capabilities, and the availability of assets. As the tourism economic condition deteriorated, the guesthouse owners had the option to find side jobs and to rent out spaces. In my research, three decided to find jobs according to their skills and experiences while one decided to work as an intermediary and rented out space. None of my informants sold their guesthouses or closed them down. They still hoped that tourism conditions in Indonesia would improve and therefore they continued with their guesthouse businesses while they looked for other sources of income.

Four guesthouse owners had side jobs that involved various types of works related to their skills, networks, and assets. For example, Pak Gatot from Arso Guesthouse, took up a position as a member of the Tamtama Cooperation, a batik cooperation set up 2002 in which his late father-in-law used to be one of the board members. At the time, the Cooperation intended to develop a horticultural section and he was considered the right person to handle the business because he had graduated from the Agriculture Faculty. In 2004, he was promoted to be the head of the Cooperation, which had 150 members. On one occasion, he expressed that he wanted to become seriously involved in the business when he realized that he could no longer rely for income on the guesthouses since three
families lived from the meager income of the two guesthouses owned by their parents. His wife slowly took over the responsibility of managing the guesthouses together with her brother-in-law and her youngest brother. Another example is Pak Cuk from Mas Cuk Guesthouse who became an intermediary for property transactions involving land and houses, or motorcycles and cars. When the buyer and seller had made a deal, he would earn ten to 15 per cent commission from the value of the goods. He started with the business not long after the political and social upheavals in 1998.

Starting in 1999, besides earning an income from his job as an intermediary, Pak Cuk also rented out space. With wide space in front of his guest house, Pak Cuk allowed Funky Restaurant located just a few steps opposite from his guesthouse rent the space. The owner of the restaurant used it as parking space for motor bikes. He also rented out a small block in front of his guesthouse to a travel agency. He rented out only the space and the businessman built his own building.

**Keep the Maintenance Costs at a Minimum**

Besides the cost of labor, the owners found the costs of the operational aspects of the maintenance of the guesthouse to be a heavy burden. With rather big guesthouses, many rooms, but no customers, maintenance costs had to be cut. Although not every informant expressed having problems with the maintenance cost, from what I observed in different guesthouses where I stayed during my field research, I could detect that maintenance of the guesthouses was kept at a minimum if it was not ignored. Many parts of the guesthouses, such as the ceilings, the water taps, the beds, and other facilities in the rooms were left to deteriorate or to break down. Only one informant – Mas Eka explicitly complained that maintenance costs for his guesthouse were unbearable. Therefore, he decided to keep the maintenance costs at a minimum. Before the crisis, they always checked the condition of the guesthouse every three months and repaired what needed to be repaired. However, since the crisis, that was no longer possible. They had to wait until they could save some money during the peak season to use for repairs.
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**Employment Policy**

When many guesthouses lost their workers, Pak Gatot from Arso Guesthouse explained that he was trying to find alternative sources to support the welfare of his staff in order to keep the turnover of his workers low. He was trying hard to make the workers stay since he was optimistic that the situation would one day improve. He explained the bad business condition in his guesthouses to his staff. Since he could not raise their salaries, he negotiated with his employees and gave them opportunities to earn additional income by using facilities from the guesthouse. He was expecting them to be more loyal if he could help them raise their welfare. As he had closed his travel business due to the crisis he gave his employees a chance to sell tours from the tour and travel businesses in the area and use the commission for their welfare. The commission of all the workers were collected and distributed among themselves every three months. This was a win-win solution that helped to satisfy both sides. The employer did not lose his talented workers and the workers could still earn additional income without leaving their current jobs.

**Closing down Side Businesses**

This strategy was chosen by two guesthouse owners soon after the May Riots. In order to reduce cost and for efficiency reasons, Pak Gatot from Arso Guesthouse told me that they had to trim or close unproductive and minor sections of their business. He revealed that at that time the family was in great financial problems because they were in the middle of building the third guesthouse using credit from the bank. Mas Eka also did the same for efficiency reason. He closed his restaurant and his tour business, which had been in operation since 1984. He closed his restaurant immediately after the riots because there were no customers at all. Following the closing of his restaurant, he decided to close his tour business and he sold his cars.

**Coping Strategies after the First Bali Bombing**

The Bali bombing in 2002 confirmed that the recovery of the tourism industry would take even longer and it would remain hard to attract
international tourists especially westerners who used to be their market targets. Even after the incident, the guesthouse owners still focused on their tourism businesses but they were now more seriously focused on domestic tourists. Meanwhile one also redirected his marketing to target the Malaysian market. Therefore, after the first Bali bombing, the guesthouse owners reacted to the incident by taking more serious actions in marketing and promotion. Besides that, one guesthouse owner decided to look for alternative income by joining the other guesthouse owners who had started earlier.

In table 5.6, I summarize the coping strategies employed by different guesthouse owners in order to cope with the impacts of first Bali bombing in 2002.

Table 5.6 Coping Strategies of the Guesthouse Owners after First Bali Bombing in 2002

<table>
<thead>
<tr>
<th>Marketing strategies</th>
<th>Business Efficiency</th>
<th>Alternative Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lintang Guesthouse</td>
<td>Contact former customers</td>
<td>-</td>
</tr>
<tr>
<td>Arso Guesthouse</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Rented out room for furniture shop (2005)</td>
<td></td>
</tr>
<tr>
<td>Mas Cuk Guesthouse</td>
<td>Attract low budget domestic tourists</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Research fieldwork data 2005-2006

**Intensifying Marketing and Promotion Programs**

All guesthouse owners maintained the same marketing strategies they used to, but in order to attract more customers, three guesthouse owners also utilized other strategies. One was focusing on Asian tourists such as Singaporean and Malaysians. One guesthouse was setting up cooperation with local travel agencies that served the budget local tourist market. Although before the crises, guesthouse owners in Prawirotaman were not
in favor of cooperating with local travel agencies, I had one informant who made links with local travel agencies after the crises. He had sent his contract rates to travel agencies in other cities since 2003.

Another guesthouse owner was trying to re-establish links with his old customers by sending them letters of offers after the first Bali bombing. From Pak Sugiyono, a senior worker in Lintang Guesthouse, I learnt that they regularly sent letters of offers with discounted room rates to their old domestic customers in case they had projects or plans to visit Yogyakarta. In the early times of tourism development in the area in the mid 1970s, when they still did not have many foreigners staying in their guesthouse, together with Pajajaran, Lintang was a favorite place among actors, actresses, and film crews that came from Jakarta when they were shooting films in Yogyakarta.

Besides the domestic market, Pak Gondo from Citra Guesthouse also focused more intensively on Singaporean and Malaysian tourist market since 2003. He joined different promotion programs offered by the Indonesian government in both countries. To make it easier for the customers to book their rooms, he also facilitated them with internet room booking facilities. According to him, the response of the Asian market was quite promising.

**Closing Down Side Businesses**

As discussed before most guesthouses provided additional services for the tourists such as restaurants, tours and travels, and moneychanger facilities. After Pak Gatot and Mas Eka closed their side businesses following the May Riots, Pak Gondo from Citra Guesthouse decided to close his tour business in 2003. He expressed that the business had no longer been profitable and it would be costly to continue especially after the first Bali bombing. In addition, he also expressed that it was easy to close or open supporting businesses as they had not applied for government business permits.

Instead of running his own travel agencies, he acted as agent for other tour and travel businesses in the area, just like other guesthouse owners. He sold
products from other travel agencies such as package tours, art performances, flight or bus tickets, and motorbike rentals. The travel agencies set their own prices and the guesthouse owners were free to decide on their prices themselves. They could sell the products cheap or expensive, which was up to them. For example, Mas Eka from Shinta Guesthouse explained that he usually did not want to earn a high profit from individual sales. Borobudur excursion from a travel agency, would cost Rp. 120,000 per person (Approximately USD 12.4 in 2005), and he would sell it for only Rp. 127,000 (Approximately USD 13 in 2005), although he knew that for the same package tour other guesthouse owners charged Rp. 140,000 (Approximately USD 14 in 2005).

**Alternative Revenues**

Activating tourism side businesses was the strategy taken by the owners of Shinta Guesthouse – Mas Eka and Mas Didit, his elder brother. They needed to set up more businesses because Mas Didit, who used to run the guesthouse business but had left for the US in 2001 for a job with a hotel, returned at the beginning of 2005 and was involved again in the guesthouse business. In 2004, approximately two years after the first Bali bombing, Mas Eka opened a motorbike rental. It did not sound like a promising business since he opened it when the number of tourists was low. However, he was optimistic that he would be able to attract customers because he charged the lowest rental costs of all. When the other motorbike rentals rented their motorbikes at Rp. 25,000 (Approximately USD 2.6 in 2005) per day, he was renting the motorbike for Rp. 18,000 per day (Approximately USD 1.9/day in 2005). He would even give discounts when a tourist rented the motorbike for the whole month and would charge only Rp. 14,000 per day (Approximately USD 1.4 in 2005). According to him, nobody in the area could compete with his prices. On one occasion, he also mentioned his plan to reopen the tour business, which would be handled by his elder brother. At the beginning of 2005, I also recognized that he would reopen his money changer business as I saw him put a billboard in front of the guesthouse with information about exchange rates. Subsequently, the room where they used to have the restaurant was also rented out to a furniture shop.
To have a better picture of how the guesthouse owners in Prawirotaman coped with the crises, I use Pak Gondo’s experience as the illustration.

| Despite the slack situation of the tourism business, Pak Gondo still tried to maintain his guesthouse business because his family depended mainly on the income derived from the guesthouse and he had always worked in the industry. To survive, Pak Gondo combined different strategies. Just as any other guesthouse owner, he switched his focus to the domestic market besides trying to seriously focus on tourists from the Southeast Asian market especially Malaysia and Singapore. He did not target budget domestic tourists because, according to him, they only wanted very cheap accommodation and tended to share one room with many people. For the Malaysian and Singaporean market, he targeted middle and lower middle class tourists. Since March 2006, he joined the tourism promotion program to Malaysia conducted by BP2KY (Badan Promosi Pariwisata Kota Yogyakarta) or Board of Yogyakarta Tourism Promotion. He only had to pay for the transportation costs and the BP2KY took care of the rest of his expenses. Pak Gondo was optimistic with the prospect of the Malaysian market. He told me that people in Malaysia were very enthusiastic and asked a lot of information about Yogyakarta during the MATTA Fair (Malaysian Travel and Tourism Fair). Still, according to Pak Gondo, some people in Malaysia confused Yogyakarta with Jakarta. They did not know much about Yogyakarta. After the fair, before the earthquake, he said that almost every day, he received reservations from Malaysia through the internet, between one to five reservations a day. As the market was slack, in order to attract customers, he lowered his profit margins. Pak Gondo explained that before the crises he used to rent out one room at his most expensive guesthouse, Wilis Garden, for 50 dollars (The exchange rate was Rp. 2500 in 1997 before the monetary crisis hit\(^\text{10}\)) but in 2005, he only asked about 33 dollars (the exchange rate was Rp. 9700). He said that before he decided to increase the room rate, he would carefully search the pricing policy of the competitors including the one, two or three star-rated hotels in Yogyakarta. He could not set his price higher since the number of hotel rooms in Yogyakarta far exceeded the number of guests. The crises also forced him to think of efficiency. He mentioned that he did not replace workers when they left. He lost fifteen workers and had forty five people who were still working for him to take care of three guesthouses. As a result, he was short of workers during the peak season. In the last three years, he decided to close the cheapest guesthouse during the \\textit{Idul Fitri} holiday and only to welcome guests in the other two guesthouses at this time of the year. He also closed the tour service, which had been in operation since 1981 and he sold two cars. Now he still had three cars – one of which was a taxi. Since he was a skilled Civil Engineer, he had become a freelance swimming pool contractor since 2000 to earn additional income. He started this business when he received an order from one of his relatives. After a while, more and more people asked for his services but they were all friends who lived in other places such as Bogor, Bali, and Surakarta who asked him to build a swimming pool in their houses or hotels. During the crises, the guesthouse owners had to utilize their opportunities and assets in a smart way in order to survive. As a result, very often they |

\(^{10}\) Source: \url{http://investintaiwan.nat.gov.tw/accessed 3/10/09}
used more than one strategy all at once depending on the available opportunities and the assets they had.

When the Earthquake Struck

The earthquake struck a heavy blow on the tourism industry in Yogyakarta in general and Prawirotaman was one of the areas that were badly affected. A number of buildings including hotels, cafes, travel agencies, and shops were seriously damaged. In July, when I entered Prawirotaman for the first time, I still found debris from the ruins of the buildings alongside the roads. According to the information I had read in the Java Crisis Media Center\(^{11}\) at Wisma Yudistira only fifteen out of thirty eight rooms survived the earthquake unscathed. Citra Guesthouse suffered similarly with just fourteen of its thirty six rooms left undamaged. Spider Café had their kitchen damaged. Lintang Guesthouse was totally ruined. The owner was no longer able to keep up the building anymore so that he decided to renovate the hotel totally. When I was in Prawirotaman in December 2006, I saw they still had the signpost in front of their property, but they had closed the area as it was still under reconstruction.

The earthquake put a halt to all businesses in Prawirotaman. During the period, the small number of tourists, which had started to flow in again suddenly, disappeared. The morning when the earthquake struck, tourists who were still half-asleep panicked and crawled out of the rubble without knowing what to do or where to go. Afterwards, no guests were around for the next couple of months. I saw that international tourists started to visit Yogyakarta again only towards the end of December 2006, but very few tourists were around in Prawirotaman.

Volunteers started to arrive in Yogyakarta three or four days after the earthquake. However, only a very limited number went to stay in Prawirotaman. For example at Citra Guesthouse, Pak Gondo mentioned that a few foreigners stayed at his place after the earthquake. They were coordinating donations from their friends who lived abroad. Besides that,

\(^{11}\) http://javacrisismediacenter.net/images/download/accessed 15/12/09
he also received some international volunteers. Meanwhile, Pak Cuk mentioned that three or four days after the earthquake, three volunteers from Mexico, Holland, and England stayed at his place for ten days.

Four months after the earthquake, the tourism business conditions were still slack. The area was quiet as there were hardly any tourists around. According to Mas Warso from Kakatua Travel Agency, after the earthquake mostly business people who were familiar with the conditions came to Yogyakarta. However, they did not stay for long – two days at the most. Even during the time I was doing my interviews in November 2006, both foreign and domestic tourism in Yogyakarta still had not revived. According to Pak Gondo, during Lebaran\textsuperscript{12} in October, Prawirotaman was very quiet and very different from what it used to be.

The guesthouse business in Prawirotaman reached its critical point when the earthquake struck although it did not cause the owners to abandon their business. They were trying hard to keep going with their accommodation business. Although for many years they had not earned a proper income from their guesthouses, it gave them at least a feeling of security that they could still earn some money for their living. For example, Pak Gondo expressed that although sometimes it was hard to pay his operational costs, but having three guesthouses in different locations he could still cover the losses he made in one place with the profit he earned in the others. In this way, he and his family could still earn a living from the business. Therefore, with all the difficulties, guesthouse owners tried hard to finish renovations after the earthquake and they used a number of strategies in order to recover from the calamity more quickly. A summary is shown in Table 5.7 below.

\textsuperscript{12} The end of fasting period for Muslims.
After the earthquake, guesthouse owners attempted to revive their business with limited resources. During my research, I found that they used various financial sources to renovate their guesthouses. The sources may have been shared by multiple owners of a guesthouse and came from savings, selling assets, and support from friends. When the business belonged to several people from one family, all the family members were responsible to share the costs of the renovation of the guesthouse. When all the members had the financial means to pay their share, the renovation was done sooner, as in the case of Citra Guesthouse.

Some saw the destruction after the earthquake as the right time to renew their hotels because they were facing brand new competitors with better facilities. This was also what I observed as I stayed at Citra Guesthouse where the owners had done the necessary renovations. The rooms were cleaner and brighter. The bathrooms were renovated. Although they did not do a total make over, at least they could present better facilities to their guests.

For others, however, to repair damaged guesthouses were a real problem since they had to sell their land. What happened to Sudarno Guesthouse may serve as an example. The owners had to pair the damages as soon as
possible because it was not only their own shelter but also the place where they ran their business to earn their living. Since they did not have any other financial resources, they decided to sell their land in Bantul. I learned from Mas Warso, who has a close relationship with the owner of the Sudarno Guesthouse that they decided to sell their land in order to renovate their guesthouse even though they had to sell it below the market price.

Relations were also useful in times of crisis. In the case of Pak Cuk from Mas Cuk Guesthouse, to repair the broken parts of his hotel, he had to use his own savings and he received some support from his Swiss friend to the amount of Rp. 4,500,000 (Approximately USD 491 in 2006\textsuperscript{13}). He had known his Swiss friend, who was married to an Indonesian woman, for a long time. They had a very close relationship and used to help each other. In the past, before his Swiss friend lived in Indonesia, he used to be his regular guest. Pak Cuk used to help him with letters of recommendation in order to be able to stay longer in Indonesia.

With minimum preparations and with just a little chance to gain benefit during the holiday season, guesthouses with minor problems in Prawirotaman did not wait too long before they reopened. All the guesthouse owners in Prawirotaman were desperately in need of money. My informants explained that it took approximately one week for them to clean up their guesthouses and they hoped that at least some guests would arrive to book rooms in their guesthouses. They locked the rooms that had not yet been repaired and when guests arrived, they only showed those rooms which had not been affected by the earthquake.

In the following, the story of Pak Gondo illustrates how a guesthouse owner in Prawirotaman tried to cope with the impact of the earthquake.

\textsuperscript{13} 1 USD = Approximately Rp. 9,159 in 2006 (Source: http://investintaiwan.nat.gov.tw/ accessed 3/10/09)
When the earthquake struck Yogyakarta, the guesthouses belonging to Pak Gondo’s family were almost fully occupied. All people in their house panicked including the tourists. He recalled that he saw two guests jumping into the swimming pool because they were so frightened.

For two nights after the earthquake, they had to suffer because water from the heavy rain poured into the rooms as the roof was broken. Together with the workers and the guests who still stayed with them, the family slept on the benches and on the mattresses spread out on the terrace. They were afraid to sleep inside because they were not sure how bad the damage was.

Even though they had to suffer, Pak Gondo showed his optimism during the interview. He admitted that the impact of the earthquake was hard on them. However, many more people suffered even more than they did.

He further said that he had to repair the quite substantial damage to his guesthouses. At Wilis Garden, the main building was not affected but a number of rooms were hit by the ruins of the wall from his neighbor’s house and the wall of the garden was also ruined. At Wilis Guesthouse, the ceiling in the main building and a number of rooms were badly damaged. He had to buy 80 pieces of plasterboard to repair the ceiling while many tiles were also broken. The water pipes that channeled the water to the bathrooms and those that went to the water reservoir in the tower were also badly damaged. The wells were also dry. Fortunately, Bayu Homestay was hardly affected by the earthquake. Only the televisions in the rooms had fallen down and the walls surrounded the building were ruined.

They did not wait too long and started renovations two days after the earthquake. Construction workers were difficult to find, but he managed to hire some workers from Bogor. A friend who had a hotel business in Bogor helped him to find them. The workers stayed and worked for a week to do the urgent repairs.

Pak Gondo started to reopen two of his guesthouses on 3 June 2006 after he had finished minor repairs at Citra Guesthouse and Wilis Garden. He had to wait another month before he could reopen Bayu Homestay because he could not hire enough construction workers to do the necessary repairs. He prioritized the renovation of the more expensive guesthouses and left the cheaper one to be repaired later.

As the lodging business not only belonged to Pak Gondo, his two brothers were also responsible for the repairs and they shared the expenses.

Pak Gondo managed to renovate and revive the business sooner because he had potential assets that could support the recovery of his business. He received support from both his family and friend. These factors helped accelerate the renovation process of the guesthouses, which also meant that he could start receiving tourists at his places sooner.

**Conclusion**

The prolonged crisis caused economic stagnation in the guesthouse businesses in Prawirotaman. Having started their guesthouse businesses after the decline of their batik manufacture, the entrepreneurs in
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Prawirotaman were confident of the positive response of the international tourist market and therefore they decided to expand their businesses by adding more rooms and by offering more tourist facilities. However, their businesses were disrupted when a series of crises led to a significant shift in the popularity of the area.

Three events were marked as being the most severe – the monetary and political social crises, the first Bali bombing, and the earthquake. To maintain his or her livelihood, each guesthouse owner responded differently to the altered environment.

In response to the impacts of the monetary and political social crises, the guesthouse owners concentrated on making internal adjustments. They focused on domestic tourists. In addition, they gave discounts and practiced an over-use room policy. Additionally, they temporarily used their savings to pay for their living. With business slowing down, practicing efficiency such as closing down side businesses and reducing maintenance expenses were unavoidable.

While the guesthouse owners strived at business stability, a bomb blast took place in Bali, which made the tourism market even more volatile. This resulted in more pro-active marketing programs. More guesthouse owners closed down inefficient side businesses, looked for alternative revenues, and thus joined their colleagues who had already taken these actions.

In the process of securing their guesthouse businesses, the heavy earthquake struck and the guesthouse owners had to concentrate on repairing the damaged parts of their buildings to ensure that they would be back in business soon. To cope with the impacts, they relied on support from their families and their networks and they used their working capital or even sold property.

Ensuring that they could continue with their guesthouse businesses despite of all the problems caused by the series of crises dominated the coping strategies of the guesthouse owners in Prawirotaman. During different phases of the crises, in particular the first two incidents, efforts
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concentrated on securing the domestic tourist market. The guesthouse owners also combined this with strategies to ensure alternative revenues. However, the purpose was mainly to compensate income losses and not to switch completely to other businesses. In short, despite the series of crises, the guesthouse owners still felt that it was more secure and more convenient to continue their guesthouse business rather than starting with new enterprises.