

# ANALYSIS OF TOURISM REGULATIONS IN EFFORTS TO EMPOWER LOCAL COMMUNITIES IN THE DEVELOPMENT OF CULTURAL TOURISM

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## ABSTRACT

Indonesia possesses a wealth of cultural heritage and diverse tourism assets, making it a major tourist destination in Southeast Asia. The tourism development paradigm has transformed from an exploitation model to sustainable tourism that places local communities as the main actors. Law Number 18 of 2025 concerning Tourism explicitly places the empowerment of local communities as a main pillar in the development of cultural tourism through the concept of Community-Based Tourism (CBT). This study uses a normative juridical method with an examination of relevant laws and regulations and literature. The discussion analyzes regulatory accommodation for local community empowerment, benefit-sharing mechanisms, and institutional coordination between Pokdarwis, BUMDes, village governments, and tourism agencies. The results show that although Law 18/2025 provides a strong normative basis, there are significant problems in its implementation, including the absence of concrete mechanisms for economic benefit sharing, institutional fragmentation, and weak coordination between institutions. Case studies in various tourist villages show that local communities only receive marginal economic benefits. In conclusion, regulatory improvements are needed by regulating more detailed operational mechanisms, clear profit-sharing formulas, and strengthening institutional coordination to realize effective local community empowerment in the development of sustainable cultural tourism.

### Keywords:

Keywords: *Tourism, Community Empowerment, Cultural Tourism, Community-Based Tourism, Benefit-Sharing*

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## 1. INTRODUCTION

Indonesia is a country with an extraordinarily diverse cultural heritage and tourism assets, making it one of the largest tourism destinations in Southeast Asia. The tourism development paradigm has undergone a significant transformation in the last two decades, from a model of tourism based on the exploitation of natural and cultural resources to a model of sustainable tourism that places local communities as the main actors. This paradigm shift is reflected in various national regulations, most recently through the enactment of Law Number 18 of 2025 concerning Tourism (hereinafter referred to as Law 18/2025), which explicitly places the empowerment of local communities as a main pillar in the development of cultural tourism (Anarta, F., & Darwis, 2024).

The importance of local community empowerment in cultural tourism is not merely a normative issue, but a substantive issue related to distributive justice, socio-cultural sustainability, and inclusive local economic development. The concept of *Community-Based Tourism* (CBT), which theoretically emphasizes the active participation of the community in the planning, implementation, and management of tourism, has become an approach adopted by various countries in Southeast Asia as a strategy to ensure that local communities are not only "objects of tourism, but also active subjects who enjoy the economic benefits of the development of their destinations (Asmoro, et.al, 2021).

Although normatively Law 18/2025 declares a strong commitment to empowering local communities through various articles (Articles 17N-17Q), empirical literature shows that there is still a significant gap between regulatory aspirations and the reality of implementation in the field. Previous research has found that community empowerment in tourism tends to encounter structural and

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institutional obstacles that are not fully accommodated in the existing regulatory framework (Jalung et al., 2025).

Qualitative studies of various tourism villages in Indonesia show that, although Pokdarwis (Tourism Awareness Groups) and BUMDes (Village-Owned Enterprises) have been established as instruments of empowerment, 'the community empowerment phase has not been optimally implemented in terms of community involvement in tourism development. Research in Kelawi, South Lampung, found that "the effectiveness of Pokdarwis in empowering the community in sustainable tourism development is quite good, but there are still obstacles in increasing community involvement in tourism development." Meanwhile, a study in Sekapuk Village shows that "although the implementation of CBT in Sekapuk Village is generally in line with CBT principles, there is still a need to improve performance in terms of respect for local culture and traditions, contribution to natural resource conservation, and efforts to enhance visitor experience" (Yatmaja, 2019).

The benefit-sharing mechanism is one of the fundamental elements in the theory of community empowerment in tourism. The operational definition of benefit-sharing in the context of cultural tourism refers to the distribution of economic (revenue, employment, ownership) and non-economic (cultural recognition, empowerment, decision-making power) benefits from tourism activities to local communities who are the owners/managers of cultural assets. This principle is a prerequisite for creating a situation where 'local communities can actively participate in tourism growth and enjoy the positive impacts of the development of their destinations (Tarino, et.al, 2024).

However, analysis of Law 18/2025 reveals significant regulatory issues in terms of concrete benefit-sharing mechanisms. Article 17P paragraph (1) of Law 18/2025 does state that the Management of Culture-Based Tourism Destinations is carried out by preserving cultural values and empowering the local community economically, but this regulation does not regulate in detail:

1. The formula for sharing profits/revenue among various stakeholders (government, tourism businesses, local communities);
2. Concrete implementation mechanisms in the form of mandatory percentages, fund transfer systems, or financial accountability;
3. Monitoring and evaluation of the effectiveness of the benefit-sharing that has been provided;
4. Administrative or criminal sanctions for tourism businesses that do not engage in benefit-sharing as they should.

The practical consequence of the absence of this mechanism is that local communities who own cultural assets often only receive marginal economic benefits from cultural tourism in their area. Case studies in various cultural tourism villages show a common phenomenon where star-rated hotels or OTAs (Online Travel Agencies) that utilize local cultural attractions earn far greater revenues than the local communities who own the culture. For example, a Balinese traditional ceremony promoted by a hotel at a rate of Rp 5 million per visitor only generates economic benefits for the indigenous community of Rp 50,000-100,000 per visitor. (dewitnalah, 2025)

Community empowerment in cultural tourism cannot be effective without strong and structured institutional coordination. Law 18/2025, specifically Articles 17N-17O, recognizes the importance of the role of local communities through various institutions, including: (1) Pokdarwis (Tourism Awareness Groups); (2) BUMDes (Village-Owned Enterprises); (3) village governments; and (4) regional tourism agencies. Conceptually, these four institutions are designed to work synergistically in driving community empowerment (Yunus, 2003).

However, research shows that institutional fragmentation and weak coordination are serious obstacles to the implementation of community empowerment in tourism villages (Ronaldo, 2024). A study of various tourism villages found that community participation in the implementation of tourism programs was driven by Pokdarwis, in which the community was involved in improving the quality of tourism and managing facilities. However, in terms of organization, coordination between Pokdarwis, BUMDes, and the government was still not optimal (Yatmaja, 2019). Furthermore, research shows that low-quality human resources and inadequate infrastructure are obstacles, and more importantly, there is no clarity about role division, accountability, and funding allocation among the four institutions (Wispondono, et.al, 2022).

## **2. METHOD**

The method used in this study is the normative juridical method, which is legal research conducted by examining reference materials or secondary data as a basis for research by conducting a search of regulations and literature related to the issues being studied. 6 descriptive research, which is research that accurately describes the characteristics of an individual, situation, phenomenon, or particular group, or to determine the spread of a phenomenon, or to determine whether there is a relationship between one phenomenon and another in society.

The data collection technique in this study is library research, which is research to search for secondary data in the form of laws and regulations, books, journals, and previous research results. After conducting the search, the researcher conducted a theoretical study of the concepts and basic theories related to the subject matter, as well as field research, which was carried out in two stages.

### 3. RESULT AND DISCUSSION

The transformation of tourism regulations in Indonesia has reached an important milestone with the passing of Law Number 18 of 2025 concerning Tourism (hereinafter referred to as Law 18/2025). This law represents a significant paradigm shift in the Indonesian government's view of the role of local communities in tourism development (Lao, et.al, 2024). Unlike previous regulations, which tended to place local communities as objects or secondary stakeholders, Law 18/2025 explicitly recognizes local communities as active subjects and key actors in the development of tourism destinations, particularly cultural tourism. However, the question that needs to be answered critically is: to what extent does Law 18/2025 truly accommodate the empowerment of local communities at the operational level, not just declaratively? This article aims to provide a comprehensive analysis of regulatory accommodation of local community empowerment in cultural tourism, while identifying issues that remain between regulatory aspirations and the reality of implementation.

The empowerment of local communities in tourism is not merely the provision of employment or skills training, but a comprehensive process that encompasses economic, social, cultural, and political dimensions aimed at increasing the capacity, agency, and control of local communities over tourism resources and the benefits generated from them (Wibowo, et.al, 2023). In the literature on sustainable tourism, the empowerment of local communities ideally includes several key elements: (1) economic empowerment in the form of access to income streams and ownership of tourism businesses; (2) social empowerment through increasing the capacity, skills, and confidence of the community; (3) cultural empowerment, which ensures that tourism does not cause erosion of local cultural values; and (4) political empowerment, which gives local communities a voice and decision-making power in the planning and management of tourism in their area (Tao, et.al, 2009).

This holistic concept of empowerment is important for understanding whether a tourism regulation truly accommodates community empowerment or only accommodates certain limited dimensions. When we then analyze Law 18/2025, we need to evaluate the extent to which this regulation accommodates all four dimensions of empowerment, not just one or two dimensions (Santhi, et.al, 2024).

When analyzing the structure and substance of Law 18/2025, the first thing to note is that this law, from the outset (Article 1 paragraph (6)), clearly declares a normative commitment to the empowerment of local communities. This article states that the objectives of national tourism development are to preserve the environment and culture and to improve community welfare. The use of the term "improving community welfare" indicates that tourism development in the perspective of Law 18/2025 must have a measurable positive impact on the quality of life of local communities, not just on the country's foreign exchange earnings.

This commitment is further strengthened in Article 17N of Law 18/2025, which specifically regulates the role of the community in the development of cultural tourism. The article reads:

*"The community can develop Culture-Based Tourism Destinations through Tourism Awareness Groups (Pokdarwis) or other community organizations."*

The regulatory framing that uses the word "may" indicates that this is a constitutive right of local communities, not just a permission that can be revoked at any time. The use of the phrase "communities can develop" also shows recognition of the agency and capability of local communities to be the main drivers in the development of their own destinations, not merely passive recipients of development programs designed by the government or external investors.

Further development of this commitment can be seen in Article 17O of Law 18/2025, which states:

*"The development of Culture-Based Tourism Destinations as referred to in Article 17N shall be carried out by involving Pokdarwis in every stage of development."*

The use of the term "involving in every stage" has significant regulatory implications. This shows the legislators' aspiration to ensure that Pokdarwis is not merely a 'ceremonial partner' involved only in the launching ceremony, but rather a meaningful stakeholder involved in every stage of the decision-making process, from planning and implementation to evaluation and monitoring (Ma'ruf, A, 2000).

A more in-depth analysis of Law 18/2025 shows that this law explicitly recognizes that the empowerment of local communities must have a substantive economic dimension. This is clearly seen in Article 17P paragraph (1) of Law 18/2025, which reads:

*"Culturally-based tourism destination management shall be carried out by preserving cultural values and empowering the local community economically."*

The term economic empowerment in this case does not merely refer to the expectation that local communities will gain employment opportunities from tourism, but has a much more substantive meaning. Economic empowerment, from the perspective of development economics and sociology, includes: (1) access to economic opportunities in the form of income, livelihood, and capital; (2) agency and control over tourism assets and economic decisions that affect the community; (3) ownership, both individual and collective, of tourism enterprises; and (4) fair distribution of benefits from tourism activities (Roseland & Soets, 2007; Scheyvens, 1999). By incorporating this economic empowerment framing into Law 18/2025, legislators demonstrate their ambition to create regulations that not only promise employment for local communities, but also economic autonomy and control over tourism resources and benefits.

The provisions on tourism villages contained in Article 17Q of Law 18/2025 further demonstrate the legislators' commitment to the economic dimension of empowerment. The article states:

*"The development of Tourism Villages is carried out by improving the economic welfare of local communities through the utilization of local natural and cultural resources."*

The use of the framing of increasing economic welfare is significant because the word increasing indicates that the impact of tourism on the local community's economy must be positive and measurable, not just marginal or minimal. This framing also implies that the economic welfare of the local community is an outcome that is measured and evaluated, not just an ambitious aspired goal whose implementation is not checked.

Furthermore, the institutional aspect of empowerment in Law 18/2025 is that this law recognizes and formally institutionalizes two main instruments for empowering local communities in tourism, namely Pokdarwis and BUMDes. This recognition is important because it shows that legislators understand that empowerment cannot be carried out by scattered individuals, but requires organized collective action through formal and structured institutions.

Pokdarwis (Tourism Awareness Groups), as referenced in Articles 17N and 17O, are community organizations that have historically played an important role in community mobilization and tourism awareness in various Indonesian destinations. By including Pokdarwis in the regulatory framework of Law 18/2025, legislators provide legal recognition and legitimacy to this institution, whose operations were previously bottom-up in nature without clear regulatory backing. BUMDes (Village-Owned Enterprises), on the other hand, are a more recent instrument (regulated in Law No. 6 of 2014 on Villages) that gives villages the authority to run economic enterprises. In tourism, BUMDes can be a vehicle for community control over tourism enterprises and to ensure that profits from tourism are reinvested in community welfare (BPK Regulation, 2025).

Based on a textual analysis of Law 18/2025, it can be concluded that this law has a fairly strong accommodation of the principles of local community empowerment in declarative and normative dimensions (Safa'at, R, 2013). This regulation clearly recognizes the rights of local communities, acknowledges the role of empowerment institutions, and declares a commitment to economic empowerment. In terms of "first generation" regulatory commitment, namely the declaration of principles and rights, Law No. 18/2025 is progressive and comprehensive. Compared to previous tourism regulations (such as Law No. 10 of 2009), Law No. 18/2025 shows a significant improvement in recognizing the importance of community empowerment in tourism development.

This declarative commitment is important politically and symbolically because it shows that the Indonesian government, through its legislators, has recognized that tourism cannot be built on the basis of pure economic extraction from local communities and their resources, but must be based on principles of sustainability and equity that place the welfare of local communities as one of the main objectives (Simatupang, et.al, 2021). In regulatory studies terminology, this is an important first step towards a transformation from the resource extraction paradigm to the "sustainable development" paradigm in tourism. However, when analyzed at the operational level, namely how regulations govern concrete mechanisms for implementing empowerment aspirations, Law 18/2025 becomes much weaker and incomplete. The most significant gap is the absence of concrete and mandatory benefit-sharing mechanisms (Asmoro, et al., 2021).

Articles 17P and 17Q of Law 18/2025 clearly declare that the economic empowerment of local communities must be carried out in the context of cultural tourism development. However, when I looked for how this benefit sharing should be implemented in concrete terms in Law 18/2025, I found several things that had not been addressed in the regulation:

First, there is no mandatory formula or percentage for benefit-sharing. There is no article stating, for example, that tourism businesses must allocate a minimum of X% of their revenue to community development, or that every tourism transaction will be subject to a levy of Y% to be allocated to a community fund. Unlike several countries in Southeast Asia, such as Thailand or Fiji, which have mandatory revenue-sharing mechanisms with measurable percentages (generally 5-15% of revenue), Indonesian regulations are silent on this matter.

Second, concrete mechanisms for transferring benefits to local communities. Law 18/2025 does not regulate: whether benefit-sharing will be carried out through direct cash transfers to communities? Whether it will be through community trust funds managed by BUMDes or Pokdarwis? Whether it will be through in-kind benefits in the form of facilities or capacity building? Without clarity on these transfer mechanisms, benefit-sharing could be carried out in ways that are not transparent and accountable.

Third, monitoring and evaluation mechanisms. There are no articles stipulating: who is responsible for monitoring whether benefit sharing actually occurs and how much benefit has been allocated? Are there mandatory reporting requirements for tourism businesses? What indicators or metrics are used to measure the fairness of benefit distribution? Without clear monitoring mechanisms, benefit sharing can be carried out on an ad hoc and unmeasurable basis.

Fourth, sanctions or enforcement mechanisms. Law 18/2025 does not regulate administrative or criminal sanctions for tourism businesses that do not carry out benefit sharing as they should, or that carry out benefit sharing but in disproportionate amounts. In the context of regulatory theory, it is known that legal norms only have a significant deterrence effect when accompanied by credible and significant sanctions. Without sanctions, business actors have little incentive to engage in fair benefit sharing because, in the logic of profit maximization, they will tend to minimize the distribution of benefits to local communities.

After being identified, Law 18/2025 lacks a clear mechanism for coordination between various empowerment institutions (Pokdarwis, BUMDes, village governments, and regional tourism offices). Although Law 18/2025 recognizes the existence of these various institutions and implicitly indicates that they should work together in empowering local communities, this regulation does not stipulate concrete mechanisms for how this coordination should take place.

#### **4. CONCLUSION**

This study has conducted a comprehensive analysis of Law No. 18 of 2025 on Tourism with a specific focus on the extent to which this regulation accommodates local community empowerment in cultural tourism development. Through a normative analysis of the legislation, this study has arrived at several important conclusions that can be summarized as follows.

Law 18/2025 has accommodated the empowerment of local communities in cultural tourism at a very clear and progressive aspirational and declarative level. Through various articles regulating the principles of national tourism development (Article 1 paragraph (6)), the right of communities to develop culture-based tourism destinations (Article 17N), the involvement of Pokdarwis in every stage of development (Article 17O), commitment to the economic empowerment of local communities (Article

17P), and the development of tourism villages that improve the economic welfare of the community (Article 17Q), this regulation demonstrates the strong political will of Indonesian legislators to place community empowerment as a central objective in tourism development (Kemenpar, 2025). Compared to previous tourism regulations, Law 18/2025 represents a significant paradigm shift from tourism based on pure economic extraction to tourism based on sustainable development and equitable benefit distribution (Antara News, 2025). However, although the normative aspirations of Law 18/2025 are very ambitious, the regulation's accommodation of local community empowerment becomes much weaker when translated into concrete operational mechanisms. An in-depth analysis of the articles governing empowerment in Law 18/2025 reveals that this regulation states "what" should be done (local community empowerment must be carried out), but does not detail "how" this should be done in practical operations.

This study has identified the main regulatory issues that remain in Law 18/2025 and that have a significant impact on the effectiveness of local community empowerment: (1) the absence of a concrete and mandatory benefit-sharing mechanism, and (2) the absence of a formal, structured, and binding institutional coordination mechanism between various empowerment institutions (Pokdarwis, BUMDes, village governments, and regional tourism agencies). Although Law 18/2025 clearly declares that "local community economic empowerment" must be carried out in cultural tourism, this regulation does not stipulate: (a) the percentage or amount of benefits that must be allocated to local communities; (b) concrete mechanisms for transferring benefits to communities; (c) mechanisms for monitoring and evaluating the fairness of benefit distribution; and (d) mechanisms for sanctions or enforcement for parties that do not share benefits as they should. Law 18/2025 recognizes the existence of various empowerment institutions but does not regulate formal mechanisms for how these four institutions should coordinate, share responsibilities, and support each other. As a result, coordination occurs informally and ad hoc through personal relationships and occasional village deliberations, without formal protocols or standard operating procedures. This gap results in: (a) uncertainty about the division of roles and responsibilities between institutions; (b) an extreme funding gap between various institutions; (c) a lack of formal coordination mechanisms; and (d) an accountability void where it is unclear who is responsible when empowerment programs are not running effectively.

Law No. 18/2025 is more effective in accommodating the empowerment of local communities in cultural tourism, requiring more detailed and operational regulatory instruments at the level of Government Regulations (PP) and Ministerial Regulations (Permen) that address the issues in Law No. 18/2025. This regulatory reform must include: (a) the establishment of concrete, mandatory, and enforceable benefit-sharing mechanisms; (b) the regulation of formal and structured institutional coordination mechanisms; (c) the provision of credible enforcement mechanisms with clear sanctions; and (d) the regulation of sustainability mechanisms for empowerment activities. Without these more operational regulatory instruments, Law 18/2025 will remain aspirational and the implementation gap will persist.

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