

Research Article

MANGING STAKEHOLDER RELATIONS, NATURAL RESOURCES CONSERVATIONS AND COMPETITIVE TOURISM DESTINATION FOR SUPPORTING SUSTAINABLE TOURISM DEVELOPMENT A CASE STUDY FROM BALI INDONENSIA

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The role of Local Government and institutional capital mostly the strategic issues for reconstructing the competitive tourism industry. The community participation and successfully collaboration with entrepreneurial tourism and other stakeholders should be believe as the key instruments for supporting the sustainable tourism development. Our research have found that the local government policy have directly impact to encourage community norm and regulated as instrument for social values establishment. However, our research found that mobilization of community potential asset values empirically does not support mediated to have strongly impact to sustainable tourism. The government policy action with focusing on collaboration with community as the key for doing partnership with tourism industry stakeholder, where local government should be take the power of tourism masterplan, regulated and revised some social capital norms that inconsistence with the capacity need for sustainable tourism development.

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INTRODUCTION

The source of sustainable tourism development is one of the most important research topics in emerging market countries, because tourism industry is not only have positively impact to job creation and generating people income, but also tourism activities have negatively impact to local culture, environment and demand for land used of tourism service needs more accommodation, office facilities and attraction. The growing literature of tourism significantly discussed the tourism sector as injection for economic growth (Liang & Bao, 2015) and tourism also contributed increasingly has been found in stimulating local economies (Sharpley and Telfer, 2002). However, the discussion related to a sustainable tourism look more focused on community resident as the domain components and its significant component for providing such kinds of tourism product i.e culture tourism, ecotourism, heritages and meeting event tourism. Recent studies related to environmental behavior has long been concern in voluntary choices that potentially impact to local environment. The visitor incoming to destination burdening social and cultural aspects of the community.

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Ryan and Gu (2009) argue that tourism industry lead to encourage low wages and overcrowding destination degrades the natural environment, impact negatively the habitats of wild life, and strongly possible have negatively impact to local community culture and life, such as drug, begging and crime and other negative social impact (Kuvan & Akan, 2005). Although there are some social risk of tourism as determoinant factor to create jobs and economic growth of the regions, tourism still have greater positively impact to a nation for making more beneficial to society. According to UNWTO report (UNWTO, 2014), The United Nations World Tourism Organization (UNWTO) that tourism sector have contributed significantly for encouraging economic growth in many countries in the world. UNWTO has acknowledged that the tourism negatively impacts can be eliminates using tourism plan addressing local concern collaboration of local government and local community to have positive beneficial for reducing the negative social impact to society. An optimism aspects of community approaches in tourism development has a challenges research issues addressing to emerging countries where tourism sector become more expectation future dreams to solve economic growth and poverty reduction as well. World Travel & Tourism Council (2014) states that tourism contributes value added and beneficial for tourism destinations by the process of consumer spending that creates additional

employment opportunities, contributes to national GDP of one country and have positively impacts for local businesses. This tourism contribution to economic growth support by the growing literatures. Some of important strategic issues investigation come from Wall & Mathieson, (2006); Deloitte (2013) that manage visitors in tourism destinations, regulating access and implementing education programmes would be possible to create and sustain the tourism destination for increasing community life of satisfaction. The well-being philosophy for tourism process and development will be create community resident potentially engages in tourism industry and having the benefits that guarantee better society health (Wall, 2012). Tourism destination also affects business for community development, and sustainable growth of social beneficial (Deloitte, 2013). Although the tourism contribution to economic growth and beneficial to community well-being, for some reasons, community involve and connecting to tourism destination industry have some challenges to realize. Tosun (2000) argue that community participation seem to be structural and cultural limitations to encourage and motivate the greater access of that community residents entering tourism destination industry. The community participation is the key for sustainable tourism development (Tosun and Tomothy, 2003), however, argument for Community-based tourism development look become a viable option for developing natural resources conservation, because of that tourism can provide economic benefits to local residents and community as a whole. (Mehmetoglu, 2001); Boo & Busser, (2006), so that the community beneficial come from tourism industry will be greater impact for greater environmental awareness (Lee, 2011; Shrestha *et al*, 2007).

Tourism industry is successfully managed with partnering business strategy of small management that participated in tourism destination area. Wheelen and Hunger (2013) argue that partnership strategies can be used to increase the competitive advantage in an industry through cooperation with other companies. Wheelen and Hunger (2013), divide the partnership strategy into collusion and alliance strategy. White collusion, strategy is a active cooperation from one firm into another firm targeting industrial strategy to reduce output and raise prices and matching the economic law of supply and demand. On the other side, alliance strategy is a partnership of two or more corporations or business units to achieve the objectives of the strategy which most significant and mutually beneficial. Partnership is also important for rising competitive advantages (Barney, 1991). Walker (2009) argue that partnership is the motivation of a firm cooperation include (a) technology transfer, (b) market access, (c) cost reduction, (d) risk reduction, and (e) alteration of industrial structure. Hao and Ma (2004) by adopting some theoretical reviews concludes that the partnership can be defines as an initiation and participation in the setting of management collaboration strategy. Jamal and Getz (1995) have more expand partnership into collaboration in tourism destination development. More recent discussion for collaboration in the light of community-based tourism and sustainable tourism development is directly focus on the collaboration for community-based tourism planning support that will take parts at the collaboration for community-based tourism planning as the process of joint decision making among autonomous, the key person of stakeholders, and community tourism domain to resolve planning problems of community domain in tourism industry.

Lowndes and Wilson (2001) argue that local government and institutional have significant role that must take function to revise social capital for community well-being. In the case of local government policy action, North (1991) opposed government action as institutional approached in economic development process. Bresser, *et al.* (2003), have more focused to formulate institutional as non financial capital. The institutional capital can be identify as environment condition processing resources selection to have competitive advantages. The limitations of resources is design as resources capital that connecting with resources based views approaches as Barney (1996) and the concept related to comparative advantages of Porter (2004). The resources capital or institutional capital can be categorized in three dimensions, such as cognitive capital, normative capital and regulative capital (Platje, 2008). Tourism as industry and business service must be managed with service that mostly connected with accommodation, transportation, restaurant and service excellent. According to the case of small business areas that will be organized to be survive in the destination tourism development, Man *et al* (2002), argue that the success of small and medium businesses (SMEs) is affected by some factors i.e. knowledge, experience and skills of the employee. To be expanded, that the role of entrepreneurs who are able to follow up on tourism business industry must be a strategic position to develop innovation, and new creation for making new product. Barney and Clark (2007), states that one of the approaches used to develop and make an effort to have a competitive advantage is using a resource-based approach known as resource based theory (RBT).

Resource Based Theory (RBT) is thought to have developed in the theory of strategic management and competitive advantage of companies that believe that the company will achieve excellence in having superior resources. The ability of competing SMES is not only based on the ownership of tangible assets, but also more on Innovation, information systems, management of organizations and resources. Therefore the company increasingly focuses on the importance of knowledge assets (assets of knowledge) as well as SMES in Jombang regency, who have used the ability and knowledge to improve performance and development, but the results have not been fullest. There are several criteria of the company in order to achieve a competitive advantage, namely: 1) resources should add value to the positive for the company, 2) resources must be unique or rare among existing competitors, 3) resources should be hard to emulate, and 4) resource cannot be replaced by any other competition resources (and Barney Clark, 2007). However, competitive tourism destination would be not automatically drive to be sustainable tourism, so that we consider this competitive tourism attitude that would be impact sustainable tourism is depend on resident attitude that would be investigated further. Fredline and Faulkner (2000) argue that Residents' attitudes can be divided into four groups such as (a) ambivalent supporters, (b) haters, (c) realists, (d) lovers and concerned for a reason, and (e) among multiple communities. The development of tourism may improve the local economy, and that the residents' quality of life would be support sustainable recreational opportunities, and community prides (Wo *et al*, 2015). The community for support for future tourism development is considered an important domain in most attitude scales (McGehee & Andereck, 2004; Woo *et al.*, 2015).

LITERATURE REVIEWS

Theoretical modeling is to be expected to help research investigation of the community participation and the role of institutional capital as the basic foundation of community resident to have access to tourism destination industry.

Residents' Support for Competitive Tourism Destination

Community participation is one of key issues of studies that address tourism impact as an important component of tourism industry development and destination management. Although empirically research have support the community as the key in protecting environment and local culture, it still needs further discussion for implementing tourism destination plan to ensure how destination will be managed to have optimal outcome, including environment and social culture protection as well. In their pioneering work, Wall and Mathieson (2006) developed and synthesized much of many field area studies to explain tourism. As Tosun (2000), and Tosun and Timothy (2003), also Lee (2011) and Shrestha *et al.*, (2007) started discussed how community attitude will be motivated in profit sharing tourism industries and beneficial for community as a whole. That the growing literature review accommodated that tourism development and community well-being can be analyzed from different perspectives, such as economic, social, cultural, and environmental.

Institutional Capital as the Sources of Competitive Advantages

Capital in economics textbook is the strategic element for production that can be measure as financial capital. To be expand, that institutional capital is intangible asset than working for better information and innovation which lead the economic return and increment. In this case, the institutional environment effectively create economic value that would be more competitiveness than competitors. Oliver (1997) opposed the concept of institutional capital with resource-based view of Barney (1996) and institutional theory (Schultz and Theodore, 1968); Platje, J. (2008). Institutional capital refers to the ability of the firms that can adopted resources capital to improve competitive advantages. Bresser and Millonig (2003) argue that institutional capital is related to resources management support to competitive advantage of the firms. Scott, W.R. (1995) defined institutional capital as the resources capital that divided into three types that are (a) cognitive capital, (b) is normative capital and (c) regulative capital. Although those type of institutional capital is not the originator of the concept of social capital, hence Coleman (1990) and also Bourdieu (1986) and also Robert Putnam has been popularized the the social capital as the key for community welfare. Social capital refers to features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit (Putnam, 1995). The strength of Putnam's approach lies in the way in which it seeks to combine different aspects of the 'social capital' concept (Newton, 1999). Putnam treats social capital as an amalgam of social norms particularly trust, as emphasised by Coleman 1990, and by Fukuyama 1995); objective features of society (primarily social networks, as highlighted by Bourdieu 1986 and, more recently, by Foley and Edwards 1999); and outcomes (see Coleman, 1990, and Ostrom 1990, on the productive aspect of social

capital). Institutional Capital And Local Government Policy Action Lowndes and Wilson (2001) argue, that social capital of Putnam's argument is connecting between government and social and political life to achieve the ideal of civic communities. Putnam (1993) notes that norms and networks of civic engagement undergird good government. People learn to trust each-other through face-to face interaction in one group of community to establish associations and social networks, the community norms of trust and reciprocity, the capacity created for collective action, shared value goals; citizens expected to be better together. The competent and responsive government therefore will be connecting clearly as a counterpart to empowering civic engagement to achieve community strengthen for better together social capital as the key for community well being solutions. Form this point of view, Lowndes and Wilson (2001) argueing that local government policy action should be revised civic enbngagement to be ideally as the key for better society social capital. Marinova (2014) argue that norm and network of civic communities can be formed in the design of institutional capital, where communities have capacity to improve internationalization performance for adopting more strongly in competitive advantages society for enghancing global market competition. Institutional capital can be defined as a situation or institution itself. If internal institutional mechanism can match with efficiency-driven economic rationality, the organization is able to obtain extra competitive advantage, and this is so called normative institutional capital. Regulative institutional capital refers to support from organizations, relevant institutional role or favorable formal and informal regulative institution. An institutional environment has important influence on selection process of strategic resources, heterogeneity and sustainability of competitive advantage.

Institutional environment is more than society value and asset that can lead to competitive advantages through the effective management of institutional environment. This view of point of institutional as the key important for starting social foundation embedded Institutional capital is embedded in the environment where enterprises operate and it is able to enhance competitive advantages by strengthening the resources allocation ability. At the same time, institutional theory has been introduced into strategic management research more and more thoroughly. The dynamic interaction between institutions and organizations as well as the influence on strategic choice of such interaction has become a hot issue in strategic area. Peng *et al.* (2002) propose institution-based view, which thinks strategic choice is not only determined by enterprises' resources and abilities, but also reflects enterprises' behavioral preference facing the formal and informal restrictions of certain institutional framework. That is to say, institution is not only regarded as the exogenous variable of the enterprises' choice and action background, but also the important endogenous variable for developing a strategy and gaining competitive advantages. However, as the dilemma that institutional theory faced in the field of strategic management, the conceptualization and practical operation of institutional capital is still vague, which greatly limits its further development. The paper tries to apply the source of competitive advantage in tourism industry, which is focusing on the relationship between institutional capital and competitive advantage from both resource-based view and institutional-based view as Barney (1991). Capital increment is an essential requirement and inherent characteristics of capital.

Capital in the modern sense is an important production element that could enhance value-adding activities and improve the level of social productive forces. Capital as an intangible assets is increment as a primary attribute of institutional capital. Institutional capital can help organizations and the individuals make better decisions and adapt to institutional pressures easier by exerting influence on them, which leads to economic returns and increment. If implemented strategy can be interact with institutional environment effectively and create economic value higher than competitors through unique resources and activities, the process has fully reflected the valuable feature of institutional capital. It's true that sometimes institution can restrain and limit people's behaviors and choices, but we should concern its encouraging and supporting role. On one hand, institutional capital can promote efficiency and effectiveness to meet human needs as valuable productive assets.. On the other hand, institutional capital can help enterprise to nurture special non-market capacity as a strategic resource embedded in the environment, which will enhance enterprises' dynamic responsiveness and economic performance

Rare Feature of Institutional Capital

As a kind of resource allocation system, the most important role of institution is to reduce uncertainty from environment and collective action. On one side, institutional deficiencies or institution insufficiency will increase the risk of uncertainty and business operations. On the other side, overly complex institution will lead to increased transaction costs. Institutional heterogeneity can create comparative advantages towards different subjects, rational institutional system can increase the momentum of economic entities and reduce cost of economic activity effectively. McMillan (2007) proposes concept of market-supporting institution to describe an ideal institutional environment: protected property rights, observed commitments, suppressed externalities, positive competition and expedite information flow. To be expanded, in the real economic life, good institution is always in short supply with respect to people's needs. In regards to the negative impact of tourism, the evidence suggests that property taxes increases as a result of tourism (e.g., Allen *et al.*, 1993; Perdue *et al.*,1987), the price of goods and services increases (e.g., Weaver & Lawton, 2001), and the price of land increases too (e.g., Lundberg, the important the key for protect oemoiTourism planners typically consider the nature of the impact and how it can be managed to ensure optimal outcomes (e.g., Beeton, 2006; Gunn & Var, 2002; McIntosh, Goeldner, & Ritchie, 2009; Murphy, 1983). Community planners have criticized tourism officials for failing to establish a clear framework to determine what factors should be considered in their decisionmaking (e.g., de Kadt, 1979; Gunn & Var, 2002). 1990). Other studies found no economic effects. For example,

RESEARCH METHOD

Our research ias conduct using instrument to per We applied quantitative approach in our work to answer our research goals. Variance-based structural equation modeling as well as factor analysis were used to analyzed the data and make research inferences. The data were collected from community leaders at eight districts in Buleleng regency. Community leaders were

appointed as the respondents in our work because they are the representation of people at their villages.

Research Model and Hypothesis

Research model has been developed based on theoretical framework as design in relational interdependent between constructs. Figure 1 has been design constructs as latent constructs that contains indicators mostly explained empirically research.

Figure 1. Constructs and Dimension

Construct	Measures (Scales)
Government Policy	gov1 funding resource support gov2 empowerment small enterprise gov3 training for small firms gov4 product innovation support
Regulative Capital	ic1.1 social economic and norms ic1.2 rule of organization ic1.3 strong reciprocity ic1.4 mobilized commitment resources
Relational I Capital	ic2.1 participation in local community ic2.2 support tolerance of diversity ic2.3 proactive in community context ic2.4 family and friend connectivity
Structural Capital	ic3.1 being able to live as normally ic3.2 bodily health and good health ic3.3 bodily Integrity to move freely ic3.4 human senses in a truly human ic3.5 affiliation to live with others,
Competitive Strategy	cs1 product design effectively cs2 better service quality bcs3 low price strategy
Partnership Strategy	ps1 reducing product competition ps2 reducing risk strategy bps3 competitor attract again
Competitive Tourism Destination Sustainable Wellbeing	ctd1 resources value for community tctd2 tourism object to be unique cctd3 resources hard to emulate stw1 family income shared tourism stw2 self-compassion tourism stw3 survival and longevity tourism

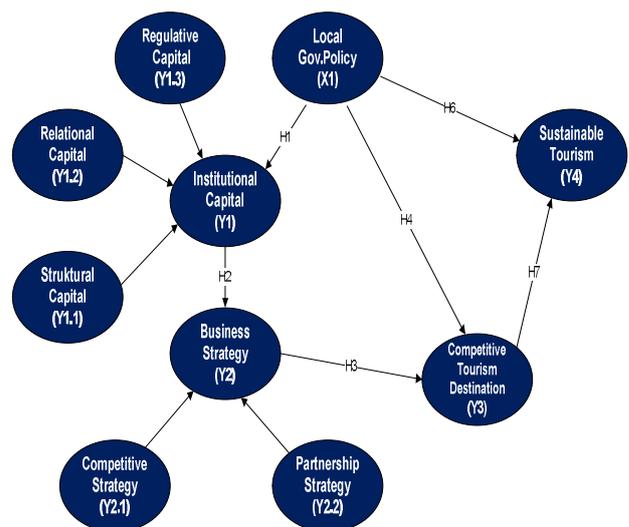


Figure 2. Hypothesis Research Model

Population and Sample

Our researh is conduct in east Bali islands in north part of kabupaten Badung regency that as known of conservation area. The international tourism center of Nusa Dua and Kuta beach are located in east region of Badung regency, with international

hotels qualities, restaurants, international finance service and some super market trade and fahions. In the other hands, the nort Badung regency mostly capture as agricultural people subburd area, natural conservations and some agro-industries tourisms that become tranding to help overcome local people to generating their incomes from tourist incoming as new instrument for. The crucial impact of incoming tourism is the natural resources conservation that will be demages, so that the investigation and research must be conduct as the basic guidance for implementing Masterplan and design the correct policy action for participating of tourism stakeholders in accommodating some aspects of environment, cultural and natural conservation protection. In Balinese community of social structure, a traditional village is lead by *kelihan banjar* as the leader organized in a democratic atmosphere. We design the local community groups the *kelihan banjar* as our population, priori we fixed our sample size as much as 250 of five community group based on *banjar* adat as as the respondents. Member of our sample is chosen by applying proportionally random sampling technique, based on the total number of banjar adat at every subdistrict at north part of Badung regency. Data were collected on October, 2016 to January, 2017.

Research Instrument

Research instrument is developed to find primary data sources. Five-option Likert's scale questionnaire is developed to collect data. Prior to its distribution, validity and reliability of questionnaire was examined in a pilot study conducted at Nort part of Badung regency, Bali province. An item is declared valid if its correlation value with the other item on the same construct is greater than 0.30 (Nunnaly, 1975). In addition, construct is assumed has reliability measurement if its cronbach's alpha coefficient at least 0.60 (Hair, Anderson, Tatham, & Black, 2010).

Data Analysis

Basically, a structural model can be analyzed by applying the covariance-based or variance-based structural equation modeling (SEM). Both techniques have their own limitations (Henseler, 2007; Hair, Sarstedt, Ringle, & Mena, 2012). In our work, we applied variance-based SEM and SmartPls 3.6.2 is used in supporting statistical software packages.

The Evaluation of Research Instrument - Outer Model

SmartPls is used to have basically involves an outer measurement model analysis, and structural model analysis. The first steps is outer model applied that refers to the causal relationship between constructs and its reflective or formative indicators. The second steps is developed inner model or the structural model evaluates that investigates the causal relationships among constructs. According to Hair, Jr., Hult, Ringle, & Sarstedt (2014), the first evaluation of outer-model is the investigation of the internal consistency of a construct can be measured by observing its CR greater than 0.70 and by convergence reliability with AVE value has to be greater than 0.50. Furthermore, one has to assure there is no collinearity exists among indicators. One indicator is said collinear with others if its VIF less than 5 (Hair, Jr., Hult, Ringle, & Sarstedt, 2014). Noting all the indicators of local government roles less

than 5, we concluded that collinearity issues does not exists in measuring this construct. Table 1 presented the reflective testing reliability of four constructs indicates that the cronbach, rho_A and composite reliability (CA) value were found in around of 0.674 or above, so that we can concludes all of the constructs arr reliable. The last testing procedure to see the quality of research instrument can be seen from AVE evaluation value for more than 0.50 (see Table 1).

Table 1. Reliability Testing Result

	Cronbach	rho_A	C.A.	AVE
Y2.1 CoStra	0.693	0.709	0.795	0.597
Y2.2 PartStra	0.672	0.700	0.646	0.568
Y3 CompDest	0.675	0.680	0.720	0.547
Y4 Sustourism	0.691	0.661	0.682	0.535

The Next steps of outer-model evaluation is to investigate the testing procedure of discriminant validity using Fornell-Larscker procedure as we presented in Table 2. We analysis three constructs that defined as first order constructs of GovPolicy with the root value of AVE 0.651 still greater than its cross-correation. We also evaluated of competititive destination (Y3) that diagonally indicated the AVE root of 0.497 is greater than its cross-correlations. Finally, we also found that sustainable tourism (Y4) with the root value of 0.579 is greater than its cross correlation (i.e 0.367, 0.344). Bases on these relationship evaluations, we can conclude that all the constructs in Table 2 are having discriminant validity.

Table 2. Fornell Larscker Validity test

	X1	Y3	Y4
X1 GovPolicy	0.651		
Y3 CompDest	0.311	0.497	
Y4 Sustourism	0.344	0.367	0.579

The investigation of discriminant validity of the constructs can also used testing procedure of heterotrait-monotrait ratio (HMR) that was developed by Henseler *et al* (2015), that was successfully calculated as Table 3 shown. According to Table 3, we have found that all constructs have distributed value less than 0.80, so that we can conclude that all the constructs developed from discriminant validity of research instruments.

Table 3. Heterotrait-monotrait

	X1	Y2.1	Y2.2	Y3
X1				
Y2.1	0.452			
Y2.2	0.531	0.591		
Y3	0.511	0.493	0.669	
Y4	0.417	0.540	0.707	0.594

Structural Model Analysis

Inner model is defines as the causal relationship between constructs (Hair *et al*, 2010). We applied the PLS SEM that does not relied on normal assumption for errors distribution and practically uses bootstrapping technique to help prediction. The pLS SEM also accommodated the formative approached easily technique available in SmartPLS 3.6.2 (Ringle, Wende, & Will, 2014). The assessment of inner model is conducted by examining the path values that represent the direct effects of exogenous on endogenous constructs. To be expanded, the R²

indicates the amount of variance in the endogenous construct explained by all of its respective exogenous. An other statistical testing calculation is to examine the model fits of the predictive accuracy of endogenous constructs. One has to elaborate the Stone-Geisser's Q^2 value as an indicator of the model's predictive relevance.

Tabel 4. R Square of Endogeneous Constructs

	R Square	R Square Adjusted
Y2	0.57	0.49
Y3	0.49	0.41
Y4	0.89	0.88

Based on R2 that we have found from calculation, that endogeneous latent variables have valuable interdependent relationship. Table 4 presented the distribution value of endogeneous explanation as the power of structural interdependent. The increasing participation of local community, in turns, will increase significantly all of sustainable development's dimensions. Economic, cultural, as well as the local people participation to natural conservation and local cultural strengthening as become realized by local people benefits sources from tourism industry. Refers to its path values, social aspects are influenced with the most, whereas cultural aspects are the least affected by community participation. Observing the Q^2 values for these impacts, it is clear that local people perceives the economic impacts of tourism development is the most predictive. Despite of those findings, we concluded government policies (X1) has effect the institutional capital (Y1), competitive tourism of destination (Y3) and sustainable tourism (Y4). In this case, we have believe that the tourism development strategy will be fully understanding of local government domination in supporting tourism destination in developing countries, such as Indonesia. See in more detail in Figure 3. The role of government policy as presented in Table 6 also indicates that the strengthened of government policy to institutional capital (Y1) should be more intension to have understanding as positive impact to build competitive tourism (Y3), and the potential impact of competitive destination.

This empirical studies has found that institutional capital have positive relation and significant impact to business strategy. On the other sides, the business strategy construct have directly significant impact to competitive tourism destination, and so that we do believe that institutional capital and business strategy will be possibly combined as strategic components in developing tourism destination with more basically community based and beneficial sharing for local community encouraging as far we expected to natural conservation and local culture rehabilitation program continuing strengthening to be more sustainable tourism. Our research targeting is to find some components of potentially we an used to develop and build the new tourism destination area of north Badung regerncy that almost in farming agriculture, more agro-industry and having natural protection for water retreatment and natural basic protection, so that still possibly developing international tourism visitor as solution for income generating of local people to be more prosper as have done of south Badung regency. As we can n Figure 3, all of the three components such as government policy (X1), institutional capital (Y1), business strategy (Y2) and competitive tourism destination

(Y3) were positively impacts to sustainable tourism (Y4). We still needs further some qualifications of those of the three constructs in connecting each others as the process of mediations that enhance the path way from direct effect relation to indirect effect relation to strengthen the targeting construct of sustainable tourism (Y4). Tourism with ignoring community participation possibly caused misunderstanding even conflicts between agents of tourism development (Leksakundilok, 2004), so that tourism should be impact beneficial to local community as optimal outcome of nature protection (Gunn & Var, 2002); Beaton, 2006). As we do believe according to some studies reported empirically (e.g., de Kadt, 1979; Gunn & Var, 2002) and guarantee better society health (Wall, 2012). Tourism destination should be affects business for community development, and sustainable growth of social beneficial (Deloitte, 2013) can be supported empirically in this research. The community participation in tourism industry is constructed using institutional capital as discussed in Marinova (2014) and Peng (2002).

Our research have found that the role of local government policy have positive and significant impact to institutional capital, however in this case we can argue that norm and network of civic communities can be formed as assign in the direction to form institutional capital, where communities have capacity to improve internationalization performance for strongly competitive advantages global market competition. Institutional capital possibly moved from internal institutional mechanism and matching with efficiency-driven because of community organization trust to set more network expansion in the process of sustainabling tourism development. Wr also do believe that institutional capital is become more important as tourism industry component asset and capital as the society value that can lead to the process of competitive advantages strengthen (Peng *et al.* 2002).

The tourism contribution to economic growth and beneficial to community well-being should be taken as link together, and for some reasons, community involve and connecting to tourism destination industry have empirically supported with this research. As Tosun (2000) argue that community participation seem to be implemented in institutional capital approached and support to competitive tourism destination (Y3). However, we have not that the business strategy componentfail to be connected with institutional capital. There is no significant statistical test for and the relation between institutional capital and business strategy is not support in this case. This mean that tourism industry is need of more local government policy action in making an effort of tourism Masterplan where local community needs some protections leggally too be more intensively stakeholder collaborations. In the context of business strategy failed to connect with institutional capital, possibly caused with lack of policy attention of local government to build reglation and tourism plan destination with more accommodated local community to participate (Tosun, 2000), and might be important to discuss the time for social capital revised that can be done by local government (Lowndes and Wilson, 2001), haave more opportunities to strengthen the social capital foundation or institututioal capital asset for supporting the competitive tourism industry as an instruments for community wellbeing as we can believe to be the same as sustainable tourism destination.

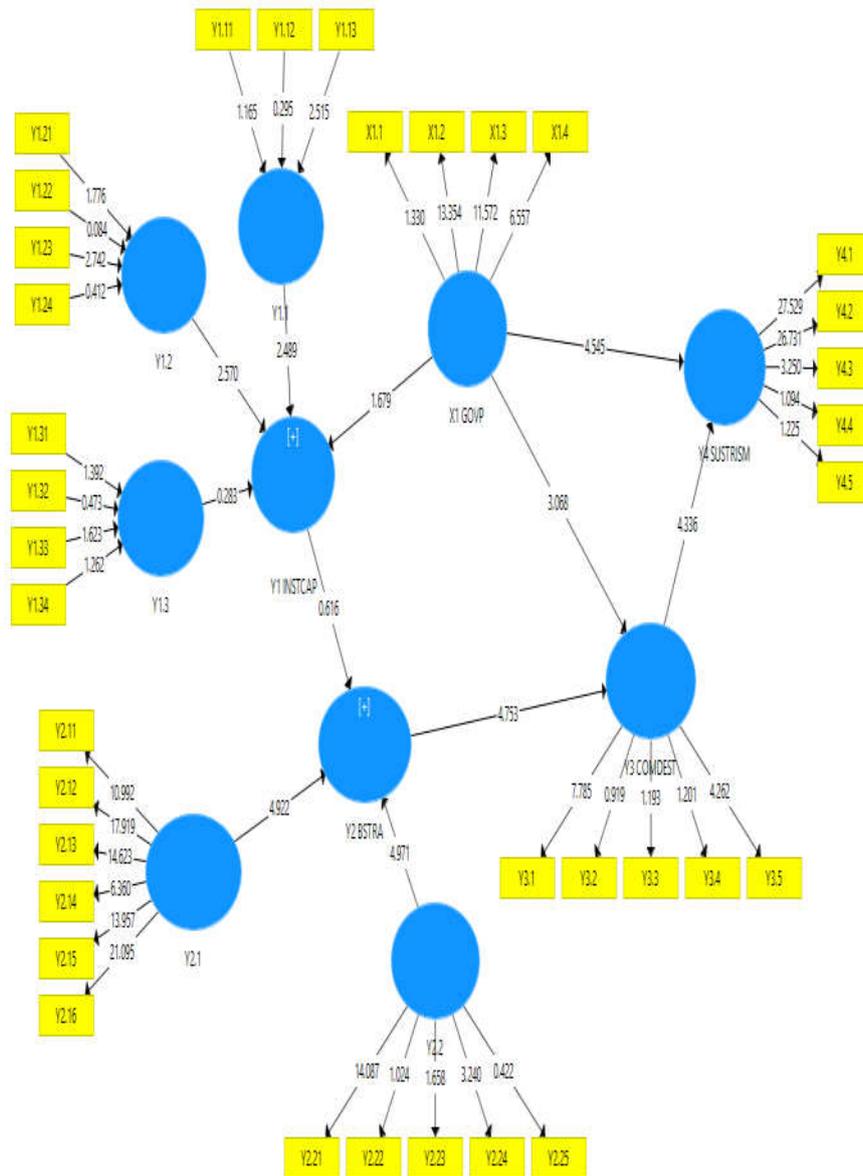


Figure 3. Statistical Test Result of Research Model

Table 5. Path Estimation and Significant Value

	Original Sample	Sample Mean	Std. Dev. (STDEV)	T Statistics	P Values
Y1 -> Y2	-0.006	-0.002	0.010	0.616	0.269
X1 -> Y1	0.018	0.018	0.011	1.679	0.047
X1 -> Y3	0.184	0.187	0.060	3.068	0.001
X1 -> Y4	0.249	0.253	0.055	4.545	0.000
Y2 -> Y3	0.383	0.399	0.081	4.753	0.000
Y3 -> Y4	0.308	0.312	0.071	4.336	0.000

Another expanded analysis of interdependent study relationship is developed SEM PLS model in mediation analysis. Some mediation studies topics that discussed in this research are the construct functions as important investigation that really a mediator when it lies in the way of a causal chain between two other constructs. The possibility of the mediator display found may have full mediation or partial mediation so that the independent variable (IV) has no statistically significant effect or a diminishing statistically significant effect on the dependent variable (DV).

Test for mediation is performed to establish the full nomological validity of the model and the test is done in stages (Baron & Kenny, 1986; Hair *et al* (2016), as in more advanced mediation discussed in Zhao *et al* ((2014), Nietze *et al* (2012) that implemented easily in SmartPLS in one run by doing a bootstrap and examine the total effects portion of the default report (Lowry & Gaskin, 2014); (Sarstedt *et al*, 2014).

Tabel 6. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Std. Dev.	T Statistics	P Values
X1-> Y1	0.000	(0.000)	0.000	0.001	0.500
X1->Y3	0.004	0.007	0.005	0.761	0.224
X1->Y4	0.004	0.006	0.005	0.806	0.210
Y2->Y4	0.069	0.070	0.023	2.960	0.002

As we can seen as mediation concept appear in Figure 2 and also completely with statistical test display in Figure 3 and Table 8 as the result of indirect effect test using bootstrapping sample of 500, however our finding mediations are not fully

satisfaction. Only one mediation analysis indicated the significant, i.e the business strategy (Y2) that impact positively to sustainable tourism (Y4) mediated with competition tourism destination (Y3). As we can shawn in Table 8, local government policy (X1) fail to see driver as mediator rather than that locl government policy support only for direct effect. According to statistical result as presented in Table 8, only business strategy (Y2) have statistical support for indirect effect to sustainable tourism (Y4) via competitive tourism destination (see Table 8). The mediation investigatoion that we have evaluated under statistical report here, according to Barron & Kenny (1986), Nietz *et al* (2012), Little *et al* (2010), the mediation type we found is full type f mediation, because there is only one direction to path of business strategy to have connected to sustainable tourism (Y4).

Contribution Study

This study research is investigated the institutional capital components such as regulative capital, relational capital and structural capital to be more focused that possibly havi8ng connection as community asset and social value that have more realistic components in having contribution to tourism competitive industry and support to deal with sustainable tourism development in some developing countries, such as Bali Indonesia. However, the social capital research have significantly as the invisible hands that to be a powerful of social capital ties in reducing poverty in Indonesia as reported by Grooetaert (1998, so that our studies starting with different social capital dimension to do research in the subject of social capital as an instruments to bringup community wellbeing with doing best together in conservation program includes water management, environment and local culture protection participation.

Conclusion

The results of this work gave explanations regarding the causal relationship between local government policies, the possibility of social capital revised by local government policy action, and the collaboration program that actually needs in tourism destination development. In the tourism service and development strategy todays, sustainable tourism development is more focus rathen than industrial tourism development as competitive industry itself. This research have found that government policy have directly strong effect to joint with and should take an agenda for starting collaboration connecting help overcome local community to be more involve in tourism industry access. The institutional capital can be more focused as commubity asset and social values to be start as collaboration with stakeholder, industrial entrepreneurial, small firms industry, agent and martekting tourism agents to be collaborated in supporting together with community participation as the social asset for enhancing natural conservation and protection where local people can believe to be active participants in conservation when they have opportunities to get beneficial from tourim industry.

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