DEVELOPING MARINE TOURISM BY CREATING SHARED VALUE IN COMMUNITY-BASED TOURISM: A STUDY ON NGLIYEP BEACH, MALANG, INDONESIA

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ABSTRACT

This study was conducted to investigate the tourism management of Ngliyep Beach in Indonesia. The ideas of creating shared value and community-based tourism were employed in this study to determine how to manage tourist attractions according to cultural values and to describe the socio-economic impact on the local community. The focus was on the needs of the community that could be fulfilled by tourism companies. This qualitative descriptive study analyzed data collected through direct interviews and group discussion forums. This study found that the root of the problems was that tourism management was not based on the local culture and did not have the trust of the community. A model that could be used by companies in collaboration with other stakeholders was proposed.

Key words: Local Community, Creating Shared Value, Cultural-Based Value.


1. INTRODUCTION

Tourism is one of the key sectors that generate income for the community, allowing local people to improve their living standards and develop their community (Dupeyras and MacCallum, 2013: 6). The tourism sector has shown promise in reducing the poverty rate (Croes, 2014). Lee (2013), and Lepp (2007) proposed that this sector can open up different jobs in other sectors, as well as providing opportunities to sell local products. Zang (2015: 11) noted that tourism development also affects environmental problems. This argument is closely related to the overall impact of tourism on the environment, especially with regard to social
issues (Mtapuri and Giampiccoli, 2018). The positive impacts felt by local people can become a challenge in implementing sustainable tourism.

Organizations must respond quickly to the problems that occur in the tourism sector. One approach that can be adopted is the concept of creating shared value (CSV) developed by Porter and Kramer (2011). Shared value involves creating economic value by creating value for the community by fulfilling the community’s needs. Community involvement in tourism development can lead to benefits for the local community (Dahles et al., 2019), by preserving the local culture and wisdom as the main value. Serra, Font, and Ivanova (2016) used the concept of CSV to explore opportunities for bringing benefits to society.

Most successful cluster development programs involve collaborations with stakeholders (Supriono et al., 2020; Serra, Font, and Ivanova, 2016). Such collaborations can create a unique regional image which increases productivity and overcomes gaps in the cluster. Community-based tourism (CBT) is a popular choice for improving local socio-economic capacity in many countries (Dodds, Ali, and Galaski, 2018; Lee, 2009, 2013; Leep, 2007). Therefore, in rural communities, such as local neighborhood (Reggers et al., 2016), village organizations (Wang, Cater, and Low, 2016), and fishing communities (Thompson, Johnson, and Hanes, 2016) CBT can improve the economy of the community (Lee and Jan, 2019).

A combination of CSV and CBT was employed in this research study to investigate questions related to the tourism sector in Ngliyep, Malang Regency, in Indonesia. Malang Regency uses the branding "The Heart of East Java" to improve tourism (Kusumawati and Supriono, 2020). The research problems addressed by this study were (1) the current implementation of tourism management in Ngliyep, (2) the impacts felt by the local community from tourism, (3) the community’s expectations for future tourism, and (4) how tourism management can have an impact on the community in the future.

2. LITERATURE REVIEW

2.1. Creating Shared Value

Tourism focuses on building an adaptive approach and directing resources towards stakeholders’ needs (Camilleri, 2015). New steps taken by companies to achieve economic success must be the main focus of company activities (Serra, Fonts, and Ivanova, 2016). According to Porter and Kramer (2011), CSV is an operational policy and technical process that increases a company's competitive value and simultaneously advances social and economic conditions. Thus, the principles of CSV are the core business of the company.

Unlike Corporate Social Responsibility (CSR), the implementation of CSV in Indonesia is not regulated by legislation. CSV implementation in companies involves a need to fulfill legal and business preconditions and maintain the sustainability of the company but also involves preserving social values. Hence, this concept integrates both social and business considerations to create shared values at the level of the business model instead of at the corporate strategy level. This approach aims to eradicate poverty and hunger, improve health, ensure that the environmental carrying capacity is not exceeded, support gender equality and community empowerment, and enhance global partnerships for development. Through the CSV concept, Porter and Kramer (2011) have proposed three ways for companies to create value:

- **Reconceiving products and markets** – developing products and services to be more innovative.
- **Redefining productivity in the value chain** – an organization should enhance the available value chains to create added-value for the products.
Enabling local cluster development – an organization should create mutual value by developing a cluster aimed at enhancing productivity to address issues that emerge.

The CSV approach requires social engagement to be seen as a long-term investment that supports business success. CSV involves enterprises that link corporate success with social progress as an important driver for long-term economic value creation (Porter and Kramer, 2011).

2.2. Empowerment: through Community-Based Tourism

The need for tourism development as a means of community empowerment requires a framework that includes political, economic, psychological, and social dimensions (Scheyvens; 2000). Sofield (2003) proposed the concepts, theories, and methods for tourism empowerment more comprehensively. Stone and Stone (2011) added that sustainable development could be achieved through CBT by promoting community participation. CBT offers sustainable development goals because CBT strives to balance social needs, the environment and long-term economic viability (Dodds, Ali, and Galaski, 2016).

Dodds, Ali, and Galaski (2016) also stated that CBT is an alternative form of tourism development that differs from the objectives of sustainable community development. The basis of CBT is to preserve local culture (for example, rural and indigenous cultures), and CBT prevents the values of the community from disappearing. Besides, the community can be employed as an approach to give added value to social and ecological aspects, thus contributing to sustainable development (Choi and Sirakaya, 2006; Ruiz-Ballesteros, 2011). Tamir (2015: 51) has observed that the participatory development process in CBT empowers local community members through the development of skills, knowledge and trust, allowing them to take control of their resources. In addition, CBT alludes to a more mutually beneficial relationship between the community and tourists, where tourists are not seen as the priority but as a part of the system.

3. METHODS

This qualitative descriptive study analyzed data collected through interviews (both direct interviews and forum group discussions) with tourism stakeholders in Ngliyep, Malang Regency, Indonesia and the local community. This was done to identify the respondents’ values and needs. In addition, several tourists were also interviewed. The data were processed to describe, illustrate, and examine the problems and predictions of Ngliyep tourism.

4. FINDINGS

Baiquni (2010) stated that tourism could encourage life changes and make life better for the local community by opening up new employment opportunities, increasing income, and improving the quality of life in the community. This can take place if all stakeholders, and especially local people, are involved. The community needs to participate (Nawawi, 2013). The local community actively participates in the development and management of tourism if the community knows that their participation will bring some benefits.

Marine tourist attractions need special planning for optimal management. Marine tourism uses coastal areas as the main attraction. How to attract marine tourists varies according to the socio-cultural characteristics and the topography of the location. According to Nawawi (2013), tourist attractions are successfully managed by 1) maintaining environmental sustainability, 2) improving the welfare of the local community, 3) ensuring tourist satisfaction, and 4) enhancing the social cohesion and participation from local organization. Thus, the management of marine tourism can be optimized by increasing the participation of the local community.
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The management of marine tourism is important in the optimal development of tourism potential and environmental sustainability. Tourism management must be based on principles that emphasize environmental sustainability and social values of the community. Furthermore, Pitana (2009) identified four strategic functions of tourism management (1) protection of natural resources and the environment, (2) economic sustainability, (3) enhancement of cultural integrity, and (4) social education and learning. To be successful, these four strategic functions require the active involvement of local communities in tourism management.

Ngliyep Beach is one of the marine tourist attractions in Kedungsalam Village, Donomulyo District, Malang Regency, Indonesia. Ngliyep Beach is the oldest tourist attraction in Malang Regency and was opened in 1981. The beach is under the management of the Malang District Government through Jasa Yasa Regional Company (PD). However, during the development of this site, problems emerged related to the management, which resulted in low numbers of tourist visits.

4.1. Ngliyep Beach Management

This study describes the characteristics of Ngliyep Beach management carried out by PD Jasa Yasa through the Ngliyep Beach Business Unit. Data were obtained from the field through interviews with respondents, including the Head of the Ngliyep Beach Business Unit, Ngliyep Beach Community, SMEs in Ngliyep Beach, and tourists visiting Ngliyep Beach. An overview of Ngliyep Beach management is shown in Figure 1.

Figure 1 Ngliyep Beach Management

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Figure 1 shows that the tourism management of Ngliyep Beach was not optimal. From field observations, four areas of potential growth for Ngliyep Beach were identified:

- Religious tourism involved the areas around Ngliyep Beach that functioned as places of worship and cultural activity. Annual occasions were held regularly.
- Beach tourism involved the landscape of the south sea.
- Marine tourism involved marine products that could be processed into other products.
- Mangrove tourism involved the marine ecosystem and its preservation.

Of these four areas for potential growth, only religious tourism and beach tourism were properly managed, but they could not be regarded as being optimally managed. Several programs had been carried out by PD Jasa Yasa, including maintenance of infrastructure facilities (such as equipment, buildings, and beach cleanliness), improvement of infrastructure facilities, and motivation for local communities to conduct cultural activities (such as the religious offerings).

The management of Ngliyep Beach as a tourist attraction was not yet optimal due to several issues that affected its sustainability. Issues identified from the interviews and data triangulation included:

- Declining numbers of tourist visits due to new competitors that had emerged along the coast, including Pasir Panjang Beach and other attractions.
- Some facilities were not well-maintained.
- Poorly-maintained mangrove area.
- There was a responsive bureaucracy involving the Business Unit of Ngliyep Beach and the Central Office of PD Jasa Yasa. All activities and decisions made by the business unit, including the budget allocation, management, and programs, had to be agreed by the central office. However, all of the programs were regarded as irresponsible to the current needs in Ngliyep Beach.
- A lack of creative human resources.

These issues inhibited the creation of social and economic value for the community.

5. DISCUSSION

Several studies of tourism have highlighted the significance of creativity (Richards, 2011), innovation (Williams and Shaw, 2011), capital (Hampton and Christensen, 2007) and entrepreneurial orientation (Seilov, 2015; Strobl and Peters, 2013) in tourism products and development. Therefore, the involvement of stakeholders influences tourism development and planning (Serra, Font, and Ivanova, 2016). The management of Ngliyep Beach tourism was carried out by a company established by the Regional Government of Malang District – PD Jasa Yasa. This was consistent with the ideas of CSV, developed by Porter and Kramer (2006, 2011). From the perspective of CSV, the business sector is seen as the source of social, environmental and economic problems (Porter and Kramer, 2011). In this study, the concept of CSV was used in the analysis of the management of Ngliyep Beach and the creation of social and economic values for the local community.

Altinay, Sigala, and Waligo (2016) identified four resources needed for social missions and contributions to the social and economic development of local communities (1) potential destinations (natural capital), (2) institutional and political resources (formal legitimacy), (3) financial resources (funding), and (4) human capital. These resources relate to the focus of CSV, which identifies and broadens the relationship between social and economic progress (Porter and Kramer, 2011). Based on the preliminary findings from the field, we conducted a
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more comprehensive analysis of the management of Ngliyep Beach in creating social and economic value for the local community.

Telfer (2009) proposed some alternative perspectives in the development of tourism, one of which was the empowerment of local communities and the potential for local tourism, community-based tourism, and ecotourism. In Indonesia, the knowledge of tourism potential is still inadequate, and this is also the case in Malang Regency (Kusumawati and Supriono, 2020). The development of tourism in Indonesia should be based on tourism potential and should take into account the local environment. Similar to this present study, CSV implementation was combined with CBT for developing empowerment-based tourism.

Figure 2 shows the management and stakeholders for the development of tourism for Ngliyep Beach. Weng and Peng (2014) have stated that the involvement of stakeholders, such as the government, companies, and communities, is needed in the management of tourism, especially in empowering the surrounding communities. Other studies highlight the importance of knowledge exchange between the companies, the government and universities to create added-value as the driver of innovation in the tourism sector (Nardelli, 2017; Sigala and Kyriakidou, 2015).

CBT and CSV should be implemented in tourism management to bring significant impacts to the socio-economic domain. Pawson, D'Arcy, and Richardson (2016) identified the essential criteria to make CBT more contextual:

- Enterprises around the community.
- Active involvement of the local community in the planning, development, and management of a company’s agenda
- A supportive local community.
- The development of tourism should positively contribute to the sustainable development of the local community.
The benefits from the development of tourism should be fairly distributed to all members of the local community.

All plans should be well-implemented.

Educational experiences should be provided for tourists, and both tangible and intangible local resources should be well-preserved.

The implementation of CBT and CSV for Ngliyep Beach was carried out to develop its tourism potential.

5.1. Actor to Actor Collaboration: Companies, Government, and Universities

Previous studies have neglected the importance of networks in knowledge exchange and strategy (Ozseker, 2018). Sundbo, Orfila-Sintes, and Sorensen (2007) revealed that companies are a part of knowledge-distributing, corporate networks, which improve the innovative capacity. Networking can be a strategy for developing a business in certain environment (Supriono et al., 2020). In addition, knowledge transfer and new knowledge should be used to drive innovation by companies to attract tourists (Baggio and Cooper, 2010; Shaw and Williams, 2009).

Collaboration between actors, including companies, governments, and universities, is necessary for developing tourism clusters (Michael’s, 2003) as defined by (Porter 2000; Roelandt and Den Hertog, 1999), and in forming new clusters. A useful basis for the development of tourism clusters is cooperation and complementary asset competition as the final destination of the service chain. The cluster for each activity concentrates on adding value to a product. This study focused on the collaboration or interdependence of tourism companies, public institutions (government), and universities in supporting the development process and to generate knowledge in certain fields to add value to the tourism experience.

The objectives of collaboration between these actors were (1) to allow an exchange of knowledge in the development of tourism in Ngliyep, (2) to allocate available resources from each actor – for example, companies can allocate assets or finance, the government can allocate support and budgets, and universities facilitate knowledge transfer from research to development activities, and (3) to identify the needs of the community in relation to tourism potential. Hence, empowerment programs can be carried out that have strong socio-economic impacts.

Local community empowerment aims to exploit the potential for development and provides knowledge and education for the local community as part of the tourism service chain. Some potential that had not been optimally managed could be enhanced. One such example was the mangrove areas, which are an important part of the marine ecosystem, preventing erosion and preserving the sustainability of the marine environment. An abundant biota was another potential focus of development for the Ngliyep region. The combination of CSV and CBT allowed the community to explore the potential of the marine environment and fisheries for the production of processed seafood products as a strong speciality of Ngliyep Beach. Education about mangroves and the local culture could also add value and uniqueness to tourist visits to Ngliyep Beach. These efforts were parts of the creation of innovation values in Ngliyep.

5.2. Development of Tourism Value through Empowerment

Some previous studies have employed an empowerment perspective to analyze the benefits of tourism development for the local community. However, these studies were limited to only analyzing the factors that made the local community feel empowered through tourism and how tourism benefited them (Joo et al., 2019). Empowerment of the local population through
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tourism is a major prerequisite in the development of sustainable tourism (Sofield, 2003). Furthermore, Sofield (2003) claimed that without empowerment, sustainable tourism development through the community is very difficult to achieve. This was affirmed by Choi and Murray (2010), who found that when the government failed to empower the local community, tourism development and tourism sustainability could not be guaranteed. This empowerment was based on collaboration between actors who supported tourism development and sustainability.

Chen, Li, and Li (2016) suggested that companies should try to ensure that the local community actively participates as the dominant partner in the development of tourism, as they are also the major stakeholders in the decision making and management of tourism development. Hence, the local culture, resources and environment should be protected. Such actions would help some groups and individuals through social actions, policies and programs to create a just society and provide equal opportunities for people to fully utilize their capacity and resources (Lee, 1994). However, companies need to identify the values expected by the community in order to fulfill the needs of the local community. This study described the three requirements of the local community – social aspect, ecotourism, and knowledge. An imbalance in the participation of local communities in the development of tourism and the distribution of tourism income was found in this study. Some residents had not obtained any benefits, even though they suffered the negative impacts related to shortages of goods and services, inflation (a financial issue) and other impacts of tourism development. Participation by all the relevant actors in implementing community empowerment can provide knowledge and skills beneficial to the community, especially in strengthening the social values of the community (Weng and Peng, 2014).

6. CONCLUSIONS AND RECOMMENDATIONS

This study investigated the future of tourism using community-based tourism to identify problems that occur in the community and provide knowledge and training through community empowerment programs. In addition, this study also took into consideration aspects related to the importance of creating shared value based on local wisdom and local culture. Therefore, the management of tourism development in Ngliyep should preserve the local potential of the community and local culture to support the socio-economic development of the local community.

Furthermore, the management of tourism based on local potential and local wisdom must be followed by open innovation and a sustainable community approach. This approach was designed based on the dynamic and rapid influence of the environment. Thus, all stakeholders, especially companies, should be open toward innovation and should be sensitive toward the needs of the community and visitors (as consumers). In addition, this sustainable community approach could provide benefits based on the values of the local community. Therefore, in the future, companies would gain trust and would be able to increase socio-economic sustainability of the community. Finally, we concluded that sustainable tourism management was feasible for Ngliyep Beach.

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