

Multi Criteria-based Decision Making of Affiliative Orchestration Capability of Balinese Tourism Management

I Ketut Santra

Politeknik Negeri Bali, Indonesia.

I Wayan Sukarta

Politeknik Negeri Bali, Indonesia.

Ni Wayan Sumetri

Politeknik Negeri Bali, Indonesia.

Received October 06, 2021; Accepted December 23, 2021

ISSN: 1735-188X

DOI: 10.14704/WEB/V19I1/WEB19365

Abstract

The study analyzes what tasks are carried out and how the tourism village manager harmonizes the differences in interests between stakeholders in the tourist village. This research was conducted by examining the practice of governance competencies carried out by tourism village managers in Bali by conceptualizing Affiliative Orchestration Capability (AOC). By using multiple criteria of stakeholders as the basis for decision making, this study formulates a set of competency models for tourism village managers. The results underline the importance of affiliative orchestration ability as a set of competencies for tourism village managers who are able to harmonize all stakeholder interests in Bali. Stakeholder decision making shows that tourism village managers who practice affiliative orchestration skills tend to be better able to manage tourist villages that meet the criteria for sustainable tourism villages.

Keywords

Multi Criteria-based Decision Making, Tourism Management, Affiliative Orchestration Capability, Stakeholders, Sustainable Tourism.

Introduction

The long-term goal of the research is the formation of a model of tourism village management capability that ensures sustainable tourism development in Bali. This study formulates the capability of affiliative orchestration as a novelty to fill in the gap in the relationship of stakeholders in a tourist village. Considering that a tourist village is an

integrated form of entertainment or tourist attraction, accommodation and supporting facilities that are available in the daily life of the community. Where, all of daily activities integrated with the traditions prevailing in the village. The tourist village also defined as a form of integration of many agents and components that blend to a single tourist destination. An integration will occur when there is harmonization of stakeholders' interest (Ulwan, 2021). Therefore, one's effort is needed to intensively study in order to formulate a capability that is able to harmonize all of the stakeholders' interest to create tourism sustainability by considering its environmental, economic and social impacts.

The term sustainable development is becoming increasingly popular when economic development that only pursues profit growth, where nature is damaged, the environment is polluted by various pollutants due to the externalities of pursuing uncontrolled economic growth. So at the Stockholm conference in 1972 the concept of "eco-development" was raised in which cultural, social and environmental values were integrated into development. The essence of the eco-development concept is "small is beautiful" (Hardy et al., 2002). Currently, there have been many studies on tourist villages (Hutomo, 2017; Lisdiyono, 2017; Handani, 2021; Shen & Wang, 2018; Permana et al., 2021). Likewise, the study of sustainable tourism villages is also increasing (Bodosca and Diaconescu, 2015; George and Varghese, 2007; Man et al., 2002; Izquierdo dan Deschoolmeester, 2005; Inyang dan Enuoh, 2009). However, research on how and what skills tourism village managers should have to bring together diverse stakeholder interests is rarely available.

The study analyzes what tasks are carried out and how the tourism village manager harmonizes the differences in interests between stakeholders in the tourist village. The results of the study are expected to be a guidance and the models for managing tourist villages. The research was conducted in tourist villages where located spread across 9 regencies in Bali and also registered at the Bali Tourism Office Board. This study begins by reviewing the literature on competencies, capabilities, dynamic capabilities, stakeholders, tourism village stakeholders, sustainable tourism as a theoretical basis for formulating competencies that must be possessed by tourism village managers. The study will use the case focus group interview (CFGF) technique which included all stakeholders from tourist villages who are nominated for the Trihita Karana Award. The results of the CFGF will be formulated into an affiliate orchestration capability (AOC) model. The formulation of the AOC model is a theoretical model that will be tested for the next future research.

Literature Review

Dynamic Capability

Dynamic capability is the root of orchestration competence (Brink, 2019). Dynamic capabilities are a source of organizational competitive advantage. The notion of dynamic capability is a seminal work that introduced by Teece et al. (1997). Then, Teece et al. (1997) defines dynamic capabilities as "the ability of a company to build, integrate, and reconfigure the organization's internal and external competencies in adapting to a rapidly changing environment. Many other researchers define dynamic capabilities separately (Albort-Morant et al., 2018). Eisenhardt and Martin (2000) have interpreted that dynamic capabilities as organizational learning processes that are embedded in organizations. This view focuses on the capabilities that are not easily to imitated by competitors and cannot be replaced. So those capabilities leveraging the competitive advantage (Barney, 1991). These capabilities meet the criteria of being valuable, rare, not easily imitated and irreplaceable. If the organizational capabilities are easily imitated by other organizations, the organization disappear in the competition (Riswanto, 2021).

Innovation was introduced by Schumpeter (1934) both in the context of small-scale and large-scale organizations. The idea of orchestration in the organizational literature as the complements of innovation Schumpeter's explanation. Innovation and orchestration together simplified to explain the gap between the individual capabilities and the organizational capabilities, that mean can support to successful implementation of new ideas (innovation) through orchestration. Thus, the idea of orchestration represents a cross-functional, inter-departmental collaboration process to implementation of innovation. Thus, cross-functional innovation and orchestration are vital in determining the success of achieving organizational goals (Brink, 2017a, 2017b; Teece, 2018). Capability is general term and applies to many fields (Mitchelmore and Rowley, 2010) so that there are various definitions of capability (Santra, 2018; Santra, Widianara, & Prayustika, 2019; Wahyuni & Praninta A, 2021).

Besides the many definition of capability there are interchangeably capability and competence. There are other terms that almost the same meaning, namely abilities and skills. Skills and expertise are terms that are closely related to capabilities, so they are often used interchangeably. Furthermore, Mitchelmore and Rowley (2010) state that the term capability is diverse because of the many components, viewpoints, fields of science and culture that use the concept of capability. Capabilities can be seen as behavior at the organizational level and at the individual level, while competence is a minimum standard

that required in a performance in a particular field. Academics and practitioners in America prefer to use capabilities. On the other hand, competence more commons by academics and practitioners in the UK.

Sustainable Tourism

Sustainable tourism is a concept rooted in sustainable development. Since the Stockholm conference in 1972, the term sustainability has entered into various areas of strategic planning of many industries including the tourism industry. Although in fact the evolution of sustainable development as a term has existed along with the emergence of views on conservation.

In simple terms, sustainable development mandates that everything that can be enjoyed today by the present generation, should also be enjoyed by future generations. The topic of sustainable development becomes a relevant topic when discussing the topic of tourism development (Bodosca and Diaconescu, 2015). Tourism development can develop and be sustainable if each stakeholder understands their respective rights and obligations and seeks to converge their interests towards an integrated goal (George and Varghese, 2007). All individuals, community groups, entrepreneurs and governments related to tourism development and development should consider their participation from the time of planning to supervision of the development of tourism facilities (Tourism Ministry Regulations, No. 14, 2016). Tourism will not be sustainable or sustainability will not be achieved, until all stakeholders who are affected and who influence tourism are heard, their views are accommodated and involved from planning to monitoring. Harmonious collaboration between local and international tour operators, local communities, non-governmental organizations, tourism activists and local governments, academics is absolutely necessary.

Results

Tourism Villages Stakeholder

The term stakeholder has long been introduced by Milton Friedman in the nineteen seventies. Freeman (1984), argues that Friedman creates a dichotomy between stakeholder and stockholder meaning. Furthermore (Freeman et al., 2010) states that, Milton Friedman was an early stakeholders scholars. Furthermore, Freeman et al. (2010), Zubac et al. 2010) support Friedman's (1962) views which states that “in the long term it may be in the company's interest to expect stockholder and stakeholders to devote and resources aware

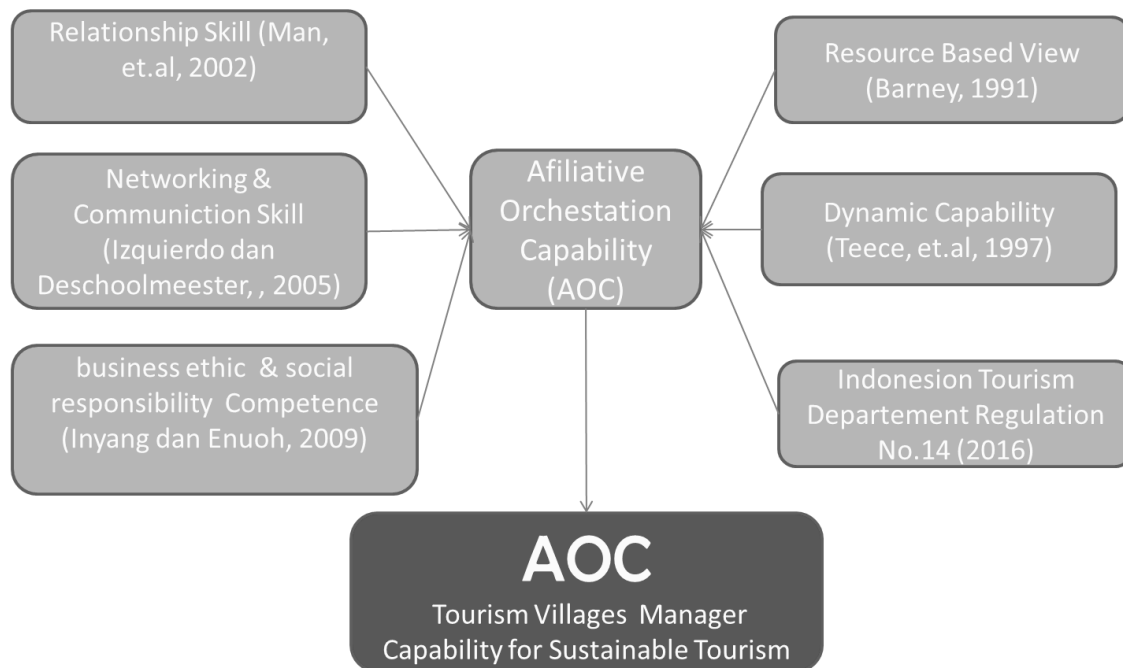
to show friendly attitudes (amenities) to the community or in order to improve the management of the company.”

Stakeholder theory was born as a new way of understanding business (company). The old view, assumes that companies are vehicles (tools) in maximizing profits for capital owners (Freeman et al., 2010). According to Ayuso et al. (2007) argues that these two contrasting paradigms have different ways of understanding and justifying/providing reasons for basic questions about the goals of the company and those related to the company's management structure. The traditional shareholder model assumes that the company is a legal instrument for shareholders to maximize their interests (shareholder wealth) such as returns from investments. While the new view, namely the stakeholder approach, argues that the company is the central axis of responsibility to wider stakeholders who are outside the company, so that it does not only prosper the company's shareholders.

Affiliative Orchestrating Capability and Sustainable Tourism

The tourism industry is one of the largest industries in the world with very rapid development. In 2015, the Indonesian Ministry of Tourism noted that the tourism sector experienced an increase in the number of destinations. The government has set the tourism sector to be the core business of the national economy in terms of export income, job creation, company development and regional infrastructure development (ISTA, 2017).

Based on Tourism Ministry Regulation, No. 14 of 2016 there are 4 criteria that need to be considered by tourism destination managers towards sustainable tourism destinations. These criteria are: a) Management of sustainable tourism destinations; b) Economic utilization for local communities; c) Cultural preservation for the community and visitors; d. Preservation of the destination environment. Managers of tourist destinations who are planning towards a standardized tourism destination management model for sustainable tourism destinations must be able to translate the 4 criteria from the mandate of the Minister of Tourism No. 14 of 2016 into a form of achievement indicator for each of the appropriate criteria (ISTA, 2017), as shown in Figure 1.



Source: Developing for this study

Figure 1 AOC Mapping

Tourism development affects and is influenced by many groups or individuals. The development of tourism has the potential to have both positive and negative effects on stakeholders (Byrd, 2007; Byrd and Gustke, 2011). The main stakeholders in the tourism industry (George and Varghese, 2007) are; nature, environment, local communities, workers, entrepreneurs (entrepreneurs), government, tourists and non-governmental organizations. The main tourism stakeholders can be grouped into two major groups, namely visitors/visitors and the host community (Byrd, 2007). Tourism visitors are divided into current visitors and future visitors. Likewise, the host community is divided into present society and future society.

All of these stakeholders have different interests and not infrequently these interests are contradictory (divergent). Recognizing that tourism developments have the potential to have both positive and negative impacts, all major stakeholders must be involved in planning and supervising tourism development. Tourism development can be maintained by involving stakeholders in the process. Thus, it is important to know who is the relevant stakeholder and how tourism planners and developers involve stakeholders in tourism development.

Table 1 Afiliative Orchestration Capability (AOC) Structure

No	Criteria	Competence	Indicator
1	The destination has developed and implemented a multi-year, publicly available destination development strategy.	Able to formulate multiple, inclusive strategies that involve stakeholders and tourist villages.	Strategic Planning book
2	The destination has an organization that is responsible for coordinating the development of sustainable tourism.	Able to form a destination management organization with adequate legality.	Organization Chart
3	The destination has a monitoring system, a public reporting system, and is responsive to problems.	Able to develop evaluation and monitoring systems (environmental, economic, social, human rights issues, as well as tourism impact mitigation procedures.	Monev SOP
4	The destination has the resources to mitigate seasonal tourism variability.	Able to compile a calendar of annual tourism activities.	Calender of Event on Year
5	The destination has a System to identify risks and opportunities associated with climate change.	Able to develop systems, risk reduction regulations and increase public awareness of tourism actors	Weather Climate Changes SOP
6	The destination has an up-to-date inventory of tourism assets and attractions, including natural and cultural sites.	Able to compile list of attractions and asset inventory	Attraction and Asset Inventory List
7	The destination has planning guidelines, regulations and/or policies that require an integrated environmental, economic and social impact assessment, as well as land use, design, construction and demolition in a sustainable manner.	Able to compile environmental, economic and social impact assessment, land use, Zoning design	Environment Impact Control ISOP
8	Natural and cultural sites, accessible to all people, including people with disabilities and people with special needs.	Able to formulate policies on equal access rights to destination locations	Equal Acces SOP
9	Laws and regulations regarding property acquisition, and public consultation konsultasi	Able to formulate asset acquisition regulations	Aquisition regulation standard
10	System for monitoring, reporting and action to improve visitor satisfaction.	Able to develop a visitor satisfaction monitoring system	Customer Satisfaction Monev
11	A system to promote consistent standards of sustainability for the industry. Tourism destinations provide a list of companies that are certified or verified sustainably to the community.	Able to develop sustainability standards for each stakeholder	Sustainable standard for stakeholder
12	Tourism destinations have systems for monitoring, preventing, reporting, and responding to crime, safety and health hazards.	Able to develop a safety and security system	Safety and Security SOP
13	Tourism destinations have emergency response plans that are in accordance with the conditions of the destination. The main elements are communicated to local communities, visitors and businesses. The plan consists of procedures and provides resources and training for staff, visitors and local communities, and is updated regularly.	Able to arrange crisis management and Disaster Mitigation	Disaster Mitigation SOP
14	Accurate promotion according to the destination and its products, services, as well as ensuring the recognition of its sustainability. Promotional content treats local people and tourists with authenticity and respect.	Able to arrange promotional tools that are accurate, authentic, responsible, respecting the community and tourists	Marketing SOP

Source: Man et al. (2002); Izquierdo & Deschoolmeester (2005); Inyang & Enuoh (2009); ISTA (2017)

The development of tourism has the potential to affect every aspect of society both positively and negatively (Byrd, 2007). Realizing this potential, organizations, communities, governments, professionals, academics involved in tourism development realize the need and importance of stakeholders to be involved in the process of tourism development. The tourism ecosystem is engineering the complexity of tourism phenomena to produce linkage, value chains, and interconnection of systems, subsystems, sectors, dimensions, disciplines, components that are integrated in products and services, drivers of the tourism sector and drivers of the tourism system through optimizing the role of business, government, community, academic, and media (BGCAM) to create orchestrations and ensure the quality of activities, facilities, services, and to create experiences and values of tourism benefits in order to provide benefits and benefits to the local community and environment (Santra et al., 2019).

The framework by using multi criteria decision making of Affiliative Orchestrating Capability revealed by this study is in line with previous works. Inyang and Enuoh (2009) defines capability as a collection of knowledge, attitudes and skills that must be acquired and possessed by an entrepreneur that enables them to achieve high performance and profit in business. Entrepreneurial capability is a key factor for the success of an entrepreneur. Isquierdo and Deschoolmeester (2005) states that capability is a basic characteristic possessed by a person that can produce effective work or superior performance. These characteristics can include, among others, motivation, personality, skills and a person's collection of knowledge. Then, Albornoz (2008) defines capability as knowledge (knowledge/K), skills (skills/S) and attitudes (attitudes/A) that a person needs to be able to complete a practical field effectively. The definition of capability according to Chandler and Jansen (1992). According to Chandler and Jansen (1992) capability is the ability to see opportunities and the impetus to realize them through the establishment of the company. Entrepreneurs can be successful if they have entrepreneurial, managerial and technical functional competencies. Capabilities in this study are defined as entrepreneurial abilities that are supported by the accumulation of a collection of knowledge, skills, abilities and attitudes related to each other, which are useful in recognizing and taking advantage of existing opportunities to generate new ideas, products (goods/services) through building, implementing, develop and maintain the company.

Conclusion

The study analyzes what tasks are carried out and how the tourism village managers harmonizes the differences between stakeholders interest in a tourist village is the purpose

of this study. This study begins by reviewing the literature on competencies, capabilities, dynamic capabilities, stakeholders, tourism village stakeholders, sustainable tourism as a theoretical basis for formulating competencies that must be possessed by tourism village managers. The results formulated the Affiliative Orchestration Capability (AOC) as a set of competencies for tourism village managers. It is conceptualized as a set of competencies for tourism village managers who are able to harmonize all stakeholder interests. Conceptual frameworks showed that tourism village managers who practice affiliative orchestration capabilities in managing tourist villages meet the criteria for a sustainable tourism village.

By examining the practices of governance competencies carried out by tourism village managers in Bali, the results showed that the need of sustainable tourism as all tourism activities that take into account current and future economic, social and environmental impacts, to meet the needs of visitors, industry, the environment and local communities and can be applied to all forms of tourism activities in all types of tourist destinations, including mass tourism and various types of tourism. other types of tourism activities. The Indonesian government is committed to awarding sustainable tourism to tourism destination managers in order to accelerate the implementation of sustainable tourism development nationally. This award is an effort to encourage destination managers to implement the mandate of the Minister of Tourism Regulation No. 14 of 2016 concerning Guidelines for Sustainable Tourism Destinations which is a reference for all stakeholders in a destination.

References

- Albornoz, C.A. (2008). Toward a set of trainable content on entrepreneurship education: a review of entrepreneurship research from an educational perspective. *Journal of Technology Management & Innovation*, 3(2), 86-98.
- Albort-Morant, G., Leal-Rodríguez, A.L., Fernández-Rodríguez, V., & Ariza-Montes, A. (2018). Assessing the origins, evolution and prospects of the literature on dynamic capabilities: A bibliometric analysis. *European Research on Management and Business Economics*, 24(1), 42-52.
- Ayuso, S., Rodríguez, M.A., García-Castro, R., & Ariño, M.A. (2014). Maximizing stakeholders' interests: An empirical analysis of the stakeholder approach to corporate governance. *Business & society*, 53(3), 414-439.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99-120.
- Bodosca, S., & Diaconescu, D.M. (2015). Tourism development after the implementation of sustainable strategies in Neamt County. *Procedia-Social and Behavioral Sciences*, 188, 230-236.

- Brink, T. (2017a). Organising to enable innovation. *International Journal of Business Innovation and Research*, 10(2/3), 402-433.
- Brink, T. (2017b). Innovation collaboration in the renewable offshore wind energy sector. *International Journal of Energy Sector Management*, 11(4), 664-680.
- Brink, T. (2019). Orchestration of dynamic capabilities for competitive advantage. *International Journal of Energy Sector Management*, 13(4), 960-976.
- Byrd, E.T., & Gustke, L. (2011). Using decision trees to identify tourism stakeholders. *Journal of Place Management and Development*, 4(2), 148-168.
- Byrd, E.T. (2007). Stakeholders in sustainable tourism development and their roles: Applying stakeholder theory to sustainable tourism development. *Tourism Review*, 62(2), 6-13.
- Chandler, G.N., & Jansen, E. (1992). The founder's self-assessed competence and venture performance. *Journal of Business venturing*, 7(3), 223-236.
- Eisenhardt, K.M., & Martin, J.A. (2000). Dynamic capabilities: what are they? *Strategic management journal*, 21(10-11), 1105-1121.
- Freeman, E. (1984). *Strategic Management: A Stakeholder Approach*. 1st ed. Boston: Pittman Books Limited.
- Freeman, R.E., Harrison, J.S., Wicks, A. C., Parmar, B.L., & De Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge, U.K.: Cambridge University Press.
- Friedman, M. (1962). *Capitalism and Freedom*. Chicago: The University of Chicago Press.
- George, B.P., & Varghese, V. (2007). Human Rights in Tourism: Conceptualization and Stakeholder Perspectives. *EIBO Electronic Journal of Business Ethics and Organization Studies*, 12(2), 40-48.
- Handani, N. D. (2021). Product Awareness of International Muslim Students in South Korea about the Importance of Halal Food. *Research Horizon*, 1(1), 1-5.
- Hardy, A., Beeton, R.J., & Pearson, L. (2002). Sustainable tourism: An overview of the concept and its position in relation to conceptualisations of tourism. *Journal of sustainable tourism*, 10(6), 475-496.
- Hutomo, P.T.P. (2017). The development of non agricultural economics and human resources in tourism village of Penglipuran, Bali, Indonesia. *International Journal of Civil Engineering and Technology*, 8(9), 439-448
- International Safe Transit Association (ISTA). (2017). *Guidelines for Selecting and Using ISTA Test Procedures and Projects*. ISTA.
https://ista.org/docs/ISTA_2017_Guidelines.pdf
- Inyang, B. J., & Enuoh, R. O. (2009). Entrepreneurial competencies: The missing links to successful entrepreneurship in Nigeria. *International business research*, 2(2), 62-71.
- Izquierdo, E., & Deschoolmeester, D. (2010). What entrepreneurial competencies should be emphasized in entrepreneurship and innovation education at the undergraduate level? In Alian Fayolle (Ed.), *Handbook of research in entrepreneurship education*, 3, 194-206.
- Lisdiyono, E. (2017). Exploring the strength of local wisdom in efforts to ensure the environmental sustainability. *International Journal of Civil Engineering and Technology* 8(11), 340-347.

- Man, T.W., Lau, T., & Chan, K.F. (2002). The competitiveness of small and medium enterprises: A conceptualization with focus on entrepreneurial competencies. *Journal of business venturing*, 17(2), 123-142.
- Mitchelmore, S., & Rowley, J. (2010). Entrepreneurial competencies: a literature review and development agenda. *International Journal of Entrepreneurial Behavior and Research*, 16(2), 92-111.
- Permana, I., Dewi, R., Budhiana, J., Mariam, I., Novianty, L., Utami, R.N., Sanjaya, W., & La Ede, A.R. (2021). The Public Trust, Community Network, and Community Norms in Sirnaresmi Village. *Research Horizon*, 1(6).
- Riswanto, A. (2021). Competitive Intensity, Innovation Capability and Dynamic Marketing Capabilities. *Research Horizon*, 1(1), 7-15.
- Santra, I.K. (2018). Entrepreneurial orientation and marketing performance of budget hotel smes in bali island. *International Journal of Entrepreneurship*, 22(4).
- Santra, I.K., Djastuti, I., & Yuniawan, A. (2019). A conceptual model of integrative anticipation capability as the root of capabilities. *International Journal of Scientific and Technology Research*, 8(10), pp. 2630–2641
- Santra, I.K., Widianlara, I.M., & Prayustika, P.A. (2019). Optimizing capabilities in utilizing resources flexibility to improve the performance of hospitality small and medium-sized enterprises. *Quality - Access to Success*, 20(173), 68–71
- Schumpeter, J.A. (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. Cambridge, Mass., Harvard U. P.
- Shen, S., & Wang, Q. (2018). Innovation Strategy of Traditional Village Tourism Development in Liaoning Province under the Background of Smart Village Construction. *Proceedings - 3rd International Conference on Intelligent Transportation, Big Data and Smart City, ICITBS 2018*.
- Teece, D.J. (2018). Business models and dynamic capabilities. *Long range planning*, 51(1), 40-49.
- Teece, D.J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic management journal*, 18(7), 509-533.
- Ulwan, A.N. (2021). The Role of Young Entrepreneurs in Labor Absorptions and its Implications to Family Economic Resilience. *Research Horizon*, 1(1), 16-27.
- Wahyuni, S., & Praninta, A. (2021). The Influence of Brand Equity and Service Quality on Purchase Decisions on Garuda Indonesia Airline Services. *Research Horizon*, 1(1), 28-38.
- Zubac, A., Hubbard, G., & Johnson, L.W. (2010). The RBV and value creation: a managerial perspective. *European Business Review*, 22(5), 515-538.