

ANALYSIS ON SUSTAINABILITY OF TOURISM BUSINESS

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ABSTRACT

The objectives of the research were to understand indicators of business sustainability tourism from stakeholders' perspectives in relation to 3P (People, Planet, Profit), to understand how the concept of sustainability is operationalized in the Pancawati group in relation to 3P (People, Planet, Profit), and to map the value chain of Lembur Pancawati as the case in Ecotourism in Bogor. The methodology used was qualitative descriptive practice-oriented business research with single case study. Based on the stakeholder analysis in Bogor tourism, the indicators of sustainable business in tourism are: (i) Involvement from local people, (ii) Preservation of nature and local culture, (iii) Availability of nature Education program, (iv) Strong commitment from business owner/leader, (v) Sufficient capital to support the initial business establishment, (vi) Availability of various networks. The operationalization in Pancawati Group was observed to have item i, iii, and iv partially implemented and the rest was fully implemented. The position of Pancawati Group in value chain was as main firm, as it acted as multiple actors in the chain. In order to have all indicators implemented, it was suggested to have public private partnership in place.

Keywords: Sustainable Tourism, Value Chain, Qualitative Methods

ABSTRAK

Tujuan dari penelitian ini adalah untuk memahami indikator keberlanjutan bisnis pariwisata dari perspektif stakeholder dalam kaitannya dengan 3P (People, Planet, Profit), untuk memahami bagaimana konsep keberlanjutan ini dioperasionalkan pada kelompok Pancawati dalam kaitannya dengan 3P (People, Planet, Laba), dan untuk memetakan value chain Lembur Pancawati sebagai kasus Ekowisata di Bogor. Metodologi yang digunakan adalah deskriptif kualitatif berorientasi praktek bisnis penelitian dengan studi kasus tunggal. Berdasarkan analisis stakeholder pariwisata di Bogor, indikator bisnis yang berkelanjutan dalam pariwisata adalah: (i) Keterlibatan dari orang-orang lokal, (ii) Pelestarian alam dan budaya lokal, (iii) Ketersediaan program alam Pendidikan, (iv) komitmen yang kuat dari pemilik bisnis / pemimpin, (v) modal yang cukup untuk mendukung pendirian bisnis awal, (vi) Tersedianya berbagai jaringan. Operasionalisasi di Pancawati Group diamati memiliki item i, iii, iv dan diimplementasikan secara parsial dan sisanya sepenuhnya dilaksanakan. Posisi Grup Pancawati dalam rantai nilai adalah sebagai perusahaan utama, karena bertindak sebagai aktor dalam beberapa rantai. Untuk memiliki semua indikator diterapkan, disarankan untuk memiliki kemitraan swasta publik di tempat.

Kata Kunci: Pariwisata Berkelanjutan, Rantai Pasok, Metode Kualitatif

INTRODUCTION

Background

World businesses have been competing in creating more values to customers. However, the general behaviour of businesses is unsustainable, and this has increased a great concern. Three important pillars of sustainable development are to deliver benefit of economic, social, and environment. These are also applied in tourism; which is the largest industry in the world, represents approximately 11% of world's GDP and employs almost 8% of world's workforce (UNEP, 2002).

Tourism as commodity in Indonesia has gradually increased its rank compare to other commodities. In 2009, tourism foreign exchange was ranked the third after CPO. Whilst it was the fourth in 2008, the fifth in 2007, and was not even top five in 2006. Given the fact that tourism gives large contribution in national income, the concentration of tourists is limited to several destinations in Indonesia. After Bali island, West Java is the second popular destination. This can be seen in foreign tourists arrival data based on arrival port. Bogor has magnificent number of natural resources that are potential to be developed into tourism business.

With the rapid development in tourist destination sectors, the city has attracted high number of both domestic and international tourists. According to Teguh Hartono, the chair of Bogor Ecotourism Centre period 2010, whilst this indicated the growth of economic activities, there were also negative effects generated. There has been a great reduce of green open spaces and the change of urban living patterns.

The need of business model development has been identified as the general gap in ecotourism development in Indonesia, specifically in Bogor. However, there are no agreed indicators that can be used to determine whether an ecotourism business is indeed sustainable. The values of sustainability are often invisible which hinder the attractiveness of the business to the investors.

The lack of publication in determining sustainable business indicators or variables has caused this research has no preliminary hypotheses, resulting the need of qualitative method in its methodology. Understanding a sustained tourism is required to study what are elements to establish a business that is attractive to investors, as well as for all stakeholders.

Research Questions

The research question of the thesis is as the following:

1. How is sustainability in tourism business perceived from stakeholders of Bogor tourism in relation to 3P (People, Planet, Profit) concept?
2. How is the sustainability concept operationalized in tourism business site by the example of the Pancawati group in relation to 3P (People, Planet, Profit)?
3. How is the mapping of value chain of the Pancawati group?

Research Objectives

The objectives of this study are the following:

1. To understand indicators of business sustainability tourism from stakeholders' perspectives in relation to 3P (People, Planet, Profit).
2. To understand how the concept of sustainability is operationalized in the Pancawati group in relation to 3P (People, Planet, Profit).
3. To map the value chain of Lembur Pancawati as the case in Ecotourism in Bogor

Research Potential Contribution

The contribution is expected to be made for stakeholders in tourism business as part of information for development plan for sustainable business. This research can also contribute for researchers who are in the field of sustainable business development.

Research Scope and Limitation

This research will focus on discussing the sustainability aspects in tourism industry in business perspectives that involves 3P concept of People, Planet, Profit. However, it does not discuss technical measurement aspects in ecology. Several basic discussions on ecology aspects are available but it is limited for literature review to support the definition of ecotourism.

LITERATURE REVIEW

Sustainable Development

Most quoted definition of sustainable development is derived from the Brudtland Report in 1987 (www.un-documents.net) as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

It contains within it two key concepts (WCED, 1987): The concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and The idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs. There are four basic types of Global Value Chain Relationship (Humphrey *et al.*, 2005): (i) Market Relationship, (ii) Modular Relationship, (iii) Relationship, (iv) Captive.

Tourism and Sustainability

Ecotourism was first introduced by Ceballos and Lascurain in 1987 as travelling to relatively undisturbed or uncontaminated natural areas with the specific objective of studying, admiring, and enjoying the scenery and its wild plants and animals, as well as any existing cultural manifestation found in these areas. The term ecotourism had been a dispute in the past, often mixed with nature tourism. Some literature mentioned ecotourism as a viable alternative to the mass form tourism (Khan, 1997 in Walpole and Goodwin, 2000) and the source of tourism-related jobs for local residents (Lindberg *et al.*, 1996). In Europe, the term sustainable tourism is preferred than ecotourism, and is applied by the EU as a concept of tourism which meets the needs of present tourists and host regions while protecting and enhancing opportunities for future (Weaver, 2001). Sustainable tourism is therefore highly related to the economic impact and value of each stakeholder.

Ecotourism Demand

Tourism is one of the largest industries in the world, generating more than \$ 3,5 trillion per year which represent approximately 11% of world's GDP (Motavalli, 2002). Research from UNEP gave the figure of international arrivals in 2000 is 700 million, while domestic arrival was estimated 10 times more than that. World Tourist Organisation (WTO) predicted the growth of international tourism is 4-4,5% per year. Amongst that, the ecotourism growth itself is about 11% per year. That means by year 2012, the arrivals will probably reach almost 1,2 trillion arrivals. The rise of global population has a direct impact to the demand of tourism. In more specific, Eagles *et. al.*, (2002) revealed that some of the trends affecting tourism in protected areas are: (i) Rising educational levels and demand for travel, (ii) Ageing Population, (iii) Life expectancy of world's population is better, older individuals are more care with outdoor activities and thus increase

the demand of ecotourism, (iv) Increasing social and environmental concerns.

Trends in Asia and the Pacific region indicated that tourism will give economic impact to grow by 80% (UNEP, 2002). Ecotourism destination has risen by double since 1980s in some Asia region such as Indonesia, Malaysia, Thailand, and Philippines.

Impacts of Tourism

There are three possible impacts in tourism. First is the Ecological Impact which includes the threats to ecosystem and biodiversity, disruption of coasts, deforestation, water overuse, urban problems, exacerbate climate change, and unsustainable resources use.

Second is Economic Impact where despite of the demand growth of tourism at 40%, market of ecotourism is dominated by trans-national corporations (TNCs) that have unhindered access to drive down cost of supplies which cause the financial leakages. In average, 55% of tourism expenditure flows back out of the destination country, even worse in Africa which reaches 75% (UNEP, 2002).

Third is Social system impact in which UNEP (2002) classified three category of local participation which is formal sectors, informal sectors, and secondary enterprises. The participation can cause cultural transformation, such as the indigenous people start changing the traditional way of income from farming to working at the hotel. Another possible issue is gender, where the number of working women increases in tourism-related field, but they get paid lower than men.

Agenda 21

Agenda 21 is a blueprint for sustainable development into the 21st Century, in which its basis was agreed during the "Earth Summit" at Rio in 1992, and signed by 179 Heads of State and Government. The application of Agenda 21 in tourism is that it addressed sustainable tourism in Chapter IV, paragraph 43 of the Johannesburg Plan of Implementation (www.un.org). Agenda 21 has implied that actions to preserve sustainable tourism lay more in the hand of local authorities.

Requirement of Sustainable Tourism

Sustainable tourism embraces further principles in defining its sustainability (WTO, 2002): (i) Contributes actively to the conservation of natural and cultural heritage, (ii) Includes local and indigenous communities in its planning, development and operation, and contributing to their well being, (iii) Interprets the natural and cultural heritage of the destination to visitors, (iv) Lends itself better to independent travellers, as well as to organised tours for small size groups.

In the mean time, sustainable ecotourism based on Bhattacharya (2007) has following requirement: (i) Communities are an integral part of ecotourism ecosystem. They can help sustain ecosystem, (ii) Communities are to be affected first by any influences of ecotourism destination areas, (iii) For sustainable ecotourism involvement of communities in planning and local management is essential, (iv) Since ecotourism brings many changes at the community level, therefore, communities should have greater voice in development and conservation of their natural resources.

RESEARCH METHODOLOGY

Location and Time of Research

The research was started in February until December 2011, mainly in Bogor. The research was begun by collecting information from stakeholder's forum in February 2011 and April 2011. The observation and In Depth Interviews were done in October – December 2011. The object observed was Lembur Pancawati, an ecotourism site in southern Bogor.

Research Design

This research is a descriptive practice-oriented business research with single case study. The research design used a single case study strategy. The case selection of the research was based on the assumption of the subject (Lembur Pancawati) as having a good practices of the

sustainable ecotourism from in which the sustainability is being operationalized in the business, or even to discover other factors that promote the business image in the place.

Data Source

Data for this research consisted of primary and secondary data. The primary data was obtained from stakeholder forum, round table discussion, observations, and in depth interview (IDI). Secondary data collection was taken for preliminary data of tourist arrivals, their distribution to sites around Bogor. Secondary data was obtained for related institution such as the Ministry of Tourism and Culture of Bogor, Statistical Centre (BPS), other relevant publications such as journals, thesis, working papers, and other trusted online sources on the internet.

Data Collection Methods and Data Analysis

Data collection methods used in this thesis was document reviews, stakeholder forum, round table discussion, observations, and in depth interviews. Stakeholder forum was attended by the author as participants. Round table Discussion was attended by the author as note-takers. Observation was done at Pancawati Group location. In Depth Interviews were done by the author in various locations in Bogor.

Sampling Methods and Respondents Selection

Sampling method used in the research was purposive sampling in order to deliberately select non-random fashion in looking at stakeholders perspectives on tourism sustainability. Respondents in this research were divided into three groups: (i) participants of stakeholder forum, (ii) participants of round table, (iii) stakeholders of Pancawati Group. The spread of the respondent groups can be seen in below table.

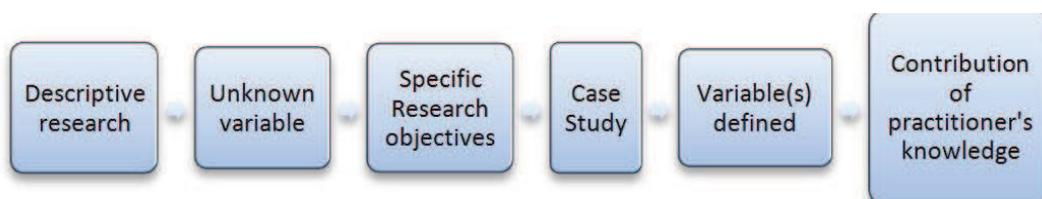


Figure 1. Descriptive Practice-Oriented, Modified from Dul and Hak (2008)

STAKEHOLDERS PERCEPTION IN BOGOR TOURISM BUSINESS

Stakeholder Analysis in Bogor Tourism

Stakeholder forum in February 2011 was aimed to establish potential creation of coordination, communication, partnerships and further cooperation between stakeholders of Bogor tourism. This forum discussed the challenges that Bogor had in developing sustainable tourism. Participants in February stakeholder forum agreed that the forum acted as the initial steps in establishing the real action plans towards Bogor sustainable tourism.

The roundtable discussion in April 2011 was the next formal forum. This forum was concentrated more about issues in Puncak area which was not fully relevant to this research. However, during the discussions, several stakeholders in the forum expressed their opinion about factors affected the sustainability of tourism industry. These points were worth taking notes of to gain stakeholder perspectives in sustainable business concept, which will be discussed in greater detail in the next section.

Stakeholder Perception in Sustainability of Tourism Business

The research of the thesis was a qualitative research and therefore the validation of sustainability indicators were based on perception received from stakeholders supported by minor quantitative data obtained from the business.

Requirements of sustainability of ecotourism that the author used were based on World Tourism Organisation (2002) recommendation combined with the research done by Bhattacharya (2007):

1. People: Includes local and indigenous communities in its planning, development and operation, and contributing to their well-being (WTO, 2002)
2. Planet: Contributes actively to the conservation of natural and cultural heritage, Interprets the natural and cultural heritage of the destination to visitors (WTO, 2002), Communities are an integral part of ecotourism ecosystem who can help sustain ecosystem, and communities should have greater voice in development and conservation of their natural resources (Bhattacharya, 2007)
3. Profit: Lends itself better to independent travellers, as well as to organised tours for small size groups (WTO, 2002), Communities are to be affected first

by any influences of ecotourism destination areas (Bhattacharya, 2007).

The extraction of the stakeholders' opinion about sustainability were tabled as follows:

Table 1. Sustainability from Stakeholders Perception

No.	Item	Total Counts
PEOPLE		
1	Involvement of local people	12
2	Respect the Local Culture	6
3	Strong commitment of the business owner for 3P concept	5
Total		23
PLANET		
4	Preserve the Nature	10
5	Education to nature should be part of the program	7
6	Consider the carrying capacity of the site	6
Total		23
PROFIT		
7	Various networks to promote the business	6
8	Should have strong capital to begin with	5
9	Require long term investment	5
10	Adapt to customers demand without deviate to 3P concept	5
Total		21
OTHERS		
11	Availability of government support	4
12	Availability of formal institution	3
Total		7

There were twelve items which indicated the sustainability in tourism business based on stakeholder's perception. Three items were in PEOPLE aspect, three items in were PLANET aspect, and four items in PROFIT aspect. Two more items were classified as OTHERS because of irrelevancy to 3P concept. The counts figure next to each of the items were the number of stakeholders mentioning the item, which means the number of repetition of items based on stakeholder counts. It was interesting to see that between each aspects, the total number of counts were almost identical. PEOPLE aspect has 23 counts, PLANET aspect has 23 counts, and PROFIT aspect has 21 counts. This reveal those between stakeholder perception and the theoretical definition of sustainable business are consistent. These items became the indicators of sustainability of tourism industry.

Indicators of Sustainable Tourism Business

To validate the twelve elements, the author extracted them through in depth interviews to 7 experts in tourism. The results of in depth interviews compressed the elements into five major indicators which were seen in below table. Based on the stakeholder analysis in Bogor tourism, the indicators of sustainable business in tourism are: (i) Involvement from local people, (ii) Preservation of nature and local culture, (iii) Availability of nature Education program, (iv) Strong commitment from business owner/leader, (v) Sufficient capital to support the initial business establishment, (vi) Availability of various network

Table 2. Element validation by Expert Respondents

No.	Item	Respondent A	Respondent B	Respondent C	Respondent D	Respondent E	Respondent F	Respondent G	Total Counts
1	Involve local people (PEOPLE)	X	X	X	X	X	X	X	7
2	Preserve the Nature and Culture (PLANET)	X	X	X	X	X	X	X	7
3	Education to nature should be part of the program (PLANET)	X	X	X	-	X	X	X	6
4	Strong commitment of the business owner for 3P concept (PEOPLE)	X	-	X	-	X	X	X	5
5	Should have strong capital to begin with (PROFIT)	-	X	X	X	X	X	-	5
6	Various networks to promote the business (PROFIT)	X	X	-	X	X	-	X	5

Based on the stakeholder analysis in Bogor tourism, the indicators of sustainable business in tourism are: (i) Involvement from local people, (ii) Preservation of nature and local culture, (iii) Availability of nature Education program, (iv) Strong commitment from business owner/leader, (v) Sufficient capital to support the initial business establishment, (vi) Availability of various network

SUSTAINABILITY CONCEPT IN PANCAWATI GROUP

General Condition of the Pancawati Group

The group of Pancawati consisted of two business entities: (1) Lembur Pancawati and (2) PT. Pancawati

Outdoor Training. The missions were to contribute on community development, preserve natural resources and environment through conservation, and develop local community by providing employment in the area. The goals of the business were to work together in conservation and local employment, preserving of nature and culture, as a place of learning and training, and to contribute on ecotourism field. Pancawati Group was located in Pancawati village, Caringin district, south Bogor.

Lembur Pancawati focused on accommodation and catering business. PT. Pancawati Outdoor Training focused on the training product. With a strong concept of ecotourism, the site has shown an obvious proof of sustainability. It was originally built in 8000 m² during the initial development until it reaches more than 160,000 m². It was also the pioneer of accommodation and caterer business in Caringin area. Currently, there are 15 resorts available along the area.

Employment in the Pancawati Group

There are 72 employees in Lembur Pancawati and 67 people are from local. From this amount, only less than 30% had formal education of high school and above. The rest had education background of elementary school or had not gone to formal education at all. Pancawati Group provided the in house training for the employees at least once a month. However, from the high level of local participants in the business as employees, none of them were in a strategic management position.

Customers of the Pancawati Group

While the accommodation was the heart of the business, it was seen that the competitive advantages of the site is what PT. Pancawati offered, which is outwardbound training operator. The fact that the site was offered only for group tourist that most likely have the agenda along with them, 60% of the group was for corporations which have the demand of employees training. The rest of the group was Associations, such as community or religious activities (17%), schools or universities (14%) and the rest is family/others (9%). 70% of the customers seem to be loyal which was indicated by the repeat visit to the sites for the program that was offered by PT. Pancawati inside Lembur Pancawati.

One of the most frequent customers to the site, Kompas Gramedia, was interviewed during observation in November 2011 to know the reason of the regular visit in the site. According to the HR officer of Kompas

Gramedia, Riri, the training provider (PT. Pancawati) had good programs and proven effective. PT. Pancawati also had regular visit to the company to discuss and review the completed activities in the past and request feedback for continuous improvement.

Operationalization of Sustainability Indicators

Six indicators, which were constructed in previous chapter, were observed in Pancawati Group. The result is as follows:

Table 3. Pancawati Group Implementation in Sustainability

	Fully Implemented	Partially implemented	Not Implemented
(i) Involvement from local people		Y	
(ii) Preservation of nature and local culture	Y		
(iii) Availability of nature Education program		Y	
(iv) Strong commitment from business owner/leader		Y	
(v) Sufficient capital to support the initial business establishment	Y		
(vi) Availability of various network.	Y		

From six indicators of sustainability in tourism business, none of which Pancawati Group has not implemented them. Indicator (i) involvement from local people, (iii) availability of nature education program, and (iv) strong commitment from business owner/leader, were partially implemented. Indicator (ii) preservation of nature and local culture, (v) sufficient capital to support the initial business establishment, and (vi) availability of various networks were already fully implemented.

Involvement from Local People

Pancawati group has given the contribution of income from nearby local people, by having 90% of local

people as the employees of the business. This has showed that Pancawati group has done the first indicator of involvement of local people.

Due to the culture of local people who tend to get instant income rather than invest it for education, it is difficult to include them in strategic business decision such as planning, development, and operation. Similar phenomenon was revealed by Walpole and Goodwin (2000) in Dragon Island of Indonesia, Demartoto (2009) in Karanganyar city, and Kurniasari (2010) in Depok city. All of them agreed that the low education was the main cause of non-managerial participation. This is the challenge that the local government to set up general policy that ensures ecotourism developers attempts to empower and build capacity (Pratiwi, 2006).

Interviews with local people showed that the business has positive and negative side: (i) Positive Effect. All local respondents agreed that the growth of business has generated more employment, made the area more crowded and alive, and developed the society, (ii) Negative Effect. 40% respondents were concern about the prostitution potential due to the growth of accommodation area. Another 30% complained about the excessive noise, and 5% concern on the traffic.

Preserving the Natural Resources and Local Culture

The strong idealism of ecotourism from the owner was observed to be the main drive of how the business was executed. The architect of Lembur Pancawati, M. Alwi, said that there were strong requirement from the owner on how every detail of the building and facilities should not distract the natural resources including landscape.

Availability of nature Education program

PT. Pancawati Outdoor Training acted not only as training provider, Author believed that by having second unit business of PT. Pancawati Outdoor Training was smart, due customer education automatically went along with the business. It was unfortunate that the majority of PT. Pancawati employees were not from local people; in which this condition was the opposite of Lembur Pancawati. From the interview session with HR officer, there has been a major issue in the education background of local people that limit the opportunity to join PT. Pancawati business unit.

Strong Commitment from of Business Owner/ Leader

Bagul (2009) in his research on defining indicators of successful ecotourism site in Malaysia found that leadership, ownership, size and stakeholders' degree of involvement influenced the shade of the indicators. 15 people who work in the site were asked about their opinion of the business owner. They all indicated the same opinion that the business owner was (i) Highly committed on the 'back to nature' concept in the site, (ii) Strict but yet humble in educating the employees about the importance of natural preservation, (iii) Actively interact with customers, (iv) Not money minded. He believed in his faith that serving other people would pay off in a good deed

However, one of the elements that the author noticed during the observation was the absence of successors of the business. The fact that this particular business unit was a family business, there was a high expectation from the owner that their family would continue the business. However, he admitted that none of his children were interested in the business.

Sufficient Capital

The reality is the attraction is hard to evaluate, information is anecdotal and subjective, lacks of quantitative data and analysis (Kiss, 2004). Tourism business in general requires a long term investment. Although financial data could not be obtained due to confidential issues, the finance department stated that the business is sustainable. "This business was admittedly financed by private capital of the owner, however the continuation of the business is promising and no longer relied on his (the owner) investments". Apparently, there were two more Pancawati being built in the area, which was Pancawati II and Pancawati III. The ownership of Pancawati II was joined capital by the owner of theBodyShop, the company who has been expressing the same concern in natural preservation.

Qualitative indicators above were validated by the growth of the visitors in the area for the last 3 years. In 2009, total visitors of PT. Pancawati were 3440 people and as per 10 November 2011, the visitors grew by 72%. The data was consistent with stakeholders' perspectives in the sustainability of the business.

Availability of Networks

The fact that the owner was collaborating with another partner to develop further business was seen to be one of indicators. Choosing the right partnership that shares the same vision could potentially improve the competitiveness. According to Berger *et al.* (2004) in Kolk et.al (2008), partnership has both non-economic and economic objectives, aiming to share resources, knowledge, and capabilities.

The networking with various ecotourism community, such as Bogor ecotourism society, West Java ecotourism society (in which Pancawati Group's owner was one of the chairman), and Indonesian Ecotourism centre (Indecon), enhanced indirectly the positioning of Pancawati group as the strong actor in the chain. PT. Pancawati itself had various networking and demonstrated as indirect marketer for the business, both lembur Pancawati and PT. Pancawati.

Value Chain Mapping of Pancawati Group

Observations, interviews, and in depth interviews done in the Pancawati Group location revealed the connections between actors in the chain. To see the roles connection between each actor, a mapping of value chain was drawn. It is important to note that due to the confidentiality information given by actors, the value chain map drawn is not outlining the financial value between each chain. The key elements of upgrading the chain are capabilities and accesses (Humphrey, 2004). This map will show the visibility of capabilities and accesses between actors, allowing further study in the possibility of upgrading the chains.

Pancawati as Multiple Stakeholders



Figure 2. Pancawati as Multiple Stakeholders

What makes Pancawati group unique is that within one roof of business, the company acts as multiple actors in the chain. It requires various organisations in the tourism industry to work together as a value chain to add value and deliver product and services to the customer (Yilmaz and Bititchi, 2006).

Pancawati Group as multiple stakeholders indicated that it played as main firm in the value chain. This gave the business potential role in building up competences without endangering the existing VC relationship, building product development, and building marketing strategies to improve the ability to make new products (Humphrey 2004).

Pancawati Position in Value Chain Map

The two FGDs have given a clear view on how the value chain map in ecotourism business for Bogor area is generally applied. The value chain that Pancawati Group owned was the approach introduced by Kaplinsky and Morris (2001) that describes the full range of activities which are required to bring a product or service from conception through the different phases of production.

The relationship in tourism value chain is balanced network, in which firms (or stakeholders) develop information-intensive relationships, frequently dividing essential competences between them.

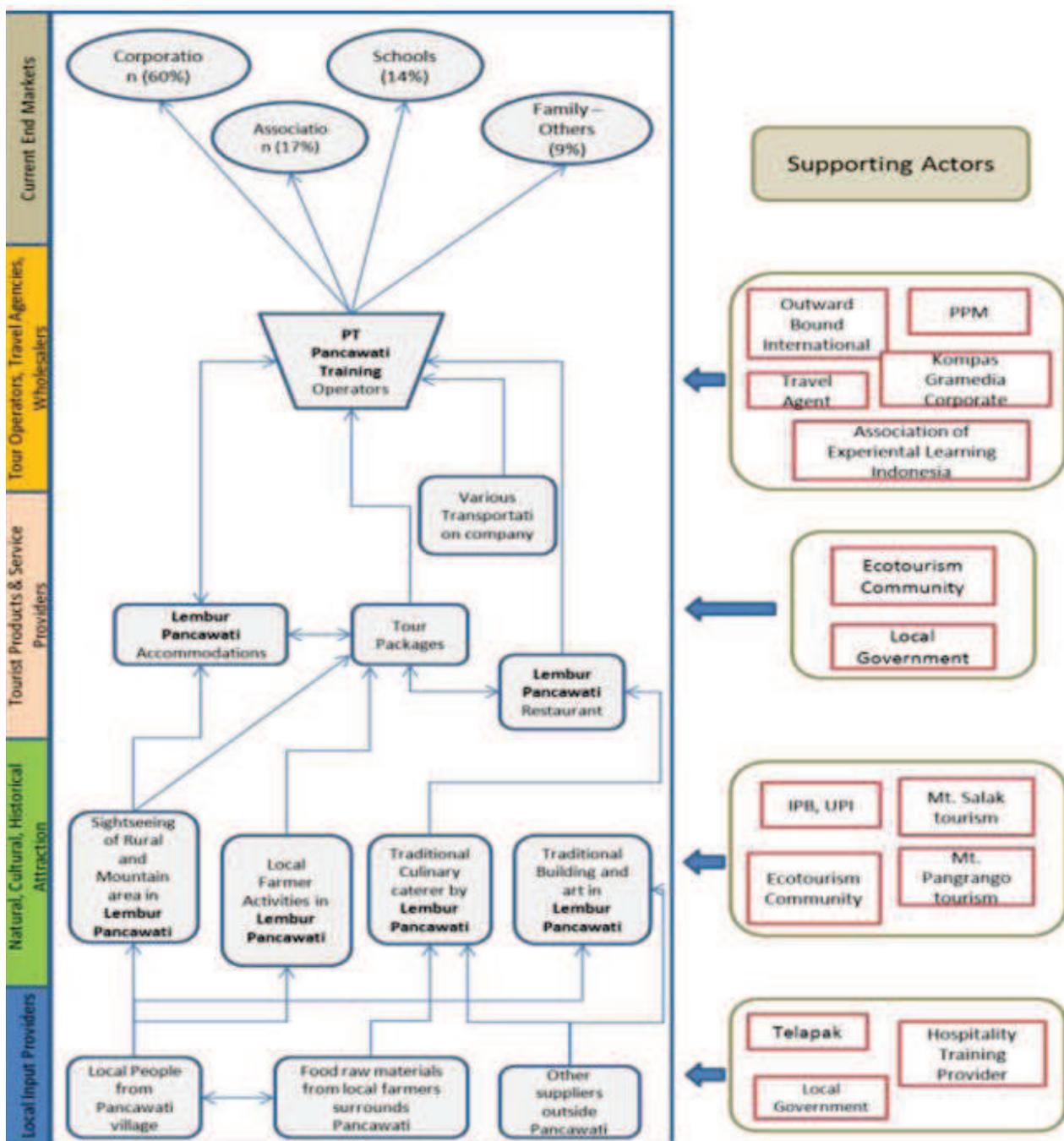


Figure 3. Value Chain Map of Pancawati Group

Pancawati Group contributed in enhancing the participation of local people to be the local input providers. To support this effort, there were supporting actors involved to provide trainings, as well as to provide information on the condition of local communities. Attractions provided by Pancawati group, including the sightseeing, village tours, traditional culinary, were packed in such a way that they reflected the concept of being back to nature. The location of Lembur Pancawati which is nearby mountain Salak and mountain Pangrango gives the advantage of natural sightseeing. Some of the examples are the raw materials of food which were taken as much as possible from farmers surrounding Lembur Pancawati area, buildings which mostly made of bamboos instead of concrete materials and built in accordance to the landscape of the area.

Several education institution including IPB and UPI (Universitas Pendidikan Indonesia) have had several collaboration such sending the students to work part time or doing some research in the area. Cook and Morgan (1998) in Humphrey and Schmitz (2002) stated that local determinants of competitiveness included the ‘new economic geography’, business studies, regional science, and innovation studies.

Tourist products generated from the attraction is the tangible products seen by the customers or group tourist. Accommodation, restaurant, tour packages in the site, together with the various transportation companies were the services which are offered by the ‘wholesale’ of the business.

Upgrading of the Value Chain

Upgrading of the value chain was originally derived from a concept of upgrading existing buyers in industrial co-evolution or supplier co-evolution (Sturgeon and Lee, 2001 in Humphrey 2004). Three indicators which were still under category partially implemented in Pancawati Group are: (i) Involvement from local people, (ii) Availability of nature Education program, (iii) Strong commitment from business owner/leader.

Involvement from local people was still partially implemented is because the minimum number of local people in the management level due to the low education. The second indicator, which was still partially implemented, is of availability of nature education program. This is closely related to the first indicator. Education program was seen to be partially implemented because it has not reached to the local people. Limited sources of the Pancawati Group made

it impossible to do this. But Pancawati Group has strong networking with various parties. This was shown in the chain map of Pancawati group with the supporting actors. Network is one of the indicators in sustainability in which Pancawati group has fully implemented.



Figure 4. Pancawati Group and its Supporting Actors

By using the existing network, Pancawati Group could form a partnership in creating education program that could promote better human resources from local people.

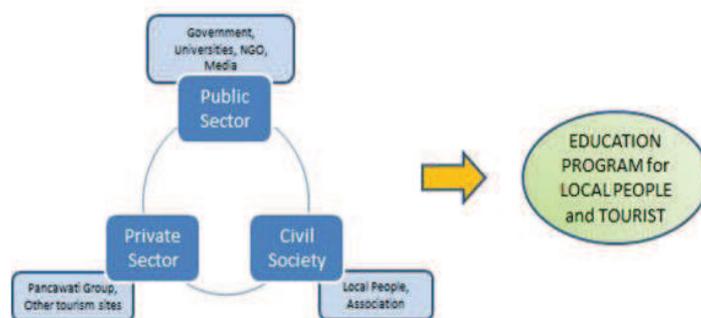


Figure 5. Public Private Partnership to Create Education Program

Public-private-partnership will be ideal to convey the suggested partnership required by the sites. The potential of this form will enable the present of opportunity to combine capabilities and resources for each parties that will contribute to the outcome (Googing and Rochlin, 2000). The outcome will be the education program for local people and tourists for the sites. The program could be suggested by universities and NGO. The executor could be the business sites itself with the help of association representing the local people.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Sustainability perception in tourism business is perceived by stakeholders in Bogor as having consistent implementation of 3P (People, Planet, Profit). There are six indicators generated from stakeholder analysis which are: (i) Involvement from Local People, (ii) Preserving the Natural Resources and Local Culture, (iii) Availability of Nature Education Program, (iv) Strong Commitment from Business Owner/Leader, (v) Sufficient capital, (vi) Availability of Network.

The operationalization of sustainability concept in tourism business with the example of Pancawati Group complies with the six indicators above. However, they were not all fully implemented. Pancawati Group needed to improve indicator of involvement of local people, availability of nature education program, and strong commitment of business owner/leader. All three was closely related one another.

Pancawati Group has proven that by being multiple stakeholders the position in the value chain will be stronger, which made it the main firm in the chain. This should give Pancawati Group greater opportunities in upgrading the chain in order to fully implement all indicators.

Recommendations

Whilst the business has done the attempts to involve local people by employing them, the local people were limited in blue collar jobs. This is due to insufficient skill and knowledge of the local people. Initiating more training and education program for local people to enhance their role in the involvement with the business would be critical. A public private partnership is definitely required between business sector and government sector. Pancawati Group already has strong networking with various stakeholders and the business could initiate the idea of having the program that will embrace the relationship between similar business in the area, government, universities, NGO, and most importantly the local communities.

Pancawati Group initial funding was from the business owners' own capital. This could imply that tourism business was only interesting to those who have both capital and passion in tourism industries. Author saw an alternative ways which involve partnership. Business initiator could establish a tourism industry with funding

institution; however it is important to ensure that the partner has the same concern in 3P concept. Network would play an important role to recognise the correct partner.

Qualitative indicators of how Pancawati group was indeed sustainable have been outlined in this research. It was seen that when 3P concepts are correctly established in the business, not only the business growth was inevitable but local communities receive the benefits. However this might not enough to attract potential stakeholder, especially the potential shareholders. Author would recommend future researchers to focus on measuring the economic multiplier effects of the tourism industry. This could show how important tourism business in generating economic growth in national level.

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