

CULTURAL TOURISM BUSINESS MANAGEMENT: A FAIR AND SUSTAINABLE STRATEGY BASED ON LOCAL PARTICIPATION AND DIGITAL INNOVATION FOR INDONESIA'S CULTURAL IMAGE

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Abstract:

Cultural tourism is a vital sector that integrates travel with efforts to preserve cultural heritage and strengthen local identity, while simultaneously contributing to the growth of the creative economy and Indonesia's cultural diplomacy. Beyond its economic value, cultural tourism serves as a medium for fostering appreciation of traditions and supporting the sustainable development of cultural assets. This paper aims to analyze fair and sustainable cultural tourism management strategies by emphasizing local community participation and digital innovation to enhance Indonesia's cultural image. A literature review approach is applied, drawing upon theories, regulations, case studies, and best practices from various cultural destinations. The findings highlight that the Community-Based Tourism (CBT) model has proven effective in empowering local communities and preserving cultural heritage.

Nevertheless, significant challenges remain, including the risks of cultural commodification and unequal distribution of economic benefits. To address these issues, the study recommends strengthening regulations, optimizing digital innovation, and fostering stakeholder synergy. These strategies are expected to establish cultural tourism governance that is fair, sustainable, and supportive of Indonesia's cultural diplomacy in the global arena.

Keywords: Cultural Tourism Management, Sustainability, Local Participation, Digital Innovation, Cultural Diplomacy

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INTRODUCTION

Indonesia is known as a country with an abundance of cultural riches. Its ethnic diversity, regional languages, traditions, arts, crafts, and architectural heritage make Indonesia a strategic location for the development of cultural tourism. Beyond its economic value, this cultural potential is a valuable resource for preserving cultural heritage and strengthening national identity. Cultural tourism serves as a sustainable economic sector and a tool for cultural diplomacy, preserving regional values passed down from generation to generation amidst the waves of modernity and globalization. Currently, the Indonesian cultural tourism industry faces two main challenges: first, how to transform cultural tourism into a driving force for the creative economy that can improve the welfare of local communities through economic empowerment and job creation. Second, how to prevent commercialization, which tends to transform culture into mere tourist attractions, from erasing the authenticity and spiritual aspects of local culture. The development of professional, inclusive, and sustainability-oriented management techniques is essential to address these issues. One approach considered successful in addressing these challenges is the Community-Based Tourism (CBT) model, a tourism management model based on the active involvement of local communities in every stage of destination development. Penglipuran Village in Bali and Laweyan Batik Village in Solo are two examples of the effective implementation of this model. Both have successfully ensured environmental sustainability, distributed economic benefits more equitably, and preserved local culture. However, not all cultural tourism sites achieve the same level of success. For example, Sasak Sade Village in Lombok faces serious challenges related to cultural commodification, which has resulted in a shift in meaning and a loss of sacred values within local culture. The unequal distribution of financial benefits is a major problem in cultural tourism management, alongside commercialization. Local communities receive only a small portion of tourism revenue, while travel agents or foreign investors often control the majority of revenue. This highlights the importance of managing tourism fairly, transparently, and truly benefiting local communities.

On the other hand, developments in information and communication technology offer numerous opportunities to improve the management of cultural institutions, including digital advertising, online ticket booking, and locally relevant travel information applications. Law Number 10 of 2009 concerning Tourism provides a legal framework that emphasizes the importance of cultural preservation, environmental protection, respect for religious values, and empowerment of local communities in tourism management. This background serves as the basis for an in-depth analysis of Indonesian cultural tourism business management in this article. This research focuses on the various obstacles faced, the opportunities available, and the best practices implemented in several leading cultural destinations. To develop equitable, sustainable, and community-empowering cultural tourism management techniques, this research employed a literature review strategy that included national and international journals, official government publications, and field case studies.

Cultural Tourism Business Management Concept. Cultural tourism is a type of tourism that links travel with cultural preservation and the strengthening of local identity. According to Milne and Ateljevic (2001), local culture plays a key role in the development of community-based tourism, as it encompasses artistic heritage, traditions, distinctive architecture, and social structures that can add economic value. A similar sentiment was expressed by Goodwin and Santilli (2009), who emphasized that the success of cultural tourism management depends heavily on the active involvement of local communities. Communities need to play a role as subjects in decision-making, not simply as tourist attractions. This is reinforced by Scheyvens (1999), who emphasized the importance of empowering communities to ensure the equitable distribution of economic benefits. A recent study by Rahmiati et al. (2023) shows that community-based tourism (CBT) strategies combined with strengthening local institutions can simultaneously enhance economic sustainability and cultural preservation.

Sustainability Principles in Cultural Tourism Management. Sustainability is central to cultural tourism management. Salazar (2012) emphasized that without a balance between cultural preservation, environmental protection, and the distribution of economic benefits, cultural tourism will function as a tool of exploitation that is detrimental to the community. Kencana (2018) reinforced this view by emphasizing that sustainability encompasses not only physical conservation but also the preservation of sacred values and spiritual aspects of culture. An example of the application of this principle is seen in Penglipuran Village, Bali. Cole (2007) stated that strong traditional institutions, sustainable spatial planning, and progressive environmental policies drive the village's success. Research by Yulianingsih et al. (2024) added that adaptive institutional support and digital promotion also play a crucial role in strengthening the sustainability of cultural destinations.

The Community-Based Tourism (CBT). The model is increasingly recognized as an important approach in cultural tourism management. According to Goodwin and Santilli (2009), CBT serves not only as an economic model but also as a way to empower communities. The example of Laweyan Batik Village demonstrates that collaboration between the community, local government, and academics can produce a successful educational destination (Kencana, 2018). Recent research by Adnyani (2023) highlights the role of women in managing Bali's cultural tourism industry. She revealed that through participation in economic activities and maintaining customs, women make significant contributions to cultural preservation.

Challenges in Cultural Tourism Management. Cohen (1988) warned that when local culture loses its spiritual significance and becomes a commodity, it can be a threat. In Sade Village, Lombok, where traditional performances are primarily aimed at guest interests, Hermawan and Putra (2020) observed a similar trend. Economic inequality is another issue that needs to be addressed. According to Scheyvens (1999) and Sari et al. (2021), indigenous communities often play only a complementary role in the tourism economy due to inequities in the distribution system.

Research Gap and Study Implications This research offers a new contribution to the study of cultural tourism management in Indonesia by addressing a previously overlooked research gap: the lack of clear and implementable community-based management strategies. Rahmiati et al. (2023) noted that many previous studies focused more on economic impacts or general cultural preservation, without

detailing the implementation of participatory management in the context of tourism villages. Furthermore, Scheyvens (1999) highlighted that the absence of a fair and transparent profit-sharing structure is another reason why many cultural tourism ventures fail to empower local communities. However, despite their significant contribution to local economic activity and cultural preservation, Adnyani (2023) highlighted that women's roles are often overlooked in decision-making processes. Susanto (2020) also highlighted that, despite the significant potential for improving governance and self-promotion, the systematic use of digital technology in tourism village administration remains rare. This research makes three main contributions based on the background gathered from the field and literature analysis:

- 1) The 4K Management Model: Digital Communication, Institutionalization, Equity, and Participation. As a useful strategy for managing culture-based tourism villages, this research proposes a "4K" management structure, consisting of:
 - a. According to Rahmiati et al. (2023), the establishment of a Village-Owned Enterprise (BUMDes) focused on tourism and managed by the local community helps strengthen local institutions.
 - b. According to Scheyvens (1999), a fair distribution mechanism is needed to achieve fairness in benefit sharing: 50% for local communities (guides, dancers, artisans), 30% for operational costs, and 20% for cultural preservation initiatives.
 - c. According to Adnyani (2023), women's participation should be increased by strengthening their status within conventional institutional frameworks and business associations, as well as providing training in tourism management.
 - d. According to Susanto (2020), creating a destination website and a community-based online booking system can help achieve digital communication by eliminating the need for external agencies for advertising.
- 2) Technical Policy Recommendations for Local Governments
 - a. Sari et al. (2021) emphasized the need for regulations regarding the distribution of at least 40% of cultural tourism village revenue to the local community.
 - b. Local governments need to develop Standard Operating Procedures (SOPs) based on local wisdom, as expressed by Yulianingsih et al. (2024), to maintain the boundary between tourist attractions and sacred activities that should not be commoditized.
 - c. Tourism villages that successfully combine cultural preservation with digital innovation should receive incentives as a form of recognition and support for business continuity.
- 3) Practical Guide for Tourism Village Managers. This paper also provides practical guidelines that can be used as a reference for tourism village managers, including:
 - a. Regular digital literacy training and the creation of local cultural promotional content, such as videos, photos, and articles, as proposed by Yulianingsih et al. (2024).
 - b. Implementation of a transparent financial reporting system using a digital village application.
 - c. Formation of an internal monitoring team consisting of traditional leaders, youth, and women's groups, such as the Family Welfare Movement (PKK), to monitor

METHODS

This article was written using a descriptive and analytical literature study approach. This approach was chosen because the topic of cultural tourism business management requires an in-depth exploration of various theoretical concepts, regulations, empirical research, and best practices implemented in various cultural locations, both in Indonesia and around the world. This literature study aims to provide a comprehensive and critical understanding of cultural tourism management patterns focused on sustainability, as well as to explore the various challenges and opportunities inherent in their implementation. The study process was conducted systematically and consisted of several key stages.

The first step was to identify the main theme of the paper, namely, cultural tourism business management and sustainability principles relevant to the context of tourism development in Indonesia. The second step was to collect literature by searching various journal databases (such as Google Scholar, DOAJ, Scopus), university library catalogs, and official government documents. Third, the literature was carefully selected based on relevance, credibility, and recency, with priority given to literature published within the last 10 years to ensure its relevance to current developments in cultural tourism. Fourth, a content analysis was conducted to identify concepts, principles, management models, opportunities, challenges, and best practices in cultural tourism management. The final stage is to systematically synthesize the findings in a scientific paper, thus combining theory, policy, and empirical experience comprehensively.

The data used in this paper is entirely secondary, including scientific publications (journals, books, proceedings), policy documents, institutional reports, and case study results. The data is qualitatively descriptive in nature, providing information on management patterns, sustainability principles, stakeholder roles, and the dynamics of cultural tourism management in various regions. The analytical approach employed is thematic analysis, where each piece of literature is analyzed to identify key themes such as management concepts, sustainability, community participation, regulations, and existing best practices and challenges in various destinations.

The findings of this analysis are used to formulate recommendations based on theory and empirical experience that are expected to improve cultural tourism business management in Indonesia. This study has limitations because it does not involve primary data collection through surveys or field interviews. All findings are derived from existing literature. However, the validity of the results is assured because the literature used has undergone a rigorous selection process and is sourced from credible publications. With this approach, this paper is expected to make a significant contribution to the development of knowledge and practice in professional and sustainable cultural tourism management.

RESULT AND DISCUSSION

The results of a comprehensive literature study indicate that the management of cultural tourism businesses in Indonesia plays a crucial role in supporting the growth of the creative economy, maintaining the sustainability of national culture, and strengthening Indonesia's cultural diplomacy on the international stage. This aligns with the view expressed by Milne and Ateljevic in 2001, who emphasized that local culture is a crucial asset in the development of community-based tourism, as it has the potential to add economic value while strengthening local cultural identity amidst the process of globalization. Therefore, cultural tourism management needs to be carried out professionally, involving participation and focusing on sustainability so that its benefits can be felt fairly by all related parties, especially indigenous communities, who are the primary owners of this cultural heritage.

The Success of the Community-Based Management Model. One of the most successful cultural tourism management models in Indonesia is the community-based tourism (CBT) model. This model positions local communities as key actors in every stage of destination management, from planning and implementation to monitoring. Penglipuran Village in Bali and Laweyan Batik Village in Solo are concrete examples of the successful implementation of this model. Their success is driven by the strength of traditional institutions, collaboration between the community, government, and academics, as well as concern for the environment and cultural values. A similar situation is experienced by Laweyan Batik Village in Solo, where batik business groups, organized by cooperatives and local communities, have successfully combined creative economic activities with measures to preserve batik as Indonesia's intangible cultural heritage. Kencana (2018) in the Indonesian Tourism Journal noted that the close collaboration between the community, local government, and academics in Laweyan has made this village a renowned batik educational tourism destination internationally.

Through its batik education tourism program and promotion of batik products to the global market, Laweyan Village not only gains significant economic benefits but also strengthens Indonesia's

cultural image internationally. Furthermore, the success of the community-based tourism management model is also supported by women's participation in various preservation and creative economy activities. Research by Adnyani (2023) shows that women in Bali play a crucial role in maintaining cultural continuity, both through the preservation of traditions such as dance and traditional ceremonies, and in economic activities such as craft production, providing home-based accommodation, and managing local culinary businesses. These findings reinforce the belief that the success of Community-Based Tourism is inseparable from the involvement of all segments of society, including women, who are often overlooked in the mainstream narrative of cultural tourism management.

The Challenge of Cultural Commodification and the Reduction of Sacred Values. However, despite these achievements, there are a number of significant challenges in developing cultural tourism in various locations in Indonesia. One major problem is the phenomenon of cultural commodification, where local culture, which should possess noble values and sacred meaning, is transformed into mere merchandise to satisfy tourist desires. The Sasak Sade Village in Lombok is a prime example of this phenomenon. Hermawan and Putra (2020) in the *Journal of Tourism Charm* highlighted that many traditional rituals and performances in this village now function primarily as tourist attractions, often losing their spiritual significance. This aligns with the criticism expressed by Cohen (1988) in the *Annals of Tourism Research*, which stated that managing cultural tourism without considering the balance between commercial value and preservation can result in the loss of cultural authenticity and the destruction of local identity.

Unequal Distribution of Economic Benefits. Another significant challenge is the issue of unequal distribution of economic benefits. Often, profits generated from cultural tourism activities are primarily enjoyed by large capital owners, travel agents, or investors from outside the region, while local communities receive only a small portion of the value generated. Scheyvens (1999) in *Tourism Management* asserted that without a fair and transparent distribution system, tourism will exacerbate social inequality and strengthen the dominance of elite groups over local cultural resources. This is reinforced by research by Sari et al. (2021) in the *Journal of Tourism Destinations*, which shows that in several cultural locations in Indonesia, indigenous communities often function only as complements in the tourism economic system, rather than as primary beneficiaries.

Opportunities for Strengthening Governance, Regulation, and Technology. Furthermore, the use of digital technology presents a strategic opportunity that needs to be maximized. Digital transformation in cultural tourism can be achieved through the development of community-based destination information systems, promotion using social media and online platforms, electronic ticketing systems, and visitor data management to support evidence-based planning. Goodwin and Santilli (2009) in the *Journal of Sustainable Tourism* emphasized that technological innovation can be a crucial tool for enhancing professionalism in cultural tourism management, while also supporting transparency and accountability in destination management. Therefore, strengthening collaboration between local communities, government, business actors, and academics is crucial in creating a sustainable and inclusive cultural tourism management model. In addition to providing economic and social benefits, cultural tourism development also serves as a tool for cultural diplomacy that can enhance Indonesia's image internationally.

The Success of the Community-Based Management Model. A similar trend is evident in the Laweyan Batik Village in Solo, where batik business groups, organized under a cooperative and local community, have successfully integrated creative economic activities with efforts to preserve batik as Indonesia's intangible cultural heritage. Kencana (2018) in the *Indonesian Tourism Journal* noted that close collaboration between the community, local government, and academics in Laweyan has successfully established the village as a renowned batik educational tourism destination internationally. Through the batik educational tourism program and the promotion of batik products to the international market, Laweyan Village not only reaps significant economic benefits but also strengthens the image of Indonesian culture globally. Furthermore, the success of the community-based tourism management model is further strengthened by the involvement of women in various preservation and

creative economy activities. Research by Adnyani (2023) shows that women in Bali play a strategic role in maintaining cultural continuity, not only through the preservation of traditions such as dance and traditional ceremonies, but also in economic activities such as craft production, providing home-based accommodation, and managing local culinary businesses. These findings reinforce the fact that the success of Community-Based Tourism is inseparable from the comprehensive participation of all community groups, including women, who have often been overlooked in the mainstream narrative of cultural tourism management.

The Challenge of Cultural Commodification and the Reduction of Sacred Values. However, behind this success, there are a number of significant challenges that accompany the development of cultural tourism in various destinations in Indonesia. One major challenge is the phenomenon of cultural commodification, where local culture, which should be rich in noble values and sacred meaning, is reduced to mere entertainment commodities to satisfy the tastes of the tourist market. The Sasak Sade Village in Lombok is a clear example of this phenomenon. Hermawan and Putra (2020) in the Journal of Tourism Charm revealed that various traditional rituals and dances in this village now function primarily as tourist attractions, often losing their spiritual meaning. This aligns with Cohen's (1988) critique in the Annals of Tourism Research, which states that cultural tourism managed without regard for the balance between commercial value and preservation can lead to the loss of cultural authenticity and the erosion of local identity.

Unequal Distribution of Economic Benefits. Another equally important challenge is the issue of unequal distribution of economic benefits. In many cases, the profits derived from cultural tourism activities are primarily enjoyed by large capital owners, tour agents, or investors from outside the region, while local communities receive only a small share of the resulting added value. Scheyvens (1999) in Tourism Management emphasized that without a fair and transparent distribution system, tourism will only deepen social inequality and strengthen the dominance of elite groups over local cultural resources. This is reinforced by the findings of Sari et al. (2021) in the Journal of Tourism Destinations, which show that in several cultural destinations in Indonesia, indigenous communities are often merely an accessory in the tourism economic chain, rather than the primary beneficiaries.

Opportunities for Strengthening Governance, Regulation, and Technology. Furthermore, the use of digital technology presents a strategic opportunity that must be optimized. Digital transformation in cultural tourism can be achieved through the development of community-based destination information systems, promotion through social media and online platforms, electronic ticketing systems, and the management of tourist data to support evidence-based planning. Goodwin and Santilli (2009) in the Journal of Sustainable Tourism emphasized that technological innovation can be a crucial tool for strengthening the professionalism of cultural tourism management, while simultaneously supporting transparency and accountability in destination governance. Therefore, strengthening synergies between local communities, government, business actors, and academics is key to creating a sustainable and inclusive cultural tourism management model. In addition to providing economic and social benefits, cultural tourism development also serves as an instrument of cultural diplomacy that can strengthen Indonesia's image globally.

CONCLUSION

According to research, managing cultural tourism businesses in Indonesia plays a crucial role in advancing the creative economy, preserving culture, and strengthening cultural diplomacy globally. Indonesia's rich cultural heritage, encompassing traditions, art, indigenous architecture, and local social structures, is a key asset that needs to be managed professionally, participatively, and sustainably to provide equitable benefits, particularly to local communities, the original owners of that culture.

The Community-Based Tourism model has proven effective in managing cultural tourism. By actively involving local communities in the planning and monitoring process, this approach can create destinations that are not only economically attractive but also maintain cultural values. Case studies such as Penglipuran Village in Bali and Laweyan Batik Village in Solo demonstrate that successful

cultural tourism management relies heavily on the strength of local institutions, collaboration between various stakeholders, and community awareness of environmental protection and traditional values. However, a number of significant obstacles hinder the growth of cultural tourism, including the commercialization of culture that undermines the spiritual meaning and authenticity of customs, and the unequal distribution of economic benefits, often to the detriment of local communities.

To ensure that all parties can enjoy benefits equitably, a fair, transparent management structure that supports community empowerment is necessary. Therefore, the government, local communities, companies, and academics must work together to develop cultural tourism management in Indonesia. Cultural tourism not only serves as an economic industry but also helps preserve national identity and strengthen Indonesia's cultural diplomacy internationally. For cultural tourism to develop into a vital pillar of holistic national development, inclusive, egalitarian, and sustainable management methods must be designed going forward.

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