The Effect of Stakeholder Connectivity toward Indonesia DMO

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Abstract

The creating benefit of the tourism industry if the tourism industry can be creating good management with Management Organization (DMO) and development good relationship with stakeholder connectivity. Aim to the research to evaluation of the effect of stakeholder connectivity toward of Indonesia DMO. This research based on quantitative research to test the research hypothesis and reveal the factors affecting stakeholder connectivity toward Indonesia DMO. The sample size of the research 137 with propulsive sampling and the main instrument is questionnaire. The data analysis to use examine hypothesis with IBM SPSS Software 25 Version. The result of the investigations show that the stakeholder connectivity can be influence toward Indonesia DMO. The indicator of successful DMO if the DMO can be good relationship with stakeholder connectivity therefore to the increase relationship with the: academic, business, hotel & restaurant, tour guide, agriculture, handy craft and tour operator.

Keywords: Relationship, stakeholder connectivity, collaboration, government, DMO, satisfaction

Introduction

The tourism industry creates benefits such as foreign exchange income, business development and employment opportunities for destination countries. According Boz (2011) the developed nations are much more able to benefit from tourism activities than

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underdeveloped countries because of high leakage in various producing countries. Tourism destination or tourism industry has complex links between geography, all human and natural resources and in tourism. According Gajdošíkov (2016) the most important to the creation of strategies for tourism development on the territory of the self-government regions and their implementation also due to the activities of the DMO. The DMO tourism industry needs the to the stakeholder connectivity, ideally the tourism industry can build cooperation with supporting sectors or stakeholder connectivity (Middleton and Clake 2001). Meanwhile according to Tibon (2012) states that hotels, resorts, and other forms of accommodation, restaurants, travel agents, and transportation operators and craft shops as a form of the tourism industry.

Accordance Anderson's (2011) the tourism stakeholder connectivity is one of the factors that determine the level of tourist satisfaction, in explaining that the size of hotels, classes, and nationalities of hotel owners can influence tourist decisions. According to Bowen et al. (1991: 1) and Regression (2012) stated that the importance of establishing cooperation with the agriculture sector. Meanwhile Shushma (2012) stated the importance of building relationships with souvenir providers. Chang (2012) expressed the importance of building cooperation with tour guides, Khairat and Maher (2012) stating the importance of building cooperation with tour operators, while Chiutsi and Mudzengi (2012) stated the importance of building cooperation with academics. In addition to cooperation with stakeholders, tourism-oriented relationship with the government policies can provide guarantees for every activity so as to be able to provide quality services with good DMO. According Bornhorst at.al, (2009) achieving this objective many destinations have created a destination management organization (DMO) to provide leadership for the management of tourism destination.

The DMO tourism industry needs the to the stakeholder connectivity. According to the Byrd (2007) the DMO have focused on the tangible parts of developing the destination or product such as the number of rooms, the buildings, and the natural resources. For DMOs to develop the destination, they must incorporate both the tangible and intangible aspects of tourism for all stakeholders. To develop DMOs must begin to develop the whole destination and include the interests of all stakeholders. Stakeholders need to be made aware of the other interests in the community so that they can understand the reasoning behind tourism policies and developments. Stakeholder theory and analysis in an empirical study of tourism DMOs, to determine both their identify and relative salience Sheehan & Ritchie (2005) Kang et al. (2008) and Gu & Ryan, (2008). According Sheehan et al., (2007), while some stakeholders (such as hotels and city government) are clearly very critical to the success of a DMO because of their financial and partnership resources, there is a multitude of other relevant stakeholders whose views must also be considered.

Many researchers Freeman's (1984), Donald & Preston (1995), Jawahar & Mc Laughlin (2001), Mitchell, Agle & Wood, (1997) they are agree that stakeholders are a significant component of an organization environment. The Stakeholder collaboration are the important to the success in the tourism industry, Bejou (1995) examined the need for stakeholder collaboration; Donnelly & Vaske (1997) examined the factors influence membership in a voluntary state tourism promotion authority. Selin & Myers (1998) studied of membership satisfaction within a regional alliance tourism marketing. They research found that effective communication was critical to achieving satisfaction and

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buy-in thus, they emphasize the need for strong leadership to gain stakeholder involvement. The researcher as the Aas et al., (2005); Byrd, (2007); Hardy & Beeton, (2001); Medeiros de Araujo & Bramwell, (1999); Vernon, Essex, Pinder & Curry, (2005) the study of studies involving stakeholder identification and analysis. These stakeholder groups influence of the tourism development in many ways including tourism supply and demand regulation, the management of tourism impacts, human resources and research.

According the Cooper et al., (2009); Currie et al., (2009); Mitchell et al., (1997) definition, the primary stakeholders have the greatest impact on determining the outcome of an organization's or destination's initiatives. According Tibon (2012) stakeholder connectivity in tourism industry are hotels, resorts, and other forms of accommodation, restaurants, tour operators and travel agents, transportation operators and craft shops. Indicators of the success of tourism activity if they can optimize and develop facility facilities and have good links with stakeholders. Marketing links or stakeholder suggested by Middleton and Clake (2001) include: The partner organizations especially those holding new attractions, the education sector, especially universities or colleges to do co-production to carry out training or courses needed by the community, the local businesses to develop services for seminars, conferences, meetings, and workshops.

According Chiutsi and Mudzengi (2012) the academics and entrepreneurs are the stakeholder connectivity have an important role in the tourism industry, academics and business practitioners have given attention to the contribution of tourism. Tourism businesses are starting to use planning and management to place local communities as centers for the development of tourism products and distribution chains. Apostolakis (2011) states that the tourism industry provides positive benefits for the local economy in the form of business, but this benefit cannot be channeled directly to the tourism sector itself because, in reality, the business requires an increase in human capital. The part of from links with academics and entrepreneurs, links with hotels and restaurants are important, because this stakeholders requires support with tourism sector. According Anderson (2011), the size of hotels, classes, and nationalities of hotel owners can influence tourist decisions. Apart from hotel, restaurant and tour operators, it is also one of the stakeholders in the tourism, although tour operators face a number of difficulties in the process of integrating tourism in the supply chain, positive experience has shown that a long-term, good management cooperation system can provide good results. Tour operators are in many ways the key to achieving a more sustainable form of tourism, tour operators are ideally positioned to support actions that are responsible for their customers (Khairat and Maher, 2012).

Therefore, in addition to academic links and entrepreneurs and hotels, tourism also builds links with tour guides. The tour guide is one of the elements including stakeholder connectivity in the tourism industry. According to Chang (2012), tour guides are one of the front line players and can be key in the tourism industry. The success of the tourism sector can also be achieved if the tourism sector builds links with the agriculture sector (especially as a supplier for hotel needs and reports). This is similar to Bowen et al. (1991), Regression (2012) explains that building relations between agriculture and tourism is very important to maximize the economic impact of tourism for developing countries. Meanwhile, Shushma (2012) explains that souvenirs play an important role in the tourism industry to create mutual benefits, build and promote the tourism sector.

Whereas Wong (2008) explains the consequences of openness, causing the liberalization of souvenir trade. Based on this description, the researcher can draw conclusions that the stakeholder connectivity is the related sector and is involved in driving the success of the tourism and DMO. So the determining what constitutes success for an organization that must address multiple stakeholder concerns is daunting. Based on this theory above can be draw theoretical framework as bellow:
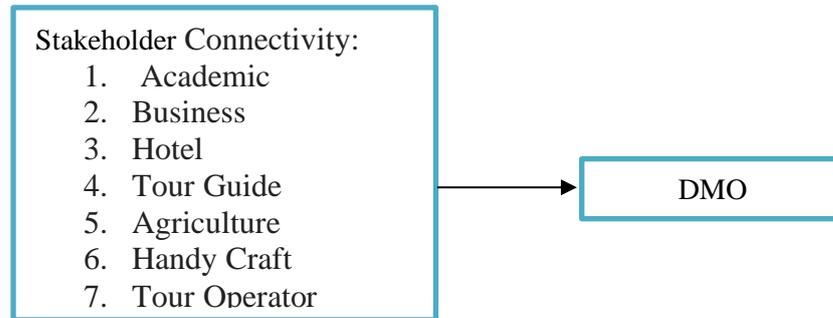

Figure 1. Theoretical Framework

Methods

This research is a quantitative descriptive study with a population of DMO in Indonesia. The method and the sampling technique is non-probability sampling and purposive sampling. Non-probability sampling, elements of the population are selected on the basis of availability because of the researcher's considerations that they can represent the population (Wu Suen, Huang, & Lee, 2014). Whereas purposive sampling is a way of sampling done by selecting subjects based on specific criteria set by the researcher (Barratt, Ferris, & Lenton, 2014). A selection of samples is subjectively in an intended purposive sampling because it is possible for a researcher who has understood that the required information can be obtained from a specific target group that is able to provide the desired information (Palinkas et al., 2015).

The samples in this research were employees at least 18 years and have had a minimum of 1 years of service in Indonesia DMO. This research is run by using 137 samples (Osborne et al., 2014).

The analysis tool used is regression with IBM SPSS software 25 version and with the analysis with the previous mean numbers will be grouped in class intervals in very low, low, quite high, high, and very high.
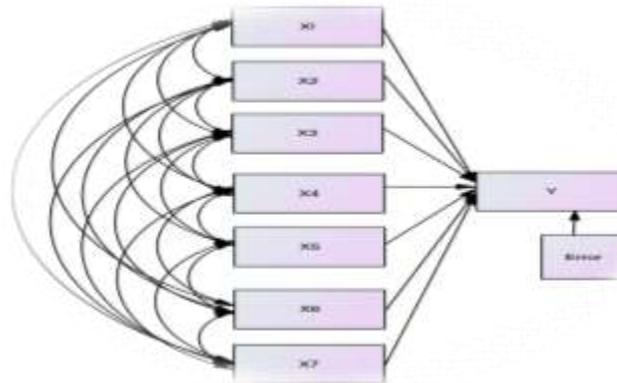
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Figure 2. Research Paradigm

With structural model: $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + 41 X_4 + \beta_5 51 + \beta_6 X_6 + \beta_7 X_7$

Y = DMO, where βX is a vector of stakeholder connectivity (academic, business, hotel & restaurant, tour guide, agriculture, handy craft and tour operator).

Findings

The stakeholder connectivity is an important factor in tourism, this stakeholder connectivity includes: the education sector, business people, hotels and restaurants, tour guides, the agricultural sector, souvenir centers and souvenirs and travel agencies. To find out how far the contribution of the stakeholder connectivity to DMO has been carried out research with findings as revealed. Based on the results of the investigation all indicators received an index value of 35.14 in the high category, respondents gave high appreciation to the supporting sector, this means that the stakeholder connectivity has established relations with the Indonesia DMO. The stakeholder connectivity is capable as a generator in the Indonesia tourism industry. The results of this investigation reflect that there has been cooperation between tourism objects or DMO with education, local entrepreneurs, hotels, restaurants, tourist mixers, the agricultural sector and craft, souvenirs and souvenir centers and travel agencies.

The Effect of Stakeholder toward DMO

The tourism stakeholder connectivity includes; hotels, restaurants, local transportation facilities, colleges, shopping (souvenirs) and the agricultural sector are the value chains. The success of tourism activities if it can optimize and develop facilities owned facilities and have good links with stakeholders. The results of the investigation show that the stakeholder connectivity has effect on DMO, this is indicated by the value of regression Analysis below.

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Table 1: Regression Analysis

Variable	Coefficients	t	Sig.
(Constant)	12.262	5.643	0.000
Academic	-0.889	-1.203	0.231
Business	0.901	1.054	0.294
Hotel & restaurant	1.464	1.642	0.103
Tour Guide	1.745	2.302	0.023
Agriculture	0.152	0.322	0.748
Handy Craft	-1.254	-1.801	0.074
Tour Operator	0.756	0.951	0.343

Based on the table 1 can be development the structural model: $Y = 12.262 + -.889X1 + .901X2 + 1.464X3 + 1.745X4 + .152x51 + -1.254 X6 + .756X7$

Based on the data analysis the biggest of contribution of the DMO in Indonesia tourism industry are, handy craft and tour guide.

Table 2: F-Statistics

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	632.253	7	90.322	4.428	0.000[b]
Residual	2631.499	129	20.399		
Total	3263.752	136			

Dependent Variable: DMO
Predictor variable: academic, business, hotel, tour guide, agriculture, handy craft and tour operator.

The significance of the F-Statistics (F-value = 4,428) indicates that there is a relationship between the dependent variable (DMO) and the seven independent variables (stakeholder connectivity). In other words, since the observed significance level is less than 0.005, it indicates that the stakeholder connectivity items are the main factors that affect DMO in Indonesia tourism industry.

Table 3: Coefficients Determinant

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.440[a]	0.194	0.150	4.51655	1.533

The regression model showed that 440% ($R^2 = 0.194$) of the observed variability in DMO is explained by the total stakeholder connectivity variables. Further, the regression model shows how the individual stakeholder connectivity variables affect DMO. The result indicates that all the stakeholder connectivity items: academic, business, hotel, tour guide, agriculture, handy craft and tour operator.

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Conclusion

Based on the results of the conducted research, it can be concluded the stakeholder connectivity actually an important sector in the tourism industry and determines of good DMO. The result of investigations show insignificant results, this empirically proves that the stakeholder connectivity can be influence DMO in Indonesia tourism industry.

Recommendations

Suggestions that can be put forward in this study, because between hotels, tourist attractions, souvenir centers, and travel agencies have become a unit with the tour packages offered so this variable can make good DMO. Therefore DMO in Indonesia should ideally intensive to collaborate with the stakeholder connectivity in order to make good DMO and to realize tourist satisfaction. Based this condition the stakeholder connectivity have to the integrated with the Indonesia tourism industry.

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