



INSTITUTIONAL CHANGE AND SUSTAINABLE TOURISM DESTINATION: THE STUDY OF LEDOK SAMBI TOURISM VILLAGE, PAKEMBINANGUN, SLEMAN, YOGYAKARTA

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ABSTRACT

This study examines the institutional changes that have influenced long-term structural shifts in the local economy, specifically focusing on tourism transformation. The article aims to assess the institutional changes in tourism destinations and explain how these changes impact sustainable tourism destination performance. Through Robert K. Yin-style case studies (2009), the study findings reveal that the Ledok Sambu Tourism Destination has experienced institutional changes that have altered the destination's governance structure from convergent and collaborative to divergent and separate. Additionally, the shift in institutional character from inclusive to extractive institutions has led to tourism performance that is less conducive to sustainability. The relationship between institutional change and performance, this research also finds that institutions can trap destinations that worsen tourism performance, resembling a paradoxical trap box between sustainable tourism objectives. The study suggests the importance of orchestration and alignment of formal institutions, bureaucracy that serves and empowering the community to get out of the paradoxical box

Keywords: *Institutional Change, Destination, Sustainable Tourism Performance*

1. Introduction

This study examines the institutional change and performance of Ledok Sambu Tourism Village (LSTV) as the tourist destination (Figur 1). LSTV is one of the tourist villages located on the slopes of Merapi Mountain, and local tourism development has been ongoing since 2002 through democratic initiatives and local civil society. The emergence of LSTV predates the introduction of Law No. 10/2009 on Tourism and Regulation No. 50/2011 on the Government on the National Tourism Development Master Plan. The village's development as a tourist destination aligns more with the previous regulation, Law No. 9 of 1990 concerning Tourism. This study highlights the significance of local power and democratic approaches in the development of LSTV and sheds light on the importance of earlier regulations in shaping tourism destinations.

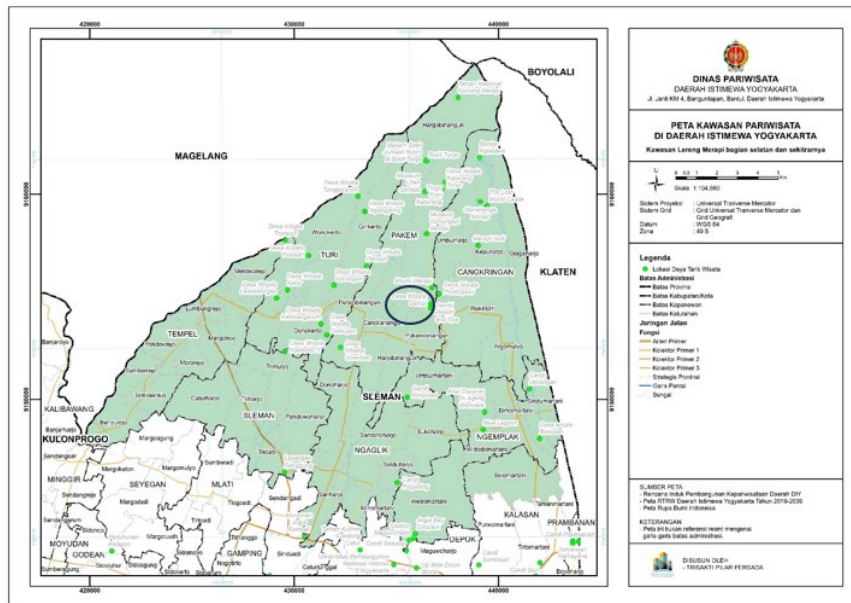


Figure 1. Ledok Sambi Tourism Village (LSTV) as the tourist destination

Ledok Sambi Tourism Village (LSTV) had been developed as a tourism destination before the provincial and district governments officially recognized tourism as regional leading sector. This means that LSTV's development did not directly align with the regional regulations established for long-term development plans or tourism master plans. Despite this, LSTV had managed to grow and become a popular destination. The development of LSTV took place before the vision was set for the Yogyakarta province to become a leading tourist destination by 2025. It also grew before the establishment of the regional tourism and development master plans for both the Yogyakarta Special Region Province and the Sleman Regency. Despite not aligning with these regulations, LSTV has managed to thrive as a tourism village.

The tourism industry is influenced by continuous changes and transformations in the institutional environment, particularly in government institutions. Reforms in the government system and regional bureaucracies result in institutional complexity. This reform spirit has led to the repeal of various laws, such as Law No. 22 of 1999, replaced by Law No. 32 of 2004, and ultimately replaced again with Law No. 23 of 2014 concerning Regional Government. These changes also bring about legal regulations related to regional institutions, including Law No. 13/2012 on the Privileges of Yogyakarta Special Region and Law No. 6/2014 on Villages. The introduction of formal institutions and legal regulations has impacted the development dynamics at the local level, especially for actors in the local tourism economy. Institutional change creates uncertainty and complexity in tourism governance, as well as challenges for communities to adapt to these changes.

2. Literature Review

2.1 Institutions and Institutional Change

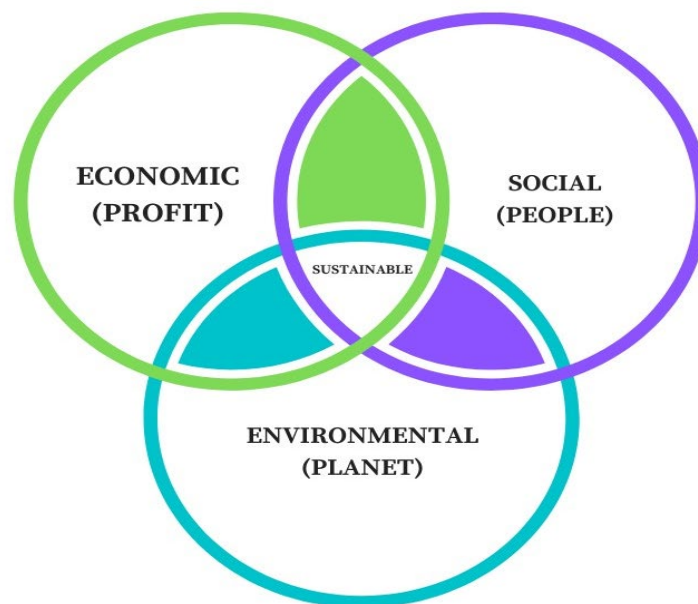
Institutional economics suggests that institutional change has a significant impact on economic, social, and environmental performance. Institutions can either reinforce or constrain progress. Formal institutional change refers to changes in the collective choices and actions that actors design to determine formal institutional change, such as agreements, regulations, strategies, plans and policies. On the other hand, institutional change in the sense of informal institutions is evolutive, especially regarding aspects of informal institutions such as norms, culture, values, and beliefs. Institutional change is shaped by the interplay between formal and informal institutions, which determine the pace of change. The analysis of institutional change is a process that involves the creation of new institutions while eliminating old ones.

2.2 Government/Bureaucratic Reform

Bureaucratic reform is a priority in any development that leads to and aims at substantial democracy. The text discusses the shift or change in bureaucratic reform from old public administration (OPA), New Public Management (NPM), to New Public Service (NPS). Performance measures in democratic governance should be more comprehensive. This means that accountability should not only be measured in terms of productivity, but the process of achieving this should consider and rely on collaboration and leadership that rewards and respects everyone. Governance refers to the system for controlling and operating a tourist destination, as well as the mechanisms or procedures for holding the destination management, managers and the communities involved accountable.

2.3 Sustainable Destination Performance

Sustainable Tourism Destination performance is different from the management of private companies in general, performance should be more comprehensive and holistic.



Source : Slapper, 2019

Figure 2 Triple Bottom Line Model

Even other success factors geared towards destinations are expanding to further ensure sustainability.

2.4 Previous research in LSTV area

LSTV has gained popularity and has received widespread acceptance from visitors and at the same time encouraged researchers to conduct studies in the area. The focus of the researchers' studies included substantial issues in the local context. First, the importance of strengthening ecotourism in DWLS based on culture, local wisdom, and the environment (Haryono, 2010).

2.5 Conceptual Framework at local level

This text emphasizes the importance of studying institutional change at the level of formal government institutions. The rapid dynamics of bureaucratic or governmental institutional change since reformasi.

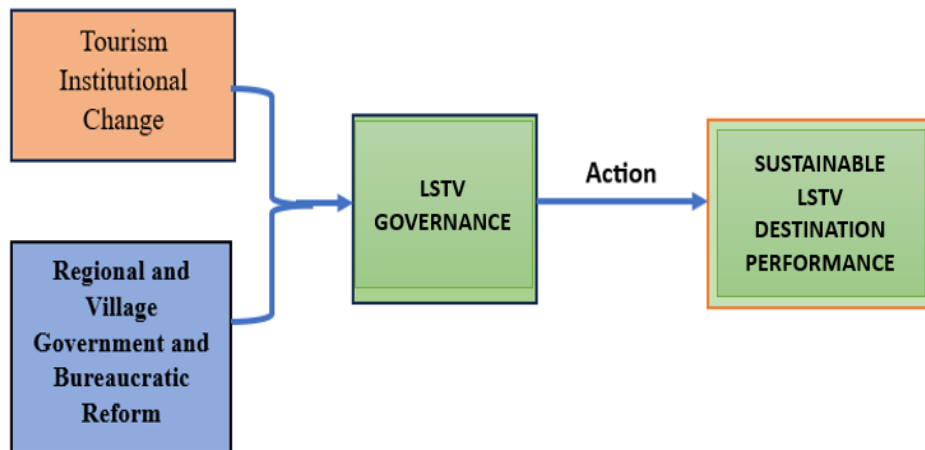


Figure 3. Conceptual Framework at local

Sectoral departmentalization simultaneously also often changes rules or institutions continuously. At the level of governance of LSTV tourist destinations, they often face the powerlessness to adapt to institutional changes and face the dynamics of the competitive behavior of tourism economic actors who are oriented only towards the economy.

3. Research Methods

The research method used is the case study method, which involves a detailed analysis of one or several special cases (entities or situations). The case study chose the SLTV area as the main case. This was chosen because of the phenomenon of the development of SLTV which is in the conservation area of the slopes of Mount Merapi. This tourist area utilizes the valley and river area as a tourist attraction with various tourist services such as camping ground, river tracing, outbound and culinary. In other words, the use of shared resources (common property rights) has the potential for tragedy and resource curse characterized by disputes and conflicts between actors that tend to appear and have been explained by previous researchers (Djulianto, 2022).



Figure 4. LSTV Tourist Attractions

4. Research Findings and Discussion

4.1 Institutional Changes in Yogyakarta Special Regional Government (Yogyakarta SRG)

Changes in regional government institutions are known as decentralization, regional and village autonomy. The focus on the choice of tourism as a regional economic leading sector is greatly influenced by the forces of ongoing government institutional and bureaucratic change. Changes in Regional government institutions based on Law No. 22 of 1999 and became Law No. 32 of 2004 is based on the principles of government. Changes in the regional government's

inaction with Law no. 32 of 2004 and Law no. 10 of 2009 concerning tourism is sufficient to provide institutional corrections that lead to strengthening local communities. Changes in tourism development strategies are carried out in conjunction with the commitment and implementation of additional specialties of DIY with Law no. 13 of 2012 and its derivatives, new government institutions with Law no. 23 of 2014 and the village government through Law no. 6 of 2014 have not found the right formulation. The integration and orchestration of changes in tourism institutions, regional government, specialties, and villages still experience institutional divergence.

4.2 Changes in LSTV Governance

The dynamics of the participatory tourism institutional environment, accompanied by the institutional divergence of regional and village governments, create changes in destination institutions that lead to liberalistic destination governance. Initially, was a form of community-based tourism managed by the community at the hamlet level. The institutional structure of Ledok Sambu Tourism Village is an empowerment organization/group at the hamlet level. Employees/members trust in the management decreased due to low transparency and accountability, prompting the formation of the Sambu Tourism Village Supervisory Board (STVSB) which lasted for four years. Tourist service businesses are increasingly fragmented, and each small group even serves tourist visits independently. The shock of the disaster and the eruption of Mount Merapi caused tourism development to stop in 2010-2011, which resulted in BPDWS activities going out of business and the institution of the Tourism Awareness Group (Pokdarwis) emerging to restore tourism. The PNPM-Tourism program has succeeded in restoring tourism, but at the same time the Pokdarwis institution is not a permanent institution, so the presence of Pokdarwis strengthens tourism actors who operate individually. Tourism actors grow and increase in number and create a scarcity of local resources and competition between tourism actors increases.

4.3 Behavior Change: “Unfair Competition Between Actors”

Changes in local institutions that are increasingly liberalistic form unhealthy competition. This is characterized by the service offerings of tourist operators competing for visitors, accompanied by the absence of standard service prices for river crossings, enjoying tent rental services and scenic views, as well as playing with family on the Kalikuning River.

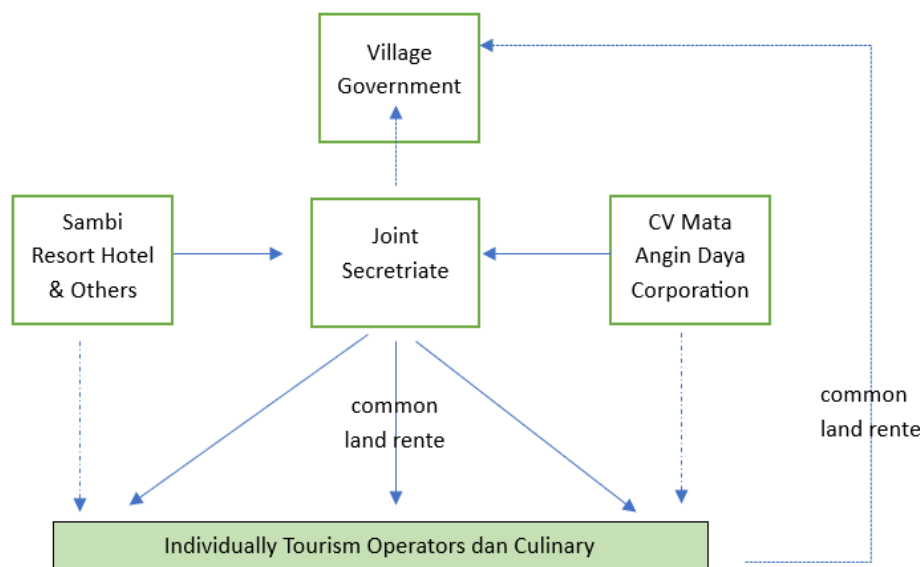


Figure 5. Unfair Competition Between Actors" and Common Land Rente

In a situation of unhealthy competition, the government forms a joint secretariat with individual tourism actors to provide certainty of tourism services, agreement on prices for tourism services and good service to tourists. The government's inability to control the liberalistic behavior of tourism actors, creating a joint secretariat is simply an extension of the government's role in seeking rents on jointly owned land.

4.4 LSTV Performance: Economic Performance of Mass Tourism

As a form of mass tourism, the number of tourist visits is a measure of the success of tourism development. The trend of LSTV tourist visits over time has experienced a sharp increase.

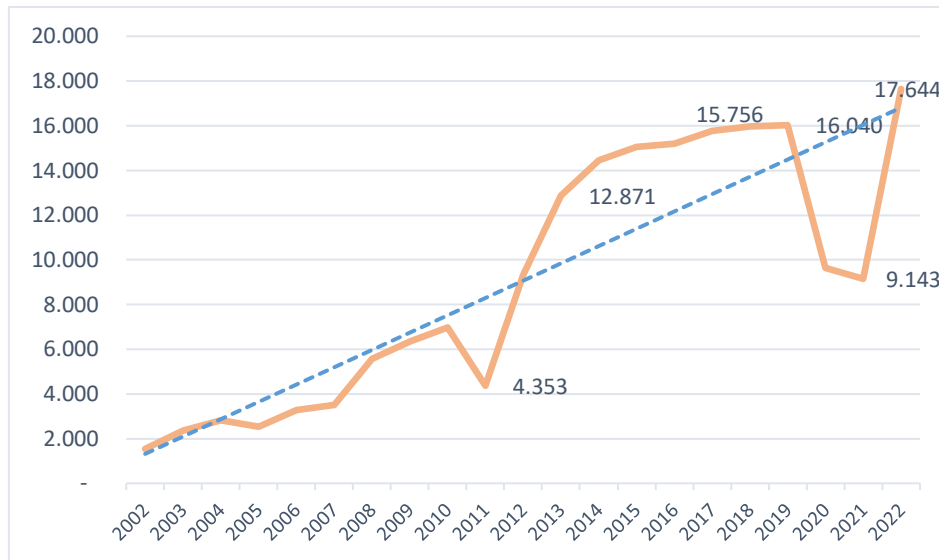


Figure 6. LSTV Economic Performance: Tourist Visits (Person) 2002-2022

4.5 Socio-Cultural Performance

The increasing achievements of the tourist economy, accompanied by “obvious sacrifices and social degradation. The culture of economic pragmatism increasingly strengthens the desire to obtain economic rents quickly and instantly and weakens social ties. At its inception, LSTV also had a local performing arts association which became a cultural attraction, but over time traditional arts were no longer activated. There is inequality between local tourism actors.

4.6 Socio-Cultural Performance

LSTV is a tourist destination intended to develop ecotourism to strengthen conservation of the Mount Merapi Slopes area, but a liberalistic economy does not need ecology. The LSTV tourist area is also an affected and disaster-prone area, but the tourist destination does not have a disaster mitigation management strategy.

4.7 LSTV Performance: Economic Performance of Mass Tourism

Based on the description above, the relationship between government institutions, tourism, destination governance and sustainable tourism performance can be explained through the LSTV Institutional Change Cube Trap (Figure 7). This illustrates the mechanism of institutional change. First, at the beginning of the initiation, changes in the government institutional environment that were convergent or in line with participatory tourism institutions created inclusive Community Based Tourism (CBT) destination governance, marked by the growth of tourism development cooperation carried out by local residents. The economic performance of tourism during the growth period increased, accompanied by high social,

cultural and environmental performance. At least a balance between economic, socio-cultural and environmental goals occurs.

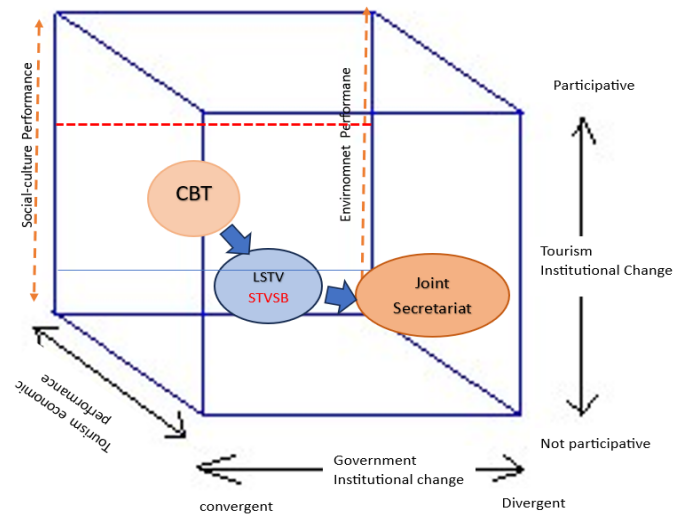


Figure 7. Cube Trap of Institutional Change and Tourist Destination Performance

Second, changes in government institutions which are initially divergent and are starting to be inconsistent with participatory tourism practices create divergence in destination governance, characterized by low transparency and accountability and the need for institutional supervision as a result of which economic performance continues to grow, but social and environmental problems arise in management practices. destination.

Third, changes in government institutions create real divergence and tourism institutions are increasingly participatory, but the dominance of local tourism actors makes the governance of tourist destinations extractive and produces an imbalance in sustainable development. The economic performance of tourism has increased sharply, but social and environmental degradation is increasing. In fact, government institutions are increasingly ineffective at enforcing regulations, competition is increasingly unhealthy and it is more worrying that the government is oriented towards "seeking rents" from natural resources for tourism. The relationship between institutional change and performance, this research finds that institutions can trap destinations that worsen tourism performance, resembling a paradoxical trap box between sustainable tourism objectives.

5. Conclusion

The LSTV has experienced local institutional dynamics and changes in adapting to the institutional environment. At least three local institutional changes were found which compiled five main things to pay attention to tourism sustainability.

First, sustainable development performance can be realized when government institutions are convergent, accompanied by participatory tourism institutions and inclusive destination governance. Changes in governmental institutions are divergent, although tourism institutions remain participatory and empower the community, destination governance is more influenced by government institutions, so that sustainable tourism performance is not achieved. Extractive destination management encourages socio-cultural and environmental degradation, even though economic performance shows high tourist visits.

Second, changes in government institutions that serve more as a solution to finding appropriate local institutions and empowering communities to adapt to institutional changes and achieve inclusive destination governance and realize sustainable development.

Third, divergent institutional changes create uncertainty and difficulty in enforcing regulations, creating unhealthy daylight hours for tourism actors, leading to domination of tourism actors and producing social inequality in the community. In fact, the government's behavior tends to seek rents from the natural resources it controls rather than increasing local institutional capacity and community empowerment.

Fourth, divergent institutional changes create an institutional cube trap for determination that creates paradoxical sustainable development objectives.

This study suggests the importance of orchestration and alignment of formal institutions, bureaucracy that serves and empowering the community to get out of the paradoxical box.

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