

Investigating The Impact of Local Wisdom on The Performance of Business Tourism

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ABSTRACT

Background - Business tourism is featured in regional economic development. However, no studies that examine the effect of local wisdom with an increase in tourism business performance. In addition, there are still differences of positive and negative views about the relationship between cultural heritage tourism sector.

Purpose - The purpose of this study was to examine the effect of local wisdom on the performance of the business with the moderation supporting infrastructure and web-based information service system.

Methodology - The population of this research is the manager of the tourism sector in Surakarta Indonesia. Techniques of data retrieval with a random sampling of 93 respondents to the questionnaire data was collected. Structural equation analysis by SEM-PLS.

Findings - Local wisdom has a positive and significant effect on the performance of the tourism business to be moderated by the effect of supporting infrastructure and web-based information service system. Indicators of local knowledge of the most dominant influence on business performance is the government, education, the diversity of the community.

Limitations of the study - data collection tools with questionnaires and questionnaires have weaknesses that can affect the outcome, so the findings cannot be generalized to wider case. **Originality** - In this study, the influence of local knowledge on the performance of tourism businesses will be more significant with the moderation of supporting infrastructure and web-based information service system

Keyword : local wisdom, the performance of tourism businesses, supporting infrastructure, web-based information service system

1. INTRODUCTION

Surakarta (or 'Solo') is one of the cities in Indonesia, which has the potential of great culture, so that Solo was known as the "City of Culture" That's why people in the city of Solo demanded more innovative and creative in expressing the culture into a variety of designs so that traditional culture Solo become a strong capital in the tourism business. Surakarta is known to have global appeal of traditional products such as batik and culinary tours. Surakarta has a well-known tourist destinations in various countries, namely, Keraton Surakarta, Mangkunegaran, Sriwedari. The travel destinations have a strong correlation with the performance of the tourism business. By understanding the potential of local wisdom is

expected to improve the performance of the tourism business as measured by an increase in tourist visits to the city of Surakarta and increase business benefits of tourism.

Muscat et al (2013) stated that there is a cultural influence on perception and the performance of the quality management in tourism organizations. Lusetyowati (2014) also states that heritage tourism will help protect cultural heritage and to improve the quality of life of residents and visitors means no link heritage tourism will benefit the local economy and to save the heritage and urban culture, to share with visitors, and to achieve the benefits economy. Similarly, the Oecd (2009) reveals that there is a strong relationship between tourism and culture and if the relationship was forged would be more attractive to tourists. However, Ismail et al (2014) stated that there was a conflict in the management of heritage tourism in Malaysia by tourism managers, stakeholders, government, cultural heritage managers and the local community itself. Rodzi et al (2013) stated that there are still differences in perceptions of positive and negative about the relationship between cultural heritage with tourism. Several previous studies that demonstrate that the gap (gap) in explaining the link between cultural heritage with business performance. And previous studies are still very limited in explaining the influence of local knowledge on the performance of the tourism business, because most research only identifies the influence of local culture to tourism. Based on previous research gap, it is important to do research that examines the effect of local knowledge on the performance of the tourism business with the moderation effect of supporting infrastructure and web-based information service system.

2. LITERATURE REVIEW AND BACKGROUND OF STUDY

2.1. Business performance

Cashmere and Jafar (2012) states that run a business is a business whose primary goal is profit. Raymond (2005) states that the business is all activities that are organized by people who have been in the field of commerce and industry that provide goods and services to the needs of maintaining and improving the standards and quality of life. Griffin and Ebert (2007) states that the business is an organization that provides goods or services in order to gain profit. From the above, it can be concluded business is the activities of an organization to meet the needs of the community by creating goods or services to gain an advantage in improving the quality of life.

Business performance is also known as the organization's performance is something produced by an organization within a certain period with reference to the prescribed standards. Organizational performance is the result that can be measured and empirically describe the condition of a company. Thus, it can be concluded that the performance is the ability, effort, and opportunity personnel, team, or organizational units in performing their duties to achieve the targets. The success of the tourism business performance can be measured by the number of tourists visiting tourist objects

Local wisdom are all owned by local people in certain areas that are the hallmark of authenticity and uniqueness of the area without any influence or a mixture of elements from other areas. In general, local knowledge divided into two local wisdom that can be seen with the eye (tangible) as objects of cultural, historic and cultural heritage of religious activities; and local wisdom that cannot be seen by the eye (intangible) in the form of the value or

significance of an object or cultural activities. The word "wisdom" itself should also be understood in its broadest sense, ie not only in the form of norms and cultural values, but also all the elements of ideas, including the implications for technology, education and health snacks. In a broad sense it, then it means that the "local wisdom" that include into the whole cultural heritage, both tangible and intangible (Sedyawati, 2007). In this study, local wisdom is described in two aspects: the characteristics of the region and the culture is measured using indicators: 1) Geographic, natural state and topology, 2) climate and topography, 3) history, 4) state government, 5) the development of the population, 6) the development of education, 7) socio-economic circumstances, 8) the diversity of the community, 9) public services, 10) infrastructures, 10) system is a web-based information services (source : BPS, 2015).

2.2. Relationship between local wisdom with business performance

Fun et al (2014) states that there is the influence of local communities on the sustainability of tourism in Sarawah Malaysia. Hankidson (2005) also states that the destination types (brand) of tourism has a correlation with the tourism business. Beaumont (2010) also supports research both, by stating that the government has significant impact on the sustainability of tourism. Sutawa (2012) conducted a study in Bali found that culture and the strength of local communities have a significant impact on the tourism business in Bali. Moreover, Gets (1993) have previously found also that the conditions of natural nature of a region that combined with the facility will have no effect on the development of the tourism business. Furthermore, Balaguer, J., & Pernias, JC (2013) states that the facilities and hotel prices indirectly influencing the tourism business. Berne et al (2015) stated that the ICT (information Technology information) linked to the performance of the tourism business. Carr, A. (2006) report that there is a link between cultural heritage with tourism. Forer (2002) also states there is a relationship between information technology to tourism especially among the tourists relations with business people. Furthermore, Torn et al (2008) explains that there is a link between local communities and nature conservation in the tourism sector. Zhang, W. (2014) also revealed that the application of e-government impact on the tourism business.

Based on the previous studies, the hypothesis that can be tested are:

- H₁ : Local wisdom significant effect on the performance of the tourism business
- H₂ : Supporting of infrastructures significant effect on the performance of the tourism business
- H₃ : Supporting of infrastructures significantly moderate the influence of local wisdom the performance of the tourism business
- H₄ : Web-based Information Systems significant effect on the performance of the tourism business
- H₅ : Web-based Information Systems significantly moderate the influence of local wisdom the performance of the tourism business

Based on the literature review above, the model will be tested in this study are:

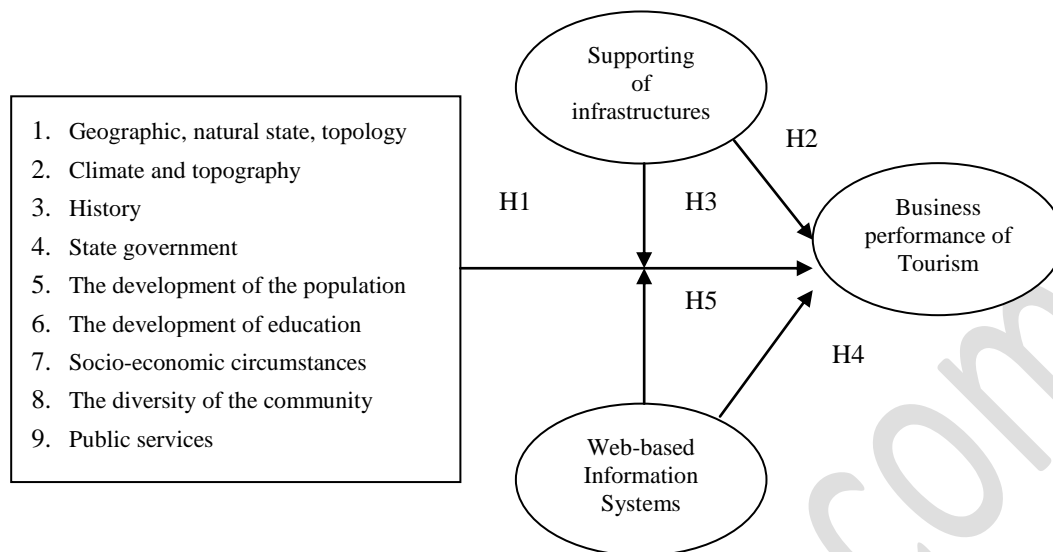


Figure 1. Research Conceptual Model

3. METHODOLOGY

This research is a survey. The population of this research is the manager of the hotel in Surakarta Indonesia. Technique sampling with random sampling and obtained 93 respondents, with a significance level of 5%. In this study, 115 questionnaires were distributed in the population, and there are 93 questionnaires were returned. Data were collected through questionnaire. The questionnaire contained several sections according to the data indicator. 5 item Likert scale from strongly agree to disagree. The test instrument is done by testing the validity and reliability. Testing instrument to knowing data is valid and reliable. Validity Convergent validity of the testing, the index used AVE. If the value of at least 0.5 AVE This shows that having a good convergent validity (valid) means that the latent variables can explain the variables studied. In this study, AVE for all variables have values higher than 0.5. Meanwhile, composite reliability (CR) coefficient and Cronbach alpha coefficient should be higher than 0.7. The results demonstrated the validity and reliability table below shows all the variables studied meet the criteria of valid and reliable so that the questionnaire can be accepted.

Table 1. Variables of the study and source to extract the item and reliability

Variable	Number of items (Questions)	Resource of Questionnaire	AVE	CR	Cronbach's alpha
Local Wisdom	9	Fun et al, 2014	0.58	0.844	0,783
Business performance	3	Hankidson, 2005	0.51	0.751	0,641

Supporting of Infrastructure	4	Balaguer, 2013	0,61	0,715	0,637
Web-based Information Systems	5	Berne et al (2015)	0,53	0,765	0,816
Sum	21				

4. DATA ANALYSIS AND RESULTS

4.1. Results Descriptive Data

To analyze the data, descriptive statistical used to analyze demographic variables such as the following:

Table 2. Descriptive of Respondent

Demographic characteristic of responden	Level	Percentage of frequency
Gender	male	51,6
	female	48,4
Education	Diploma	26,9
	Bachelor	48,4
	Postgraduate	24,7
Age	18 – 25 years	16,1
	26 – 35 years	52,7
	36 – 45 years	27,9
	More than 45 years	3,3

Source : provide by author

Based on the table shows that most of it is male, educated scholar and aged between 26-35 years.

Table 3. Descriptive Information of Research Variables

Variable	Mean	SD	Curtosis	Skewness
Local Wisdom	3,99	0,474	-0,934	-0,238
Business performance	4,22	0,539	0,084	-0,381
Supporting of Infrastructure	4,17	0,437	-0,470	-0,172
Web-based Information Systems	4,25	0,500	0,074	-1,201

Table 3. Shows that the highest average price is a web-based information service system and the performance of the business and research data have normal distribution of the results of kurtosis and skewnes between value of -1.96 and +1.96.

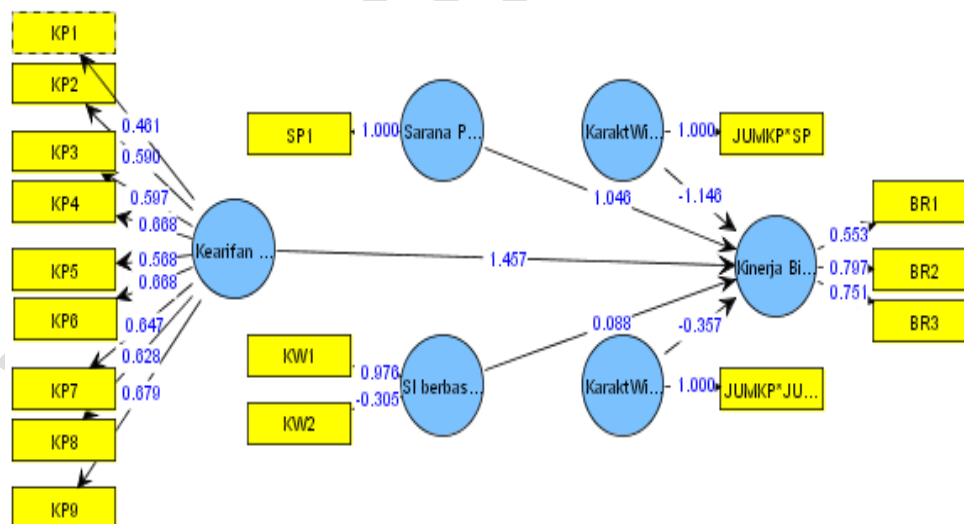
4.2. Testing conceptual model

The conceptual model and hypotheses are tested by Structural Equation Modeling, using SmartPLS -3 and produced two types of information that shows how well the predicted structural model and the relationships that have been hypothesized. The first information can see the value of the coefficient of determination (R^2) which is a test of goodness-fit model to explain the variation percentage to the overall construct of the model. By using the output SmartPLS 3 and sample bootstrapping method, as shown in the table below, we can see the value of R^2 Square every endogenous variable.

Table 4. *R-Square Inner Model*

Variabel	R-square
Local Wisdom (KP)	
Business performance (BR)	0.535
Supporting of Infrastructure (SP)	
Web-based Information Systems (KW)	

By the coefficient of determination greatest travel performance that is equal to 0,535, it can be concluded that the contribution of independent variables and interaction of the studied variables contribute to the performance of travel and the remaining 53.5% is influenced by other factors beyond the studied example environmental characteristics and others. Structural model can be presented in the figure below:



Model goodness of fit is one of the most important things in the structural equation. The results of this model show the correspondence between the model with data obtained from empirical.

Table 5. Goodness of fit model indicator on SEM

Index model fitting	X2/DF	GFI	CFI	NFI	RMSEA	IFI	RFI
Acceptable fit	$\leq 1 \leq 3$	$\geq 0,9$	$\geq 0,9$	$\geq 0,9$	$\leq 0,09$	$\geq 0,9$	$\geq 0,9$
Obtained Value	1,476	0,847	0,920	0,800	0,072	0,925	0,713
Result	Good	Marginal	Good	Marginal	Good	Good	Marginal

Based on the results of the model indicator of goodness of fit, then declaring there is harmonization between the relationship model between the factors studied by the fact that actually happened.

Testing the hypothesis based on calculations by SmartPLS 3. Testing the hypothesis, it can be seen from the value of the T-statistic. The significance of the estimated parameters provide very useful information about the relationship between the variables of the study. Limits to reject and accept the proposed hypothesis is ± 1.65 , which if t is in the range value of -1.65 and 1.65, the hypothesis will be rejected or, in other words accept the null hypothesis (H_0). The table below gives the estimated output for testing the structural model.

Table 6. Results for Inner Weights

Correlation of Variable	original sample estimate	mean of subsamples	Standard deviation	T-Statistic	Keputusan Hipotesis
Local Wisdom → Business Performance	1.634	1.562	0.432	3.784	Accepted
Supporting Infrastructure → Business Performance	0.639	0.845	0.703	0.908	Rejected
Web-based IS → Business Performance	0.440	0.235	0.564	0.780	Rejected
LocalWisdomXSupporting → Business Performance	-0.593	-0.890	1.029	0.577	Rejected
LocalWisdomXSupportingI → Business Performance	-1.026	-0.643	0.970	1.058	Rejected

Table 6 above shows that the majority of the hypothesis is rejected, but one accepted hypothesis that the influence of local wisdom to business performance tourism.

5. CONCLUSIONS AND RECOMMENDATIONS

Goodness of fit testing to model the effect of local wisdom (characteristics of the city Surakarta) on the performance of tourism values obtained R-Square is 0,535 where

infrastructure and web-based information service system be moderating influence local wisdom in relation to the performance of the tourism business. Thus, the model meets the criteria of goodness of fit (fit) to illustrate the suitability of models with empirical reality.

The results of this study which states that local wisdom and significant positive effect on the performance of the tourism business. Local wisdom is all the characteristics of a region or city, either covering geography, topology, the state of nature, climate, topography, history (the history), the state government, population growth, education, socio-economic, cultural diversity of society and public services, which became distinguishing features with other regions, are values that can form the tourism business in the region. Surakarta city is a city that has the potential to generate local tourism businesses, in particular the diversity of cultural heritage in the city of Surakarta, so the city of Surakarta is known as a city of culture. During the development of the tourism business in the city of Surakarta rely on the existing potential of cultural heritage such as the palace with all its cultural products such as batik. Improved business performance can be improved by increasing tourism throughout local potentials in Surakarta.

The results also complement and reinforce the findings of research conducted by Fun et al (2014) on the influence of local communities on the sustainability of tourism in Sarawah, Hankidson (2005) about the destination of tourism has a correlation with tourism businesses, Beaumont (2010) about a government that has the effect of significantly to the sustainability of tourism, Sutawa (2012) about the culture and the power of local communities have a significant impact on the tourism business in Bali, Gets (1993) about the condition of the natural nature of a region that is combined with the facility will have no effect on the development of tourism businesses, Balaguer and Pernias (2013) about the facilities and hotel prices indirectly influencing the tourism business, Berne et al (2015) on ICT (Information Technology Information) linked to the performance of the tourism business, Carr (2006) about the link between cultural heritage with tourism, Forer (2002) about the relationship between information technology to tourism especially among the tourists relations with business, Torn et al (2008) on the links between local communities and nature conservation with tourism business, and Zhang, W. (2014) concerning the application of e- gov impact on the tourism business. Moreover, it also supports research Sukmana (2005), who studies in Batu Malang travel, stating that the development of tourism business is strongly influenced by the potential and carrying capacity of the social and cultural environment.

This result gives the consequence that the increase in performance of the tourism business in the city of Surakarta to do with the efforts of continuous effort to explore the potential of culture. The test results show that the validity of the local wisdom that is measured with 9 aspects studied and 3 most of which have a high validity value, namely (1) the condition of Surakarta city administration, (2) education, (3) The diversity of the people of Surakarta. It shows that the role of government, education, and diversity of communities has contributed greatly to improving the performance and floating holidays in Surakarta. Recommendations from this research is to improve the performance of tourism businesses need to attempt to increase the role of government, improving the quality of education and maintain the diversity of the community.

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