

Navigating Sustainable Business Ecosystems in Tourism Villages: A Multi-Stakeholder and Digital Transformation Perspective in Indonesia

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Abstract. This study examines the transformation of community-based tourism (CBT) within the context of multi-stakeholder governance and digitalization, focusing on tourism villages in Jakarta and Yogyakarta. While CBT is widely framed as a pathway to inclusive and sustainable development, its implementation often reveals tensions between local participation and external control. Using a qualitative cross-case approach, this study analyzes how participation, governance, and digital transformation interact in shaping sustainability outcomes. The findings show that community participation remains largely operational, with limited influence over decision-making. Multi-stakeholder governance provides access to resources but reinforces dependency, while digitalization expands market reach yet reproduces inequalities due to uneven capabilities and platform reliance. These dynamics suggest that the evolution of tourism villages reflects not a transition toward empowerment, but a reconfiguration of roles and dependencies. Accordingly, this study proposes the concept of conditionally sustainable systems, where sustainability outcomes are contingent upon the interaction between participation, governance, and digital capacity. This study contributes a critical, process-oriented perspective on CBT transformation and offers implications for more inclusive and adaptive tourism policies.

1 Introduction

Tourism villages have emerged as an important strategy for promoting inclusive and sustainable tourism through community-based tourism (CBT), which emphasizes local participation, empowerment, and equitable benefit distribution (Murphy, 1985; Scheyvens, 1999; Goodwin & Santilli, 2009; Tosun, 2006). In Indonesia, initiatives such as Anugerah Desa Wisata Indonesia (ADWI) have reinforced local communities' role in

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tourism development. However, participation often remains concentrated in operational activities, while more powerful actors control strategic decisions, challenging the assumption that community involvement necessarily produces empowerment (Tosun, 2000; Cole, 2006; Blackstock, 2005).

Tourism villages are also increasingly shaped by multi-stakeholder governance and digital transformation. Stakeholder collaboration can facilitate resource sharing and institutional coordination (Jamal & Getz, 1995; Bramwell & Lane, 2011), while digital technologies enhance destination visibility and market access (Gretzel et al., 2015; Buhalis & Amaranggana, 2015). Nevertheless, unequal capacities and asymmetrical power relations may reinforce external dependency and limit the inclusiveness of these transformations (Hampton et al., 2018; Scheyvens & Biddulph, 2018).

Although these dimensions have been widely examined, their interrelationships remain insufficiently understood, particularly in Indonesian tourism villages. Existing approaches often emphasize the benefits of participation, collaboration, and digitalization but do not adequately explain how their interactions reshape local control and sustainability. Addressing this gap, this study examines how community participation, multi-stakeholder governance, and digital transformation interact to shape power relations and sustainability outcomes in tourism villages. Drawing on a qualitative cross-case analysis, it asks: How do multi-stakeholder and digitally mediated governance arrangements reshape community participation, power relations, and sustainability in tourism villages?

2 Theoretical Framework

2.1 Community Based Tourism in Practice: Beyond Normative Ideals

Community-based tourism (CBT) emphasizes local participation, empowerment, and equitable benefit distribution, positioning communities as key actors in tourism management (Murphy, 1985; Scheyvens, 1999; Goodwin & Santilli, 2009). In Indonesia, CBT supports local economic development through tourism enterprises, community-based products, and the utilization of local resources (Damanik & Weber, 2006; Aisyianita & Effendi, 2025; Aisyianita et al., 2024; Aisyianita, 2021, 2023). However, CBT has been criticized for assuming that communities possess homogeneous interests and sufficient capacity to control tourism development (Scheyvens, 1999; Tasci et al., 2013). This tension highlights the need to examine not only whether communities participate, but also how participation translates into decision-making power and sustainable outcomes.

2.2 Sustainability in Tourism Villages

Sustainability in tourism villages encompasses economic, socio-cultural, and environmental dimensions and aims to secure long-term benefits for local communities (UNWTO, 2020). However, sustainability often remains a policy aspiration rather than an institutionalized practice (Sharpley, 2000; Saarinen, 2006). Unequal economic

benefits, cultural commodification, and limited environmental management capacity continue to challenge its implementation (Cole, 2006; Budeanu et al., 2016). Moreover, dependence on government programs and external capacity-building initiatives suggests that sustainability outcomes are shaped by both community capabilities and institutional support (Aisyianita et al., 2023). Therefore, sustainability should be examined as an evolving process influenced by stakeholder interactions rather than a fixed developmental outcome.

2.3 Multi – stakeholders and Governants Perspective

Tourism governance increasingly involves interconnected relationships among communities, governments, private actors, and external facilitators. Effective governance requires adaptive capacity, stakeholder coordination, and shared decision-making (Ginting et al., 2024; Pham et al., 2023). Digital platforms further support information exchange, networked coordination, and market integration (Ivars-Baidal et al., 2024). Nevertheless, fragmented institutions and unequal stakeholder capacities may constrain collaboration and reinforce asymmetrical power relations. Accordingly, evaluate multi-stakeholder governance not merely by the presence of partnerships, but by how authority, resources, and responsibilities are distributed among participating actors.

2.4 Sustainability Outcomes in Tourism Villages

Sustainability outcomes encompass measurable economic, socio-cultural, and environmental dimensions (Ye et al., 2025), yet their achievement depends on interactions among stakeholders and institutions. Adaptive governance and multi-stakeholder partnerships play important roles in managing tourism complexity and external pressures (Sarhan et al., 2024; Ibrahim et al., 2025). Building on these perspectives, this study integrates community participation, governance arrangements, and digital capacity into a process-oriented framework. Rather than assuming that collaboration and digitalization automatically enhance sustainability, the framework examines how their interactions influence local autonomy, resource distribution, and long-term resilience. This perspective provides the analytical foundation for understanding tourism villages as conditionally sustainable systems.

3 Results and Discussion

3.1. Research Methodology

This study adopts a qualitative cross-case approach to examine how community participation, multi-stakeholder governance, and digital transformation shape sustainability outcomes in tourism villages. This approach enables the exploration of

context-specific experiences, institutional relationships, and power dynamics (Creswell & Poth, 2018; Lincoln & Guba, 1985; Dolezal & Novelli, 2022).

The study focuses on five tourism villages in Jakarta: Setu Babakan, Glodok, Pulau Pramuka, Pulau Kelapa, and Pulau Untung Jawa. Cases were purposively selected to capture variations in tourism characteristics, governance arrangements, and digital adoption. Data were collected through in-depth interviews, field observations, and document analysis involving community members, tourism managers, MSME actors, and government representatives. Thematic analysis was used to identify cross-case patterns, while triangulation and established trustworthiness criteria supported the credibility, dependability, and confirmability of the findings.

3.2. Community Participation: Varieties, Depth, and Hidden Exclusion

Across the five Jakarta tourism villages, community participation varies in form and depth. In Setu Babakan and Glodok, participation is closely associated with cultural preservation, collective identity, and traditional activities. In contrast, participation in Pulau Pramuka, Pulau Kelapa, and Pulau Untung Jawa is predominantly economic, involving homestays, guiding, and marine tourism services. Despite these differences, community involvement remains largely operational, with local elites or core management groups concentrating strategic decisions.

These findings reveal a tension between operational efficiency and inclusive participation. Smaller management groups may facilitate coordination but can limit wider community influence, while broader participation may introduce organizational challenges. Thus, visible participation does not necessarily indicate empowerment; its significance depends on how decision-making authority is distributed, institutional capacity, and access to resources.

3.3. Multi-Stakeholder Governance: Enabling Collaboration or Institutional Dependency?

Multi-stakeholder governance provides Jakarta's tourism villages with institutional support, capacity-building opportunities, and promotional resources, including those associated with Anugerah Desa Wisata Indonesia (ADWI). However, governance arrangements differ across destinations. Setu Babakan and Glodok show predominantly state-driven governance, which provides institutional stability but limits local autonomy. Meanwhile, Pulau Kelapa and Pulau Untung Jawa show more hybrid arrangements that combine community initiatives with external support, though coordination and institutional continuity remain uneven.

Across these cases, government agencies and core management actors retain strategic authority, while communities primarily perform implementation roles. This asymmetry creates a potential dependency trap, particularly where local institutions lack sufficient resources and bargaining power. Compared with the more established community organizations discussed in the Yogyakarta context, Jakarta's governance arrangements appear more dependent on external intervention. Consequently,

collaborative governance does not automatically produce empowerment; its sustainability implications depend on institutional maturity, local leadership, and the distribution of authority.

3.4. Digital Transformation: Between Market Expansion and Digital Inequality

Digital adoption varies across the tourism villages. Pulau Pramuka and Pulau Untung Jawa increasingly use social media, online booking, and digital payments to expand market access and engage visitors. Conversely, Setu Babakan and Glodok continue to rely more heavily on cultural events, offline networks, and institutional promotion. Comparative observations from Tinalah further suggest that digital adoption can support destination visibility and tourism performance.

However, digital benefits are unevenly distributed because technological access and expertise are often concentrated among managers and digitally skilled community members. Dependence on external platforms also exposes destinations to algorithmic control and market volatility. Digital transformation therefore operates as both an economic enabler and a potential source of inequality, reshaping local autonomy and power relations rather than ensuring inclusive development.

3.5. Sustainability Outcomes: Fragmented Achievements and Structural Vulnerabilities

Sustainability outcomes across the five tourism villages are multidimensional but uneven. Economically, tourism supports income generation and livelihood diversification, particularly in island destinations. Socially and culturally, tourism strengthens community engagement and heritage preservation in destinations such as Setu Babakan and Glodok, although cultural commodification remains a concern. Environmental initiatives also contribute to sustainability, but waste management and ecological pressures continue to challenge island-based tourism.

Despite these achievements, sustainability remains vulnerable to dependence on leadership, institutional limitations, unequal digital capabilities, and external intervention. These interrelated constraints suggest that tourism villages function as conditionally sustainable systems, in which sustainability depends on the continuous negotiation of stakeholder interests, local institutional capacity, and adaptive responses to changing conditions. This concept challenges linear assumptions about CBT development by framing sustainability as a dynamic, context-dependent process rather than a permanently achieved outcome.

4. Conclusion

This study demonstrates that the transformation of community-based tourism through multi-stakeholder governance and digitalization does not necessarily lead to greater community empowerment. Across the examined tourism villages, participation remains predominantly operational, collaborative governance can reinforce institutional dependency, and digital transformation creates both market opportunities and new

inequalities. These findings support the concept of conditionally sustainable systems, positioning sustainability as a negotiated and context-dependent process shaped by participation, governance, and digital capacity. The study contributes a critical, process-oriented perspective to CBT scholarship and highlights the need to strengthen local decision-making authority, institutional capacity, and equitable digital access. Given its context-specific scope, future research should examine the proposed concept across additional destinations and through longitudinal or mixed-method designs.

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