

TOURISM CIRCULARITY AND VALUE CREATION: A BRAND-NEW OFFERINGS FROM TOURISM DESTINATION IN INDONESIA

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ABSTRACT

This article aims to overview the opportunity to deliver a brand-new offering from tourism destination that is tourism circularity. Whereby, destination management organization might set a purposeful goal of making destination leaner toward generating circular value creation from each industrial players and stakeholders. Besides, the circularity value of tourism may also contribute to reducing waste and lasting the use of resources within tourism and hospitality industry. Literature review was used as a method by collecting articles relating to tourism and circular economy and value creation to enable to develop a solid understanding on its relationship. This article is to contribute to the extension of discourses and implementation of circular economy value creation for tourism destination in Indonesia. An adopted model of stakeholder value creation and tourism circular economy were developed in a way to produce a brand-new offering.

Keywords: *tourism destination, stakeholder value creation, tourism circular economy*

1. Introduction

The return of tourism and travel industry after having plummeted during Pandemic set a great concern due to risk of increasing negative impact. It is obvious that scholars and practitioners in the field of tourism and hospitality experienced a situation where tourism impact on environment becoming uncontrollable due to the rising demand since the mid of 2022. This paper aims to overview the current challenges spark from growth of tourism and hospitality business which lead to the level up of environmental problems and social tension in destination. Besides, an adopted model derived from the work of Tapaninaho and Heikkinen (2021) and Kujala et al. (2020).

It is evidenced today's tourism industry poses a double swords impact. In one hand, there is no hesitant that tourism contribute to economic development, the wellbeing of local community, profiting business owners, and share significant portion on generating national income. However, pressure it creates could seriously harm the environment through natural resource exploitation, excessive energy consumption, and irresponsible behavior of either tourism and tourism providers.

Recently, negative impact on tourism destination seems as an unavoidable factors, despite mitigation are being undertaken by authority. Bali as the biggest tourism market in Indonesia encountering variety problems spanning from water shortage and pollution, environmental and coastal damage, overcrowded, pressure on rural and urban areas due to traffic jam and the need for more land for housing and commercial puposes (Baliprov.go.id., 13 March 2024).

Bali flooding on July 2023 and in the early of 2024 for instance has a big implication towards sustainability of tourism on the island. As massive development occurs is inevitably high,

future of Bali tourism could be at stake, if there is no sufficient measure apply to save Bali from further degraded by natural disaster. Hence, the idea of pro-growth and investment policy, might produce more harmful result if it is not intertwined with sustainable tourism development policy and implementation.

2. Literature Review

2.1. Circular Economy and Tourism

Nastase and Muscal (2021) argue that circular tourism can optimize the use of resources while protecting the environment and promote a greener economic development. Del Vecchio et al. (2022) assess how Ecobnb could create value by combining the application of smart tourism and circular economy which resulted in an innovative model offering for hospitality sector. This kind of practice may help inspire other tourism and hospitality enterprises to adapt from its model. In addition, the practice of circular economy can also extend the notion of sustainability values to stakeholder and society in general.

There is also strong recommendation for destination to market their destination by stressing on sustainable perspective (Nediyalkova, 2016). By doing this way, potential tourist, mostly are targeted to those who willing to travel sustainably with pro-environmental behavior in mind. To tap into this market, destination was urged to amongst other to 1. Reuse a historical building, in which it could be open for tourist to visit and respect its historical values. 2. Decreasing the cost of handling supply chain by shifting to local sustainable practice logistic providers. This cost reduction may also impact on the improvement in local economy by having more local producers to supply their product to the firms operate in destination. 3. Develop good waste management system in order to solve waste issue surrounding destination, particularly plastic waste, that massively pour into coastal and fill up the ocean.

Tapaninaho and Hekkninen (2021) also summarize the dual side of stakeholder approach in realizing value creation. In one hand, stakeholder involvement can be enabler for achieving sustainable practice. On the other hand, they might potential hinder it due to competing view among stakeholder. As it was mentioned by previous study conducted by Eikelenboom & de Jong 2021; Marjamaa et al., 2021, Kirchherr et al., 2017.

2.2. Value Creation and Circular Tourism

Value Creation is a most influential concept in strategy which attract greater attention from scholar and practitioners. Today's, since the creation of value become central to industry, particularly in tourism context, the concept of value creation has been brought into tourism stream of study.

In practice, value creation cannot be created in silo, instead it creates by multiple actors or in relationship among parties involved (Kujala et al., 2020). As tourism industry operating in a complex ecosystem, thus it would not be surprising that the creation of value stem from the contribution of all parties. For example, a community-based tourism value offerings for tourists

were created by its natural and built environment attraction, service providers and those small-scale business operating withing the community.

In general, there are two dimension on capturing value through circular economy business model which comprising of: Firstly, tackling firm endeavor in designing value by involving stakeholder and connecting them with resources, activities and supply chains; Secondly, capturing value through designing value proposition and interface innovatively.

There are a lot of study been attempted to relate between value creation in tourism and circular economy (Axhami et al., 2023; Del Vecchio et al., 2022; Nastase & Muscal, 2021; Maniche & Larsen, 2021; Vargaz-Sanchez, 2021; Fernandez Costa, 2020; Rodriguez et al., 2020; Vargaz-Sanchez, 2018), where ultimate goal of studies was directed to the realization of sustainable tourism. This notion being taken into central attention of researchers' study on the combination of value creation in tourism. This constellation has been even furthered by dragging circular economy concept for it to be applied in tourism. By combining this concept, perhaps the way destination offers the experience to can be differentiated and grabbing new market.

In Indonesia, similar stream of study has been carried out by some scholars like Kusumastuti et al., 2024; Mustafa & Rijanta, 2023; Harmani et al., 2022; Kurniawan et al., 2021; Affandi et al., 2019. These studies can be noted as the early attempt to relate the value creation and circular economy into either hospitality or tourism stream of studies. However, the studies does not share any concern toward the provision of the value creation resulted from circular economy and tourism as a new offering of destination.

2.3. The role of stakeholder in business and tourism

From the perspective of management, stakeholders nowadays are playing critical role in assisting the successful implementation of every initiative. This notion is in line with the view that encouraged by stakeholder theory, in which it underlines the comprehending of business, value creation and sustainability role in todays and future challenges (Freeman, 2010; Hörisch, Freeman and Schaltegger 2014; Tapaninaho & Kujala, 2020).

Moreover, Freeman (2010) opines that all actors should be included in the value creation process. In similar way, Tapaninaho & Kujala (2020) unveiled that scholarly efforts in combining stakeholder theory, sustainable management and business have been done, by this far, still not comprehensive. Therefore, research to combine both issues must be undertaken sufficiently by laying sustainable management and stakeholder theory both as a solid ground work. The authors suggest the need for understanding.

3. Method

This article employs literature review as a method (Snyder, 2021) to review existing literatures regarding tourism, circular economy and value creation. Articles were searched through google scholar databases and journals related to concept being studied. Around 20 articles were collected base on the specific key words searched and evaluated to grab insights and gaining

comprehension regarding the stated concepts. Result of the study presented in terms of narrative model and an adapted model from Tapninaho and Heikkinen (2021) were provided,

4. Discussion

4.1. Creating Value for Sustainable and Circular Tourism

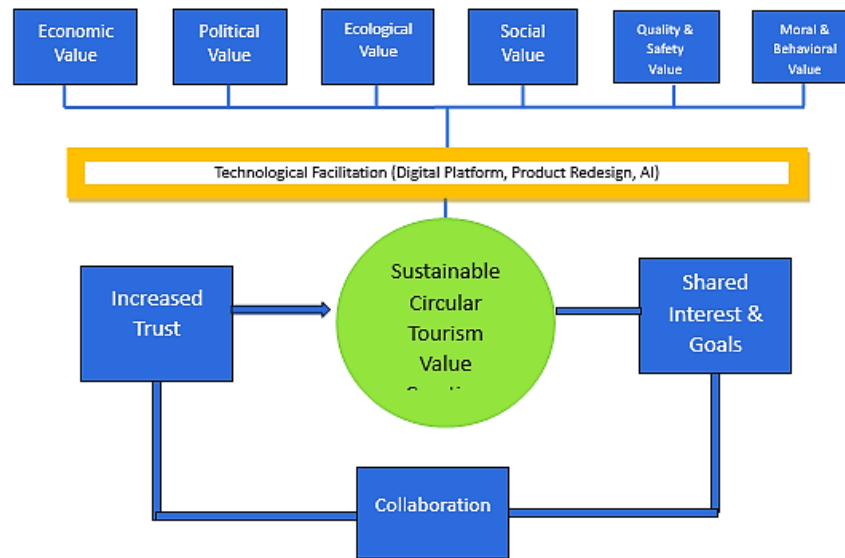
Never before that the demand on realizing a more sustainable and circular tourism is critical than today. It is driven by external factor, specifically, challenges coming from climate change, deepening pollution either in the air, land and ocean which could threaten and worsening the quality of life for people. As tourism industry seems to receive more and more growth, it is critical for all actors, including policy maker, industry leaders, business owners, local community to share their common interest and goals to overcome the problems. Hence, no other way for them to go through, but taking a bold action to creating tourism destination which offer value that laying on sustainable and circular foundation.

It is notable for destination to implement Circular Economy principle by eliminating waste and pollution, circulating products and materials to the highest possible value, and regenerating the nature (Ellen Macarthur Foundation). In other word, it can be done by retaining the resources as long as possible in the economic system, so that the production of waste can be reduce significantly (Haq & Alam, 2023).

Taking this CE principle and grounding this study on the work of Tapaninaho and Heikkinen (2021) there are five activities can be taken to jointly create value. Sharing the CE story, co-constructing knowledge for political decision making, developing the industry, creating local CE ecosystem, and refining the business model. This joint value creation based on stakeholder basis. The reason behind this scenario is the inclusion of wider network into CE, so that synergy can be built among multiple actors including community surrounding the firms. This surely fit to applied in tourism and hospitality context, in which the involvement of stakeholder and policy maker could help greater successful in creating circular value of tourism. These activities combine with the other six values spanning sustainability value, economic value, political value, ecological value, social value and quality and safety value.

It is also critical to consider the driver of successful endeavor to circularity value creation in tourism by maintaining the shared vision and interest of stakeholders. Hence, according to Kujala et al. (2021) all actors should share their contribution and play respective role. For instance, company who operate their business within a destination need to look at capturing opportunities to undertake newly program through the lens of CE. At the sane time, government or dedicated ministries in handling tourism affairs must provide a driving and flow mechanism and disseminate information that are needed by stakeholders.

Furthermore, ensuring the successful endeavor to creating value for circularity in tourism, this study would like to combine to framework proposed by Tapaniho and Heikkinen (2021) and Kujala et al. (2019).



Gambar 1. Sustainable Circular Tourism Value Creation Model

Sustainability Value of Creation according to Tapaninaho and Heikkinen (2021) can be created through a shared interest & goals, collaboration and increased trust. Meanwhile, on the other perspective, by taking it through the contribution of stakeholder, Kujala et al. propose a circular framework by combining value from economic, politic, ecological, social and quality and safety factors. Hence, the authors of this study add moral and behavior value to the model. The inclusion of moral and behavioral value is paramount important due to the need for adjusting the value creation with local wisdom and society world view. Hence, it obviously describes that both point of view share similar direction toward value creation that derived from a result of collective and collaboration efforts among multiple actors.

4.2. Technology Facilitation

In general, technology is behind every successful business and any initiative in these days and years ahead. Thus, the role of technology in facilitating value creation is at its highly needed by tourism destination. The implementation of smart tourism for example has already taken the destination offerings factor to gain every successful initiative. As Breidbach and Maglio (2016) argue that technology enables complex interaction among connected actors in creating value. Their study was based on service context which resemblance to be implemented in tourism context as well.

They content that Information and Communication Technology (ICT) can transform the process of value creation to be more dynamic, distributed and technologically enabled. In addition, the use of technology facilitation in creating value might also result in the increase in efficiency by distributing limited time, so that the shared activities can be done independently.

In practice, the emergence of smart tourism has successfully support and navigate the need of tourist in the digaital era (Buhalis and Amaranggana, 2013). For example, by utilizing smart technology, it might trace the flow of information from the destination to the market that is

tourist coming potential tourist generating region. Furthermore, it could mediate tourist and all actors involved in destination to enhance their communication, experience (e.g. social media platform), transaction (e.g. booking process, mobile payment), recording the flow of visitors in destination and generating tourist feedback (e.g. big data). In relation to the model of this study, technology facilitation might integrate and mediate all types of values in the process of making a sustainable circular tourism value.

4.3. Toward a Sustainable and Circular Offering Destination

With greater attention to the grand challenges by tackling climate change, global warming, zero carbon, and plastic waste while preserving natural environment, tourism destination management in Indonesia might employ the model in order to arrive at a brand-new tourism offerings.

In the first place, tourism destination management and all actors could build a consensus on similar ground for their interest and goals. For instance, due to the greater challenges coming from natural disasters and pollution impacted by tourism activities, then all parties should come forward to agree for making a more sustainable tourism by detailing guidance and practices to be put in place.

As the challenges are unable to be resolved by invidiously actor, the consequence is that all actors must jointly act on common ground. Therefore, this wicked problem can be overcome collectively by having no one get excluded. Subsequently, after making realize the collaborative action, it may increase trust among actors and tourist over the destination. At last, the creation of sustainable circular tourism value can be achieved through the contribution of all actors in the destination.

5. Conclusion

To conclude, this model is attempted to provide simple guidance in shaping a sustainable circular tourism value as a brand new offerings destination. As greater challenges coming from climate change, natural environment degradation, and pollution is becoming the reason to taking destination into a more sustainable. In this sense, offerings a more sustainable and circular value of tourism may not only protect the destination but also grab newly market. Thus, it is timely for tourism destination management and all actors to work on it now. Moreover, tourist from specific market and will grow in number who respect and support this typical destination.

To create this typical value, tourism destination management may not be able to work in silo, since all actors poses their own interest and goals which could prevent the succeeding in collaborative value creation. It is suggested that further research must be conducted empirically in this particular stream of research in order to confirm and validate the need for creating a sustainable circular tourism value as the new offerings for tourism destination.

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