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Strategic Management Challenges in a Living Cultural Tourism Destination: Case of Penglipuran Village, Bali

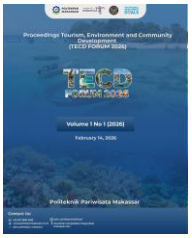
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ABSTRACT

This study examines strategic management in the development of community-based sustainable tourism within a living cultural destination, using Penglipuran Village, Bali, as a qualitative case study. The research addresses how strategic management operates in tourism contexts where cultural values, collective governance, and customary institutions fundamentally shape strategic choices, with the objective of analyzing the interaction between environmental pressures, strategic orientation, and institutional governance. The study employs a qualitative document analysis of village regulations, development plans, and tourism-related governance documents, interpreted through strategic management and tourism governance frameworks. The results indicate that community-based tourism in Penglipuran functions effectively as an institutionally grounded approach to sustainable development, in which environmental and competitive pressures are not translated into market-driven strategic adaptation but are selectively managed through customary governance mechanisms. Strategic orientation emerges as value-driven and collective, prioritizing cultural continuity, social legitimacy, and spatial order over competitive growth, while institutional constraints shape strategic decision making through consensus-based and culturally embedded processes. These findings demonstrate that active community involvement and strong local governance play a critical role in sustaining destination quality, managing tourism competition, and supporting long-term community welfare and environmental preservation in cultural tourism destinations.

Keywords: community-based tourism; strategic management; sustainable tourism; cultural destination; local governance



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INTRODUCTION

Tourism destinations that function as living cultural spaces present strategic management challenges that differ fundamentally from those faced by conventional tourism organizations. In such destinations, tourism activities are embedded within everyday social life, customary norms, and collective governance structures that predate and extend beyond tourism itself. Strategic management in this context cannot be understood solely in terms of market competition or growth orientation, but must also account for cultural continuity, institutional constraints, and the negotiated balance between economic and non-economic objectives. These characteristics complicate the application of strategic management frameworks that are largely developed for firms operating under predominantly economic rationales.

Penglipuran Village in Bali exemplifies these complexities. As a traditional village governed by customary institutions, Penglipuran maintains a structured cultural and spatial order while simultaneously engaging with tourism development. Tourism introduces external pressures related to visitor demand, destination image, and competition with other village-based tourism products. At the same time, the village's cultural values, communal decision-making processes, and customary regulations shape and limit the range of strategic choices that can be pursued. This condition gives rise to a central research problem: how can strategic management be understood in a living cultural tourism destination where strategic decisions are inseparable from cultural values and institutional arrangements?

Strategic management literature in tourism and hospitality has emphasized the importance of understanding environmental pressures, industry structure, and strategic positioning in shaping organizational responses (Porter, 2008; Enz, 2010). Enz (2010) argues that strategy in hospitality and tourism is best understood as a set of choices made in response to competitive and environmental forces, rather than as a fixed plan. This perspective is particularly relevant for destinations such as Penglipuran, where strategic decisions are influenced not only by competitive dynamics but also by non-market forces rooted in culture and governance. However, the direct application of industry-based strategic frameworks to living cultural destinations raises analytical questions, as these destinations do not operate as firms with unified managerial authority.

Insights from broader strategic management theory further suggest that strategy emerges from the interaction between organizational values, environmental constraints, and institutional contexts (Mintzberg, Ahlstrand, & Lampel, 1998). In tourism studies, this has been extended through discussions of destination governance and community-based tourism, which highlight the role of collective actors, shared norms, and negotiated decision-making in shaping tourism development (Hall, 2011; Bramwell & Lane, 2011). These perspectives indicate that strategic management in cultural destinations

should be approached as a contextual and relational process rather than a purely competitive exercise. The challenge, therefore, lies in integrating industry-oriented strategic analysis, such as that proposed by Enz and Porter, with an understanding of cultural and institutional dynamics.

Despite these theoretical advances, the strategic management of living cultural tourism destinations remains insufficiently examined in existing tourism and strategic management literature. Studies on community- based tourism and destination governance have largely focused on participation, sustainability outcomes, and policy implementation, while giving limited attention to how strategy itself is enacted as an institutional and value laden process. At the same time, strategic management frameworks commonly applied in tourism and hospitality research continue to privilege industry structure, competitive positioning, and market driven adaptation, assuming centralized managerial authority and economic rationality. As a result, there is a lack of conceptual and empirical understanding of how environmental and competitive pressures are interpreted, constrained, and mediated within destinations governed by customary institutions and collective decision making systems. This gap points to the need for research that reconceptualizes strategic management in cultural tourism destinations as a relational, value driven, and institutionally bounded process, rather than as a purely competitive or growth oriented mechanism.

The objective of this research is to analyze the strategic management challenges faced by Penglipuran Village as a living cultural tourism destination. Specifically, the study seeks to examine how environmental and competitive pressures associated with tourism are perceived, how strategic orientations are shaped by cultural values and collective goals, and how institutional arrangements influence strategic choices. By addressing these issues, the paper aims to clarify how strategic management concepts commonly applied in tourism and hospitality can be adapted to destinations where cultural integrity and communal governance are central considerations.

This study employs a qualitative case-based approach, using document analysis of village regulations, development plans, and tourism-related policy materials as its primary data sources. Penglipuran Village is selected due to its established cultural governance system and sustained engagement with tourism activities. The researcher acts as the primary analytical instrument, interpreting documentary evidence through a strategic management lens informed by tourism and organizational literature. Data are analyzed qualitatively to identify patterns related to environmental pressures, strategic orientation, and institutional constraints. The validity of the analysis is supported through cross-checking across multiple documentary sources and alignment with established theoretical perspectives.

By grounding the analysis in strategic management literature, particularly the work of Enz (2010) and Porter (2008), while simultaneously engaging with tourism governance and cultural destination studies, this research positions itself at the intersection of strategy and cultural tourism. This study contributes to the strategic management and tourism literature by demonstrating how strategic management in living cultural destinations differs fundamentally from that in conventional tourism organizations, and by showing how strategic frameworks can be applied critically and contextually rather than prescriptively within culturally governed stings.

RESEARCH METHODS

This study employs a qualitative case study design to examine strategic management challenges in a living cultural tourism destination. A qualitative approach is appropriate because the research aims to understand strategic orientations, environmental pressures, and institutional constraints as socially and culturally embedded processes, rather than to quantify relationships or test hypotheses. The case study design enables an in depth exploration of strategic management practices within a specific destination context where tourism development is closely intertwined with customary governance and communal values.

Penglipuran Village, Bali, is selected as the unit of analysis due to its distinctive characteristics as a traditional village governed by formal customary institutions and its sustained engagement with tourism activities. The case provides a relevant context for examining how strategic management concepts commonly applied in tourism and hospitality are manifested within a living cultural setting. The scope of the study is limited to strategic management aspects related to tourism development, including strategic orientation, environmental pressures, and institutional constraints as reflected in formal governance arrangements and policy documents. The study does not seek statistical generalization, but aims to generate analytical insights that may be transferable to other cultural tourism destinations with similar characteristics.

The primary data sources consist of documentary materials related to village governance and tourism management. These materials include village regulations, customary rules, development plans, tourism management guidelines, and publicly available policy documents issued by relevant authorities. Documentary analysis is employed because such sources provide formalized expressions of collective goals, value based orientations, and strategic intentions, which are central to understanding strategic management in a community governed destination. These documents also allow for the identification of implicit strategic elements comparable to vision, mission, goals, and objectives as discussed in strategic management literature.

Data collection is conducted through the systematic identification, compilation, and review of documents that are directly related

to tourism governance and strategic decision making in Penglipuran Village. The analysis is guided by strategic management concepts drawn from tourism and hospitality studies, including environmental pressure analysis and strategic positioning, as discussed by Enz and Porter, while remaining attentive to the cultural and institutional context of the case. This analytical orientation ensures that industry based strategic frameworks are applied critically and contextually rather than prescriptively.

Data analysis follows a qualitative content analysis approach. Documentary materials are examined iteratively to identify recurring themes and patterns related to external pressures, strategic orientation, and institutional constraints. Analytical categories are developed inductively, while being informed by established strategic management concepts such as competitive forces, value driven strategic direction, and strategic choice under constraint. The focus of the analysis is on how strategic considerations are articulated and constrained within formal governance frameworks, rather than on evaluating performance outcomes.

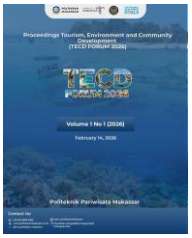
To enhance the credibility of the findings, triangulation is applied by cross checking information across different types of documents and institutional sources. Consistency between village level regulations, tourism related policies, and development plans is examined to reduce the risk of single source bias. Analytical interpretations are further aligned with established theoretical perspectives in strategic management and tourism governance. The study is conducted over the period required for systematic document collection and analysis, allowing for a comprehensive understanding of the strategic context of Penglipuran Village.

RESULTS AND DISCUSSION

The results of this study are presented through a thematic analysis that reflects the main strategic management issues identified in Penglipuran Village as a living cultural tourism destination. The presentation focuses on environmental and competitive pressures, strategic orientation grounded in collective values, and strategic choices shaped by cultural and institutional constraints. These themes are discussed to address the research problem concerning how strategic management is understood and enacted in a culturally governed tourism context. Interpretation of the findings is integrated with relevant strategic management and tourism literature to situate the results within existing knowledge structures.

Environmental Pressures and Competitive Dynamics

The findings indicate that environmental pressures in Penglipuran Village arise from the intensity of visitor presence within a spatially constrained residential environment. Tourism activities take place directly within the main residential corridor, which simultaneously functions as a living cultural space governed by customary norms. This condition generates environmental and social



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pressures that differ from those experienced in conventional tourism destinations, where visitor activities are typically separated from everyday residential life. The interaction between tourists and the village's traditional spatial order illustrates how tourism demand is absorbed within a fixed spatial configuration rather than managed through expansion or zoning separation, as illustrated in Figure 1.



Figure 1. Tourist concentration along the central residential corridor of Penglipuran Village, where tourism activities intersect directly with everyday communal space.
Source: secondary visual documentation.

Following the spatial context illustrated in Figure 1, environmental pressure in Penglipuran Village can be understood not merely as a function of visitor numbers, but as a consequence of the direct overlap between tourism activity and everyday residential life. The concentration of tourists within the central corridor means that tourism demand is experienced simultaneously as social, spatial, and cultural pressure. Unlike destinations that spatially separate tourism zones from residential areas, Penglipuran accommodates tourism within its core living space, intensifying the strategic challenge of balancing openness to visitors with the preservation of social order.

From the perspective of industry based strategic analysis, this condition highlights a distinctive manifestation of buyer power. In conventional tourism markets, buyer power is typically expressed through demands for improved facilities, diversified experiences, or price adjustments. In Penglipuran, however, buyer power is manifested indirectly through the volume and density of visitation rather than through explicit bargaining or service negotiation. The village does not respond to this pressure by altering its spatial configuration or expanding tourism infrastructure. Instead, it relies on customary rules and collective discipline to absorb visitor flows within an unchanged spatial framework. This selective response demonstrates that buyer power exists but is institutionally constrained, limiting its capacity to reshape strategic direction in market driven terms (Porter, 2008).

The threat of substitute destinations also operates in a distinctive manner. Bali offers numerous cultural villages and heritage sites that compete for visitor attention. Nevertheless, Penglipuran does not engage in strategic differentiation aimed at outperforming these alternatives through innovation, branding, or experiential diversification. The continued prioritization of spatial continuity and cultural discipline suggests that the village's strategic posture is not oriented toward competitive displacement, but toward maintaining legitimacy and consistency. This reinforces

the argument that in culturally governed destinations, competitive forces identified by industry frameworks function more as background conditions than as direct drivers of strategic change.

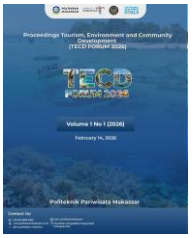
Competitive rivalry among destinations is therefore experienced as an abstract environmental pressure rather than as an active strategic stimulus. Penglipuran does not participate in aggressive promotional competition or market positioning strategies designed to capture greater market share. Instead, its attractiveness is sustained through the maintenance of internal order and cultural authenticity, which are treated as non negotiable foundations rather than strategic variables. This pattern reflects a strategic logic that prioritizes continuity over adaptability, indicating a deliberate narrowing of strategic options in response to environmental complexity.

In line with Enz's view of strategy as an outcome of interaction between environmental pressures and internal context, the findings suggest that Penglipuran's strategic behavior is shaped less by competitive calculation and more by the need to manage exposure within acceptable cultural boundaries (Enz, 2010). Environmental analysis does not lead to strategic repositioning, but to the reinforcement of limits that define what forms of tourism development are permissible. Strategy, in this sense, operates as a stabilizing mechanism that regulates the relationship between tourism demand and cultural governance.

This pattern can also be interpreted through a process oriented understanding of strategy. As argued by Mintzberg, Ahlstrand, and Lampel, strategy often emerges as a pattern of consistent actions shaped by institutional routines and shared values rather than as a consciously formulated competitive plan (Mintzberg, Ahlstrand, & Lampel, 1998). In Penglipuran, the continued accommodation of high visitor density within a fixed spatial configuration represents such an emergent strategy. The village does not articulate a formal competitive strategy, yet its consistent practices produce a recognizable strategic posture characterized by restraint, control, and cultural prioritization.

Overall, the findings demonstrate that environmental pressures and competitive dynamics in Penglipuran Village are real and persistent, but their strategic implications are mediated through customary governance and spatial discipline. Competitive forces identified by industry based strategic frameworks remain analytically relevant, yet they do not determine strategic outcomes. Instead, these forces are absorbed into a culturally governed system that emphasizes legitimacy, continuity, and collective control over market driven adaptation. This underscores the need to interpret strategic management in living cultural tourism destinations as a contextual and relational process rather than as a purely competitive exercise.

Strategic Orientation Grounded in Collective Values



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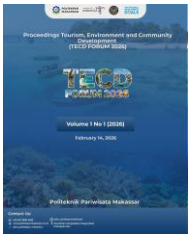
The strategic orientation of Penglipuran Village cannot be understood as a formally articulated plan aimed at competitive positioning or growth maximization. Instead, it emerges from a collective value system embedded in customary governance and shared cultural norms that shape how tourism is perceived and managed. Following the environmental pressures discussed in the previous section, strategic orientation in Penglipuran functions primarily as a guiding framework that defines acceptable boundaries of action rather than as a mechanism for exploiting market opportunities.

Documentary evidence from village regulations and tourism management guidelines indicates that tourism development is framed as a complementary activity rather than as a primary economic objective. Economic benefits derived from tourism are acknowledged, yet they are consistently subordinated to collective goals related to cultural continuity, social harmony, and spatial order. This orientation reflects a strategic stance in which tourism is positioned as a means to support the sustainability of the village rather than as an end in itself. Such an approach contrasts with firm based strategic models that prioritize competitive advantage and market expansion.

From a strategic management perspective, this value driven orientation aligns with Enz's argument that strategy in tourism and hospitality is shaped by the interaction between environmental pressures and internal priorities. In Penglipuran, internal priorities are defined by collective values and customary norms, which operate as strategic filters that determine which responses to environmental pressures are considered legitimate (Enz, 2010). As a result, strategic choices are evaluated not only in terms of economic feasibility but also in relation to their consistency with shared cultural principles.

The collective nature of strategic orientation is further evident in the absence of individualized entrepreneurial initiatives within the core tourism space. Commercial activities are regulated to ensure uniformity and prevent excessive differentiation that could disrupt social cohesion or spatial harmony. This indicates that strategic orientation is not oriented toward individual competitive behavior but toward the maintenance of collective order. In this context, strategic restraint functions as a deliberate orientation rather than as a constraint imposed by external limitations.

This pattern can also be interpreted through Mintzberg et al.'s concept of strategy as an emergent process. Rather than being codified in formal strategic documents resembling corporate vision and mission statements, the strategic orientation of Penglipuran is reflected in consistent patterns of decision making and practice. These patterns demonstrate a preference for stability, continuity, and legitimacy over adaptability and innovation. Strategy thus emerges through routine governance practices and shared understandings rather than through explicit strategic planning (Mintzberg, Ahlstrand, & Lampel, 1998).



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The strategic orientation grounded in collective values also influences how the village positions itself implicitly within the broader tourism environment. While Penglipuran is widely recognized as a cultural tourism destination, this recognition is not actively pursued through aggressive branding or promotional strategies. Instead, the village relies on the maintenance of cultural integrity and spatial discipline to sustain its attractiveness. This approach suggests an implicit strategic positioning that emphasizes authenticity and order as defining characteristics, without translating these attributes into formal competitive claims.

Overall, the findings indicate that strategic orientation in Penglipuran Village is best understood as a value based framework that guides and limits strategic action. This orientation does not eliminate engagement with tourism markets, but it conditions such engagement within culturally defined boundaries. Strategic management, in this context, operates less as a tool for competitive maneuvering and more as a mechanism for aligning tourism activities with collective values and customary governance structures. The continuity between environmental pressures and strategic orientation underscores that in living cultural tourism destinations, strategy is inseparable from the social and institutional context in which it is embedded.

Institutional Constraints and Collective Governance in Strategic Decision Making

The findings indicate that strategic decision making in Penglipuran Village is fundamentally shaped by institutional constraints embedded in customary governance structures. Unlike tourism organizations that operate under centralized managerial authority, Penglipuran's strategic choices emerge from collective decision making processes governed by customary rules and communal norms. These institutional arrangements function not merely as administrative mechanisms but as authoritative frameworks that define the scope, direction, and limits of strategic action.

Documentary analysis shows that customary regulations operate as binding institutional instruments that regulate spatial use, commercial activities, and visitor interaction within the village. Strategic decisions related to tourism development are therefore not evaluated solely on the basis of economic feasibility or competitive advantage, but must be aligned with collectively agreed principles that prioritize social order and cultural continuity. This institutional setting constrains individual initiative and limits the possibility of unilateral strategic action, reinforcing the collective nature of strategic governance.

From a strategic management perspective, these institutional constraints significantly alter how strategic choice is exercised. Porter's industry based framework assumes that organizations can respond strategically to competitive forces through deliberate positioning and resource allocation. In

Penglipuran, however, the capacity to pursue such strategic responses is conditioned by institutional legitimacy rather than managerial discretion. Strategic choices that might enhance competitiveness, such as expanding tourism facilities or diversifying products, are filtered through customary governance processes that assess their compatibility with established norms and spatial order (Porter, 2008).

The role of collective governance also shapes the temporal dimension of strategic decision making. Decisions tend to prioritize long term cultural stability over short term economic gain, reflecting an institutional preference for continuity and risk avoidance. This orientation constrains adaptive flexibility but enhances strategic consistency. As a result, strategic change occurs incrementally and cautiously, often through consensus building rather than through decisive strategic shifts. This pattern reinforces the view that strategic management in such contexts operates under conditions of institutional path dependency.

Consistent with Enz's argument that strategy in tourism is shaped by the interaction between environmental pressures and internal constraints, the findings suggest that institutional governance in Penglipuran functions as a mediating force between external tourism dynamics and internal strategic responses (Enz, 2010). Institutional constraints do not eliminate strategic agency, but they redefine it. Strategy is enacted through regulation, limitation, and selective accommodation rather than through expansion or competitive maneuvering.

Mintzberg et al.'s process oriented understanding of strategy. Rather than being articulated through formal strategic plans, strategic direction in Penglipuran emerges from repeated governance practices and shared interpretations of acceptable action. Institutional routines, customary meetings, and collective deliberation processes generate a pattern of strategic behavior that is recognizable over time, even in the absence of explicit strategic documentation (Mintzberg, Ahlstrand, & Lampel, 1998).

Overall, the findings demonstrate that institutional constraints and collective governance are central to understanding strategic decision making in Penglipuran Village. Strategic management in this living cultural tourism destination cannot be separated from the institutional context in which authority is exercised and legitimacy is constructed. Strategic choices are not solely responses to environmental pressures or reflections of strategic orientation, but are outcomes of negotiated processes embedded in customary governance. This confirms that in culturally governed destinations, strategy operates as a socially regulated process rather than as a managerial tool for competitive optimization.

Integrative Discussion: Strategic Management in a Living Cultural Destination

This study set out to examine how strategic management is enacted in a living cultural tourism destination through the case of Penglipuran Village. The integrative discussion synthesizes the findings from the analysis of environmental pressures, strategic orientation, and institutional governance to demonstrate that strategy in Penglipuran operates as a culturally embedded and institutionally regulated process rather than as a competitive or market driven mechanism.

The findings collectively indicate that exposure to industry forces does not automatically translate into competitive strategic behavior. Although Penglipuran operates within a highly competitive tourism environment characterized by numerous cultural destinations, strategic responses to these pressures are deliberately moderated. Environmental forces such as buyer expectations, substitute destinations, and potential rivalry are acknowledged, yet they are managed through regulatory and normative mechanisms that limit strategic maneuvering. This confirms that industry structure alone is insufficient to explain strategic behavior in culturally governed tourism contexts, supporting Enz's assertion that strategic outcomes in tourism are shaped by the interaction between external pressures and internal constraints (Enz, 2010).

The analysis of strategic orientation further clarifies why competitive responses are constrained. Rather than pursuing differentiation, expansion, or innovation, Penglipuran's strategic orientation is grounded in collective values that prioritize cultural continuity, social harmony, and spatial order. Strategy, in this context, functions as a framework for maintaining alignment between tourism activity and shared norms. This orientation challenges conventional strategic management assumptions that equate strategic effectiveness with adaptability and competitive advantage. Instead, effectiveness is defined in terms of legitimacy and long term stability.

Institutional constraints and collective governance mechanisms provide the operational foundation for this strategic orientation. Customary rules and collective decision making processes translate abstract values into enforceable strategic boundaries. Strategic choices are negotiated within institutional frameworks that prioritize consensus and legitimacy over efficiency and speed. This institutionalization of strategy reinforces path dependent patterns of decision making, where change is incremental and carefully mediated. Such findings resonate with Mintzberg et al.'s view of strategy as an emergent pattern shaped by organizational processes and routines rather than by formal planning (Mintzberg, Ahlstrand, & Lampel, 1998).

When considered together, the findings suggest that strategic management in Penglipuran represents a form of strategic restraint. This restraint is not indicative of managerial weakness or lack of strategic capacity, but rather reflects a deliberate and culturally informed approach to governing tourism development. Strategy operates as a

mechanism of control that protects cultural integrity and social order while allowing limited engagement with tourism markets. In this sense, Penglipuran exemplifies an alternative strategic logic in which success is measured by continuity and legitimacy rather than by competitive dominance.

From a theoretical standpoint, the integrative findings contribute to strategic management and tourism literature by illustrating the limitations of applying firm centric competitive models in isolation. Porter's industry framework remains useful for identifying environmental pressures, but it does not fully account for the ways in which institutional and cultural contexts shape strategic agency. The findings demonstrate that strategic management in cultural tourism destinations must be understood as a socially embedded process, where strategic choices are constrained and enabled by governance structures and shared values.

In practical terms, the case of Penglipuran offers insights for policymakers and destination managers seeking to balance tourism development with cultural sustainability. The findings suggest that maintaining strong institutional governance and value based strategic orientation can moderate the negative effects of competitive pressures without resorting to aggressive market strategies. However, such an approach also requires acceptance of limited growth and reduced strategic flexibility, highlighting the trade offs inherent in culturally grounded strategic management.

The analysis demonstrates that strategic management in Penglipuran Village cannot be adequately explained through competitive positioning or market responsiveness alone. Strategic behavior emerges from the continuous negotiation between environmental pressures, collective cultural values, and institutional governance mechanisms. Rather than seeking competitive advantage, strategy functions as a stabilizing process that preserves cultural integrity and social order while selectively engaging with tourism activities. This finding reinforces the argument that in living cultural tourism destinations, strategy is inseparable from the institutional and cultural contexts in which it is embedded, and must therefore be interpreted as a relational and value driven process rather than a purely economic one.

CLOSING

This study demonstrates that strategic management in Penglipuran Village operates within a framework fundamentally shaped by community-based tourism (CBT) principles and customary governance structures. The findings confirm that tourism development in Penglipuran is not driven primarily by competitive positioning or market expansion, but by collective values that prioritize cultural continuity, social harmony, and long-term sustainability. In this context, community-based tourism development is shown to be effective in supporting sustainable development, as tourism activities are embedded within, and regulated by, existing social and institutional systems rather than

being imposed through externally driven market logics.

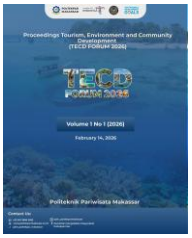
It is important to clarify that effectiveness in this study is understood in institutional and governance terms, referring to the capacity of community-based tourism to maintain cultural continuity, social legitimacy, and controlled engagement with tourism markets, rather than to measurable economic or performance indicators. This conceptualization is consistent with the qualitative and document-based methodological approach adopted in the research, which focuses on strategic orientation and governance arrangements rather than on quantifiable outcomes.

The analysis indicates that environmental and competitive pressures commonly identified in tourism strategic management literature are present in Penglipuran Village, yet their influence on strategic decision making is mediated through customary regulations and collective governance processes. Competitive forces such as visitor demand, substitute destinations, and rivalry do not automatically generate adaptive or innovative strategic responses. Instead, these pressures are selectively absorbed and managed through institutional mechanisms that define acceptable boundaries of action. This finding supports the argument that in living cultural destinations, strategic management functions more as a stabilizing and regulatory process than as a tool for achieving competitive advantage (Porter, 2008; Enz, 2010).

Furthermore, the strategic orientation of Penglipuran Village emerges as a value-driven and collective framework rather than a formally articulated strategic plan. Tourism is positioned as a complementary activity that supports communal welfare and cultural sustainability, rather than as a primary economic objective. This orientation aligns with the concept of emergent strategy, where strategic patterns are produced through consistent practices, routines, and shared interpretations rather than through deliberate planning processes (Mintzberg et al., 1998). The effectiveness of this approach lies in its capacity to maintain legitimacy and social cohesion while accommodating tourism demand within culturally defined limits.

From a sustainability perspective, the case of Penglipuran illustrates that community-based tourism can contribute meaningfully to sustainable development when local communities retain authority over strategic decision making. Economic benefits derived from tourism are acknowledged, yet they are consistently subordinated to broader collective goals related to cultural preservation and social stability. This confirms broader arguments in tourism literature that meaningful community participation and strong local governance are essential conditions for sustainable tourism outcomes (Bramwell and Lane, 2011; Hall, 2011).

However, the findings also suggest that the long-term effectiveness of community-based tourism depends on the capacity of local actors to manage increasingly complex



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tourism dynamics. While strong customary institutions provide strategic stability and legitimacy, they may also constrain adaptive flexibility in responding to external changes such as evolving visitor expectations, technological developments, or shifting policy environments. Consequently, strengthening local public capacity emerges as a critical recommendation of this study. Capacity building should focus not only on technical tourism management skills, but also on strategic understanding, institutional coordination, and the ability to negotiate between cultural values and external pressures.

Such capacity strengthening initiatives may include targeted training programs for community leaders, enhanced access to strategic information, and improved collaboration between village institutions and external stakeholders, including local government and tourism agencies. Importantly, these initiatives should be designed to reinforce, rather than replace, existing governance structures. As emphasized by Hall (2011), governance effectiveness in tourism is closely linked to the ability of local institutions to adapt while maintaining legitimacy and community trust.

In conclusion, this research contributes to strategic management and tourism studies by demonstrating that community-based tourism development can effectively support sustainable development when embedded within strong local governance systems. The case of Penglipuran Village highlights an alternative strategic logic in which success is defined by continuity, legitimacy, and collective well-being rather than by growth or competitive dominance. Strategic management in living cultural tourism destinations should therefore be understood as a relational, value-driven, and institutionally grounded process. Future research is encouraged to examine comparative cases across different cultural and governance contexts in order to further refine theoretical understandings of strategy in community-governed tourism destinations.

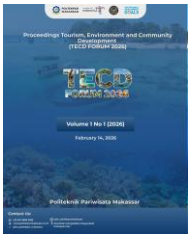
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