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**COMMUNITIES’ PERCEPTIONS TOWARDS RURAL COMPETITIVE ADVANTAGE: A STUDY ON *KAMPUNG SEMADANG* – BORNEO HEIGHTS, SARAWAK**

**Chee-Hua, Chin**

Faculty of Economics and Business,

Universiti Malaysia Sarawak,

94300, Sarawak, Malaysia

*E-mail:* [*cch.febunimas@hotmail.my*](mailto:cch.febunimas@hotmail.my)

**May-Chiun, Lo**

Faculty of Economics and Business,

Universiti Malaysia Sarawak,

94300 Sarawak, Malaysia

*E-mail:* [*mclo@feb.unimas.my*](mailto:mclo@feb.unimas.my)

**Susan Su-Zhuang, Thian**

Institute of Social Informatics and Technological Innovations,

Universiti Malaysia Sarawak,

94300, Sarawak, Malaysia

*E-mail*: [*susantsz88@gmail.com*](mailto:susantsz88@gmail.com)

**ABSTRACT**

*Rural tourism has emerged to be one of the potential economic contributors to most of the country’s economic growth. To this extent, the competitiveness of a rural tourism destination has been brought to the attention of tourism stakeholders, and the development should be aligned with the objective of achieving destination competitive advantage. Hence, this study examines the relationship between various tourism impacts, local communities’ knowledge and support, and stakeholder involvement in rural tourism competitive advantage from a local community perspective. Data were gathered through a survey using a structured questionnaire with a sample of 144 respondents comprising local communities from Kampung Semadang – Borneo Heights, Sarawak, Malaysia. To assess the developed model, SmartPLS 2.0 (M3) is applied based on path modeling and then bootstrapping. Interestingly, the findings revealed that communities believed economic impact, socio-cultural impact, and environmental impact significantly contributes to the development of rural tourism competitive advantage. Additionally, communities from Kampung Semadang are in their opinions that both community knowledge on tourism and community support for tourism greatly affect the development of a rural tourism destination competitive advantage. Surprisingly, stakeholder involvement is found no significant relationship with rural tourism competitive advantage. This study further discussed the implications of the findings, limitations, and direction for future research.*

**Keywords:** *Communities’ Perspective, Influencing Factors, Rural Tourism, Competitive Advantage, Sarawak, Malaysia.*

**1. Introduction**

The tourism sector is experiencing a tremendous growth over the decade. Likewise, more tourists are seeking for places to rest and relax. With the decline of traditional agrarian industries, various tourism stakeholders (i.e., local communities, government, and industry players) have recentered their focus on rural tourism due to its potential as an alternative solution to generate income (Ruiz Molina, Gil-Saura, Moliner-Velazquez, 2010; Moric, 2013). In fact, rural tourism has been recognized as an imperative tool to improve local welfare and standard of living (Peptenatu, Pintilii, Draghici, & Stoian, 2009). In this regard, some researchers propounded that rural tourism development should be community-based and markedly involving a wide range of community resources (Cawley & Gillmor, 2008). Although, rural tourism has been growing over the decade, however, there are a number of challenges experienced by the tourism destinations. Past studies have confirmed that there is an increased competition among tourism destinations (Chen & Gursoy, 2001; Zainuddin, Radzi, & Zahari, 2013; Ramseook-Munhurrun, Naidoo, Seebalck, & Pillai, 2016). As a result, the study on rural tourism destination competitiveness is getting much concern from tourism stakeholders (Cimbaljevic & Bucic, 2015), and countless efforts have been taken by past researchers to examine and identify factors to develop rural tourism destination competitiveness.

In the context of rural tourism in Sarawak, a total of RM 4, 310,456.70 was received from 31,364 visitors in 2015 from the homestay throughout the whole Sarawak (Ministry of Tourism, Arts and Culture Sarawak, 2015). Rural tourism has given an era of transformation to the local community from the primary sector to the tertiary sector, extending the opportunities for additional gains and better lifestyle. However, tourism cuts both ways. The negative implications aroused from tourism development are such as pollution, congestion, over-dependence on tourism activities, destruction of the natural resources and the environment, to name a few. To stand strong, competitive advantage is necessary for future development. In business management, a competitive advantage is implementing a value-creating strategy that is difficult for rivals to imitate (Barney, 1991). In tourism development, competitive advantage refers to the overall plea of the tourism destination is more ostentatious than an alternative destination from the prospective visitors (Tanja, Vladimir, Nemanja, & Tamara, 2011). Sustainability is the key competitive advantage of rural tourism. The current and future economic, socio-cultural and environmental impacts must take into consideration in addition to the informed involvements of relevant stakeholders are required to achieve destination sustainability (The World Tourism Organization & United Nation Environment Programme, 2005). The forces of competitive advantages include the workforce skills, the infrastructure of the rural tourism sites and the quality management to achieve both supply-competency and communicational-competency (Kulcsar, 2009). The administration of stakeholder involvement and network structures, especially the local communities play essential roles to achieve destination competitiveness. Different organizations must coordinate and collaborate to form a competitive advantage.

This paper studies the antecedents that affect directly and can be implemented effectively to gain the competitive advantage of rural tourism from the local communities’ point of view. The factors listed were researched extensively in the past for various destinations competitiveness across the universe, including the intended or unintended economic, socio-cultural and environmental impacts triggered by the tourism activities. This study will also investigate the local communities’ knowledge and supports towards tourism as the community relations efforts determine the success of a destination management, especially in the rural area. Stakeholder involvement will be examined as the collaboration among relevant parties to create competitive advantage is essential to achieve sustainable rural tourism.

**2. Literature Review and Hypotheses Development**

Thetri-dimensional impacts of tourism development were extensively researched in the past**.** The economic impact of tourism development has been always the most significant impact to determine the destination competitiveness. Economic impacts are such as job creation, entrepreneurship opportunities, massive investment attraction and contribution, leading to an improving economic position and better living at the destination (Akis, Peristianis, & Warner, 1996). Previous research indicated that there are significant and positive relationship between destination competitiveness and the economic impacts of tourism development (Yoon, 2012).

Secondly, tourism development brings plentiful social-cultural positive impacts include the encouragement of varied cultural activities, resulted in awareness and a better understanding of each other and raise the respect towards other community’s customs and traditions. Adversely, the negative socio-cultural impacts of tourism development such as the upsurge in criminal and antisocial activities have created unintended issues to the local community (Chand & Vivek, 2012). Researchers have demonstrated that the community will be more likely to support tourism development if they receive benefits from tourism development such as cultural exchange and cultural identity (Chen & Gursoy, 2001). Cultural dimension is the major concern of local community and plays an influential factor in the positioning of the destination (Lo, Mohamad, Songan, & Yeo, 2012). This means the local community values their local traditions and customs as their priority concern in tourism development. Another influential factor that may build up the rural tourism competitive advantage is the environmental quality in persevering the natural and cultural values or heritage resources (Angelkova, Koteski, Jakovlev, & Mitrevska, 2011).

Moreover, the environmental impact of tourism is particularly critical to ensure sustainability. Preservation, conservation, and maintenance of environmental resources are enthralling in achieving destination competitiveness (Dwyer & Kim, 2010). The environmental sustainability is an invaluable and intangible asset in providing a competitive advantage for a tourism destination (Grimstad & Burgess, 2014). Accessibility and accommodation quality are the major magnetism to attract the visitors to visit the rural tourism destinations (Lo, Chin, Mohamad, & Ramayah, 2016). On the other hand, unpremeditated consequences of tourism development include degradation of the visited environment and heritage sites, flora and fauna disturbance, unorganized waste disposal and littering attitude (Kariminia, Ahmad, & Hashim, 2012) poses weaknesses and threats to the rural tourism industry. This paper engages in studying the three relatively crucial benefits and detriments as above mentioned in affecting the rural destination competitiveness.

Additionally, local community contributions are greatly essential to light up the competitive advantage of the rural tourism industry. Two crucial community-related issues to discuss in this research are the community knowledge about tourism and their support towards tourism development. Local community support for tourism is very important in developing a sustainable rural tourism (Chandralal, 2010). According to social exchange theory, local community support towards tourism activities and development acknowledged as the inclination to enter into an exchange (Jurowski, Uysal, & Williams, 1997). Willingness to participate in tourism activities and involve in decision-making processes of tourism development are the indicators of community support towards the tourism industry (Pham, 2011). Community participation in terms of natural resources preservation, waste management, infrastructure and facilities development and tourism programs or tour packages are extremely important in forming the foundation of tourism development (Vitasurya, 2016). According to the cost-benefit analysis, the local community is more favourable towards tourism development when the expected benefits they accrue exceed the costs of tourism development.

Additionally, helping the local community to understand further about themselves and their living context, knowledge about tourism strengthen their efforts concerning tourism development and quality of life (Reid, Mair, &George, 2003), therefore enhancing the competitive advantage of rural tourism. The five main factors of examining local community understanding about tourism were natural resources, planning, economic concerns, educational needs and awareness of tourism (Byrd, Cardenas, & Greenwood, 2008). Awareness and learning more about tourism development change the local community mindset and enhance their attitude towards tourism-related activities. Besides, greater understandings about the tourism impacts enable the local community to formulate and monitor the sustainable development programs and policies more effectively (Stylidis, Biran, Sit, & Szivas). Findings indicated that community attitudes towards rural tourism and community leadership in tourism development had positive and significant impacts on rural destination performance (Cheuk, Lo, & Atang, 2015).

Last but not least, stakeholder involvement is one of the most important elements to achieve competitive advantage in rural tourism. Adeyinka-Ojo, Khoo-Lattimore, and Nair (2014)’s findings indicated that the success of rural tourism destinations’ management and marketing are relevant to the stakeholders’ involvement. For instance, stakeholder such as interconnected institutions, suppliers, government bodies, service provider and other associated organizations may compete but synergy to gain win-win situation and maximum value from the tourism businesses (Moric, 2013). Compelling findings stated that there are significant and positive relationship between the industry players and repositioning in gaining a strong competitive advantage for the rural tourism development (Lo, Songan, Ramayah, Yeo, & Nair, 2013). Another research indicated that collaboration among the stakeholder or tourism operators mediates the relationship between trust, commitment, communication and tourism business network performance (Ramayah, Lee, & In, 2011).

As such, the following hypotheses were developed:

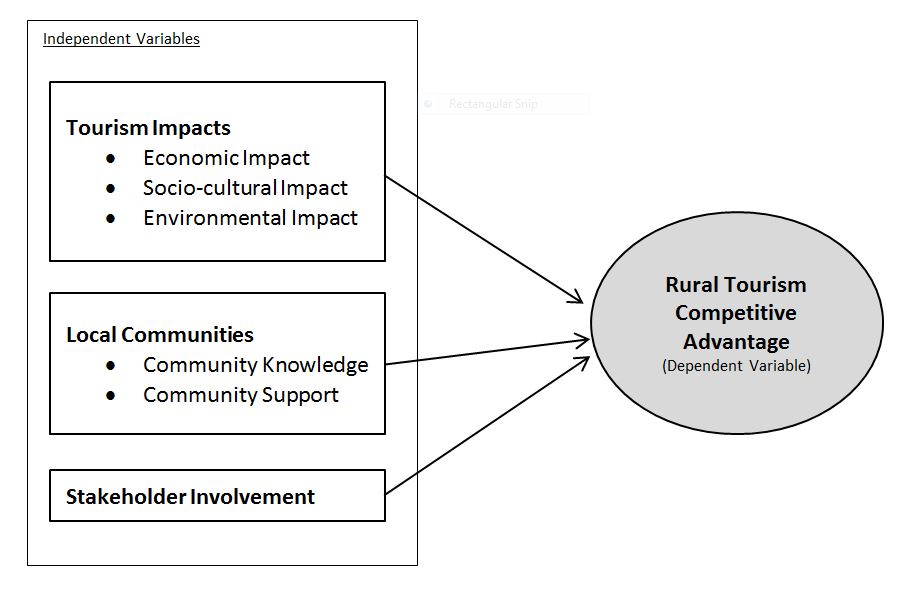
|  |  |  |
| --- | --- | --- |
| H1 | : | Economic impact of tourism is positively related to rural tourism competitive advantage in *Kampung Semadang*, Borneo Heights, Sarawak. |
| H2 | : | Socio-cultural impact of tourism is positively related to rural tourism competitive advantage in *Kampung Semadang*, Borneo Heights, Sarawak. |
| H3 | : | Environmental impact of tourism is positively related to rural tourism competitive advantage in *Kampung Semadang*, Borneo Heights, Sarawak. |
| H4 | : | Community Knowledge about tourism is positively related to rural tourism competitive advantage in *Kampung Semadang*, Borneo Heights, Sarawak. |
| H5 | : | Stakeholder involvement in tourism is positively related to rural tourism competitive advantage in *Kampung Semadang*, Borneo Heights, Sarawak. |
| H6 | : | Community support for tourism is positively related to rural tourism competitive advantage in *Kampung Semadang*, Borneo Heights, Sarawak. |

**3. Methodology, Findings, Analysis and Discussion**

**3.1 Methodology**

In this study, *Kampung Semadang* located at Borneo Heights, Kuching, Sarawak is chosen as the research site due to its popularity for tourists’ visit over the past decade. The measurement items were adapted from past researchers and were slightly amended to adapt to the Malaysian context. Collectively, this survey comprised of 66 statements that measured the seven dimensions of influencing factors and destination competitiveness. The respondents were asked to respond to each statement based on a seven-point Likert scale (ranging from 1 = *strongly disagree* to 7 = *strongly agree*). A purposive sampling technique is applied for data collection in this study. A total of 200 questionnaires were distributed to the local communities from *Kampung Semadang*, only 176 completed questionnaires (88% response rate) were returned and used for analysis. Nulty (2008) has highlighted that a response rate of over 70% is free from response error. A preliminary analysis was conducted via Statistical Package for Social Science 22.0 (SPSS) to eliminate those with missing data and outliers. The results revealed that a total of 32 questionnaires were discarded from the data set, the remaining 144 set were used for measurement and structural analyses. The *SmartPLS 2.0 (M3)* was used based on path modeling and then the bootstrapping (Chin, 1998; Wetzels, Schroder & Oppen, 2009) for the evaluation as shown in Figure 1. Re-samples of 1,000 copies were used to generate the standard errors of the estimation and t-values.

**Figure 1: Research Framework**

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**3.2 Findings and Analysis**

***Assessment of the measurement model***

First, confirmatory factor analysis (CFA) was conducted to test the item reliability, convergent validity, and discriminant validity of the measurements scales. As shown in Table 1, all the items loading exceeded the minimum cut off point of 0.50 or slightly below 0.5 (Gefen, Straub, & Boudreau, 2000), thus, the internal consistency was achieved. In terms of convergent validity, all the composite reliability (CR) values were above the minimum cut-off point of 0.70 (Chin, 2010) and the average variance extracted (AVE) values meet the minimum criteria of 0.50 (Fornell & Larcker, 1981). However, Fornell and Larcker (1981) also suggested that AVE values below 0.5 but larger than 0.4 still acceptable with the conditions that the CR values were larger than 0.6. For discriminant validity (see Table 2), the value of AVE will be square rooted and testify against the intercorrelations of the construct with other constructs in the research model (Chin, 2010) and all the values noted as greater than each of the constructs correlations (Chin, 2010). Hence, the measurement model was satisfactory and provided sufficient evidence in term of reliability, convergent validity, and discriminant validity.

**Table 1: Loadings and Cross Loadings**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Community Knowledge | Community Support | Economic Impact | Environment Impact | RT Competitive Advantage | Socio-Cultural Impact | Stakeholder Involvement |
| CommKnow\_01 | **0.813** | 0.113 | 0.176 | 0.095 | 0.298 | 0.305 | 0.199 |
| CommKnow\_04 | **0.632** | 0.186 | 0.090 | 0.040 | 0.197 | 0.290 | 0.300 |
| CommKnow\_05 | **0.541** | 0.008 | 0.124 | -0.048 | 0.064 | 0.184 | 0.142 |
| CommKnow\_06 | **0.497** | 0.007 | 0.036 | 0.102 | 0.156 | 0.014 | 0.105 |
| CommSupp\_01 | 0.141 | **0.851** | 0.396 | 0.182 | 0.377 | 0.272 | 0.669 |
| CommSupp\_02 | 0.144 | **0.893** | 0.409 | 0.270 | 0.426 | 0.344 | 0.696 |
| CommSupp\_03 | 0.097 | **0.840** | 0.265 | 0.383 | 0.465 | 0.439 | 0.480 |
| CommSupp\_04 | 0.040 | **0.655** | 0.287 | -0.022 | 0.143 | 0.141 | 0.404 |
| CommSupp\_05 | 0.152 | **0.805** | 0.225 | 0.386 | 0.399 | 0.374 | 0.439 |
| EcoImp\_02 | 0.142 | 0.112 | **0.624** | -0.065 | 0.123 | 0.118 | 0.114 |
| EcoImp\_03 | 0.057 | 0.239 | **0.661** | 0.102 | 0.267 | 0.036 | 0.203 |
| EcoImp\_06 | 0.085 | 0.364 | **0.663** | 0.189 | 0.243 | 0.256 | 0.292 |
| EcoImp\_08 | 0.109 | 0.309 | **0.692** | 0.109 | 0.292 | 0.302 | 0.327 |
| EcoImp\_10 | 0.216 | 0.124 | **0.591** | -0.120 | 0.199 | 0.256 | 0.219 |
| EnvironImp\_02 | 0.113 | 0.227 | 0.103 | **0.861** | 0.362 | 0.250 | 0.290 |
| EnvironImp\_03 | 0.099 | 0.348 | 0.115 | **0.941** | 0.383 | 0.340 | 0.314 |
| EnvironImp\_04 | 0.056 | 0.317 | 0.042 | **0.823** | 0.351 | 0.312 | 0.233 |
| RTCompAdv\_01 | 0.176 | 0.224 | 0.168 | 0.101 | **0.462** | 0.143 | 0.229 |
| RTCompAdv\_04 | 0.302 | 0.215 | 0.192 | 0.119 | **0.597** | 0.197 | 0.261 |
| RTCompAdv\_06 | 0.255 | 0.221 | 0.330 | 0.203 | **0.680** | 0.293 | 0.293 |
| RTCompAdv\_07 | 0.197 | 0.272 | 0.349 | 0.115 | **0.713** | 0.376 | 0.293 |
| RTCompAdv\_08 | 0.247 | 0.384 | 0.274 | 0.300 | **0.796** | 0.414 | 0.298 |
| RTCompAdv\_09 | 0.185 | 0.130 | 0.099 | 0.046 | **0.561** | 0.224 | 0.147 |
| RTCompAdv\_10 | 0.187 | 0.521 | 0.229 | 0.637 | **0.725** | 0.491 | 0.413 |
| SocCultuImp\_01 | 0.306 | 0.229 | 0.220 | 0.113 | 0.223 | **0.625** | 0.193 |
| SocCultuImp\_05 | 0.078 | 0.092 | 0.002 | 0.036 | 0.116 | **0.503** | 0.082 |
| SocCultuImp\_06 | 0.252 | 0.308 | 0.133 | 0.142 | 0.254 | **0.594** | 0.205 |
| SocCultuImp\_08 | 0.232 | 0.346 | 0.298 | 0.387 | 0.515 | **0.820** | 0.307 |
| StakeInvolv\_01 | 0.286 | 0.664 | 0.413 | 0.214 | 0.372 | 0.282 | **0.862** |
| StakeInvolv\_02 | 0.215 | 0.676 | 0.351 | 0.233 | 0.382 | 0.269 | **0.896** |
| StakeInvolv\_03 | 0.290 | 0.208 | 0.194 | 0.276 | 0.231 | 0.225 | **0.533** |
| StakeInvolv\_05 | 0.096 | 0.262 | 0.086 | 0.238 | 0.286 | 0.215 | **0.546** |

***Assessment of the Structural Model***

Next, Figure 2 and Table 3 present the results of the hypotheses testing. Interestingly, the statistical results showed that out of the six hypotheses tested, five were supported. The results revealed that the economic impact of tourism, the socio-cultural impact of tourism, the environmental impact of tourism, community knowledge about tourism, and community support for tourism were found positive significantly related to tourism destination competitiveness from communities’ perspective. Surprisingly, stakeholder involvement in tourism was found no positive significant relationship with tourism destination competitiveness. Hence, H1, H2, H3, H4, and H6 were supported, whereas H5 was rejected.

**Table 2: Discriminant Validity of Constructs**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | AVE | CR | Community Knowledge | Community Support | Economic Impact | Environment Impact | Competitive Advantage | Socio-Cultural Impact | Stakeholder Involvement |
| Community Knowledge | 0.400 | 0.720 | **0.633** |  |  |  |  |  |  |
| Community Support | 0.661 | 0.906 | 0.150 | **0.813** |  |  |  |  |  |
| Economic Impact | 0.418 | 0.782 | 0.175 | 0.383 | **0.647** |  |  |  |  |
| Environment Impact | 0.768 | 0.908 | 0.102 | 0.340 | 0.100 | **0.877** |  |  |  |
| Competitive Advantage | 0.431 | 0.838 | 0.326 | 0.478 | 0.368 | 0.417 | **0.656** |  |  |
| Socio-Cultural Impact | 0.417 | 0.735 | 0.339 | 0.413 | 0.307 | 0.344 | 0.509 | **0.646** |  |
| Stakeholder Involvement | 0.532 | 0.811 | 0.300 | 0.667 | 0.379 | 0.319 | 0.446 | 0.341 | **0.729** |

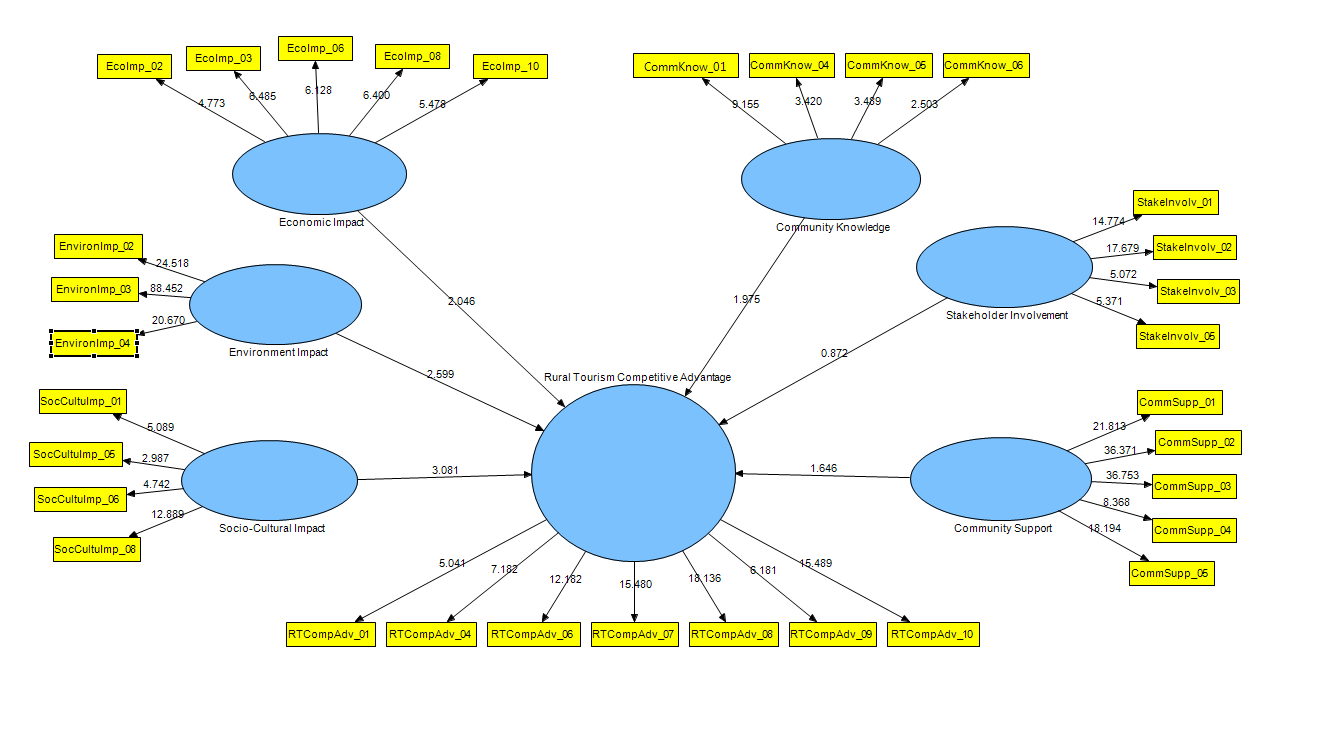
Note:

a Composite Reliability **(CR)** = (square of the summation of the factor loadings)/{(square of the summation of the factor loadings) + (square of the summation of the error variances)}

b Average Variance Extracted **(AVE)** = (summation of the square of the factor loadings)/{(summation of the square of the factor loadings) + (summation of the error variances)}

Diagonals represent the square root of the average variance extracted (AVE) while the other entries represent the correlations.

**Figure 2: Research Model with t-value**

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**Table 3: Path Coefficients and Hypothesis Testing**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hypothesis** | **Relationship** | **Coefficient** | **t-value** | **Decision** |
| **H1** | Economic Impact → Rural Tourism Competitive Advantage | 0.152 | 2.046\* | **Supported** |
| **H2** | Socio-cultural Impact → Rural Tourism Competitive Advantage | 0.240 | 3.081\*\* | **Supported** |
| **H3** | Environment Impact → Rural Tourism Competitive Advantage | 0.221 | 2.599\*\* | **Supported** |
| **H4** | Community Knowledge → Rural Tourism Competitive Advantage | 0.147 | 1.975\* | **Supported** |
| **H5** | Stakeholder Involvement → Rural Tourism Competitive Advantage | 0.077 | 0.872 | **Not**  **Supported** |
| **H6** | Community Support → Rural Tourism Competitive Advantage | 0.172 | 1.646\* | **Supported** |

\*p<0.05, \*\*p<0.01

**3.3 Discussion**

The findings of this study showed that the tri-dimensional impacts had a significant and positive impact on rural tourism competitive advantage located at *Kampung Semadang*, Borneo Height. Local community is aware of the benefits of the economic, socio-cultural and environmental impacts. The findings for environmental impacts were consistent with the findings from the similar research done in another location, namely Tanjung Datu. This is owing to both locations are offering the same nature-based setting of tourism activities to the visitors. *Kampung Semadang* is a well-known rural tourism destination, offering a fantastic *kayaking* adventure to the *kayakers* which also known as the visitors who like to *kayak*. Abundant wealth of Nature such as the natural equanimity and attractive riverine scenery, limestone formation, mini waterfall and caves and wildlife has become major attractiveness to the visitors. Hence, the local community realizes that the tourism businesses rely mostly on the well-maintained natural surroundings to attract more visitors and the positive environmental impacts become a source of competitive advantage to the tourism development compare to other rural destinations. The local community strengthens their efforts in preserving the nature environment and monitoring the tourism activities to reduce the negative implications of tourism development. For instance, service providers will brief the visitors about the importance of Nature and seek for their cooperation in conserving the natural environment. Furthermore, the chief of the village informed the researcher that the village community has contribute their resources to repair and renovate the nearby wildlife caves to preserve the natural flora and fauna while create more attractiveness for the tourism industry.

The finding portrays a high correlation between economic impacts of tourism and rural tourism competitive advantage. The popularity of *Kampung Semadang* has increased due to the tourism activities development, playing major roles in generating income and job opportunities to the local community. Tourism developments also enhance the quality of infrastructure and facilities, leading to a better living style and value. For instance, the construction of a new road linking *Kampung Semadang* and *Kampung Danu* not only boost the economic activities of the surroundings (The Star Online, 2013), but also increase the brand name of *Kampung Semadang* as a tourist destination. Economic benefits are a major concern and the most influential factors that lead to a more favourable attitude among the local community towards tourism development.

Contradicting the findings of the previous similar study, this study found out that the socio-cultural impacts are significant and positively correlated to rural tourism competitive advantages. Tourism is always the best way for cultural exchange among the rural communities and visitors from other parts of the world. The local community is keen to learn about other people traditions and lifestyle via interaction and communication with the visitors. Moreover, tourism developments provide opportunities for the local community to participate in local cultural activities and facilitate intercultural understanding. Albeit there are negative implications of socio-cultural such as degradation of traditions, crime problems, security and so forth, the positive environmental impacts from tourism development outweigh its negative impacts. This is supported by a relevant literature stated that local community understand the economic value of their culture, making them proud of being a part of the community and not easily influenced by the visitors (Mureshewa, 2013). Additionally, tourism development provides incentives for the restoration of the heritage destination and preservation of local culture.

Community knowledge about tourism has a high correlation with the rural tourism competitive advantage. The local community agreed that there is a strong linkage between supply competency and communicational competence to enhance the longevity of tourism development. If well-managed, tourism development may result in improving the local community lifestyle and living and improve the economic status and conditions. The finding is consistent with previous research indicated that the economic knowledge, environmental knowledge and socio-cultural knowledge were extremely important to improve local community assertiveness to create sustainable tourism (Stockson, 2011). Greater understandings about tourism enhance community involvement in tourism activities or businesses as they value tourism development as an income generator. Besides, the community is keen to learn more about the tourism industry and employ more efforts to boost up the tourism activities. For instance, the local community willing to pool resources and work together with each other to repair the tourism sites. Other initiatives including meeting up with other villages’ community to work out tourism trek or package tours to attract more visitors. The local community also welcomes the government authorities, reporters, visitors and other institutions to promote their attractiveness to the world via different marketing channel and to create word of mouth about *Kampung* *Semadang*.

The present study also showed that community support for tourism is significantly and positively related to the competitive advantage of rural tourism. The result was dissimilar with the previous study (Cheuk, Lo, & Atang, 2015) as the economic gains from the tourism development are one of the major sources of income of the village community. The result portrayed the local community are very likely to participate in tourism related activities and have great opportunities to voice out their opinions while making the relevant decision towards tourism development. Strong psychological empowerment was found among the local community. The visitors always identify the village community as unique and special, instilling sense of pride and self-esteem among the local people. The result is reliable as the previous research pointed out that psychological empowerment is significantly and positively influence perceptions of the resident on impacts of tourism and their support for tourism (Boley, McGehee, Perdue, & Long, 2014).

Surprisingly, the findings indicated that there is no significant relationship between stakeholder involvement and rural tourism competitive advantage. The finding could be ascribed as the ineffective communication among the travel agencies and local communities who involved in the tourism businesses. Conflicts such as inaccuracy of commissions’ provision issues or lack of information sharing may lead to a poor relationship among the related stakeholders. Previous research pointed out that inadequate communication or information sharing among the stakeholders negatively affect their relationship (Colakoglu & Ayazlar), 2013), posing weaknesses to the competitive advantage formation of tourism development. Besides, lack of financial assistant or incentives provided by the government or other institutions forms up community perception that there is a lack of other parties involve in supporting the tourism development. Lack of knowledge and capabilities to manage stakeholder relationship affected local community perception that there is less or no stakeholder involvement in tourism development. The finding was inconsistent with the same research done in Tanjung Datu of which stakeholder play a major role in creating the source of competitive advantage for rural tourism.

**4. Conclusion, Limitations and Recommendations**

This study concludes with a summary that the impacts of tourism development from the three dimensions, i.e. economic environmental and socio-cultural as well as the local community knowledge about tourism and their support towards tourism development except the stakeholder involvement are significant and positively correlated with the rural tourism competitive advantage in the case of *Kampung Semadang*. The findings of this study are contradicted by the previous study by Lo et al. (2015), they found that stakeholders’ involvement, communities’ knowledge, and environmental impact are factors contributed to destination competitive advantage in the case of *Tanjung Datu*. Hence, this study is in fact provided another critical contribution to the development of rural tourism competitive advantage. This study revealed that all the tri-dimensional impacts of tourism, and both local communities’ knowledge and support for tourism development are the critical aspects of the development of rural tourism competitive advantage. Thus, all these aspects should be in focus for future development of rural tourism destination.

This study has provided an in-depth investigation into whether, and how, each of the dimensions (i.e., tri-dimensional impacts, community knowledge and support for tourism, and stakeholder involvement) impact on developing destination competitive advantage. From a practical point of view, the findings of the study provide valuable information to tourism stakeholders and policy planners about the importance of tri-dimensional tourism impacts and both community knowledge and support in the development of rural tourism destination competitive advantage. The limited sample size may restrict generalizing the results and data was obtained from one study site are the highlighted limitation in this study. As this is a case study on *Kampung Semadang*, and only includes local communities and their perceptions on the impact of influencing factors and destination competitive advantage. Scholars may investigate this model in others tourism destinations, especially in rural tourism destination with perspectives from the different stakeholder.

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