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#### Abstract

This study analyzes the influence of government roles, leadership, and destination image on the competitive advantage of Kutuh Tourism Village, Badung Regency. The research employed a quantitative approach, with data collected through questionnaires administered to key stakeholders, and analyzed using Structural Equation Modeling (SEM) with SmartPLS 3.0. The findings indicate that the government role has a positive and significant effect on competitive advantage (t-statistic = 2.71; original sample = 0.800), suggesting that regulatory support, infrastructure development, and promotion enhance destination competitiveness. Destination image also shows a positive and significant effect (t-statistic = 2.22; original sample = 0.805), confirming that positive tourist perceptions strengthen competitive advantage. Conversely, leadership has no significant effect (t-statistic = 0.71), indicating the need to improve local leadership capacity. The R-Square value of 0.741 indicates that the three variables collectively explain 74.1% of the variance in competitive advantage, while the Q-Square value of 0.711 demonstrates high predictive relevance. These findings provide practical implications for destination development, emphasizing that synergy between government support and destination image enhancement is a key driver for sustainable competitiveness, with leadership remaining a strategic potential that should be optimized.

Keywords: Competitive Advantage, Government Role, Leadership, Destination Image, Tourism Village

### **INTRODUCTION**

Tourism villages are a phenomenon of sustainable tourism development realized through the concept of community-based tourism, where the community plays a key role in destination development (Adyatma, 2024). In 2020, during the pandemic, the number of foreign tourists was only around 1 million, significantly lower than the previous year. This situation worsened in 2021, with the Central Statistics Agency (BPS) publishing data on only 51 foreign tourists visiting Bali (BPS Bali Province, 2025). In 2022, the number of foreign tourists jumped to 2.1 million, signaling a significant recovery for Bali's tourism sector. This positive trend continued into 2023, with a record 5.3 million tourists throughout the year and nearly 481,000 tourists arriving in December (Hilmawan, 2023). Communities who understand the potential of their villages develop a sense of responsibility to preserve the tourism assets that are their main attractions. Tourism villages serve not only as recreational destinations but also as educational and local economic empowerment platforms (Adyatma, 2023). Kutuh Tourism Village, which has undergone significant transformation in recent decades, offers a variety of attractions for tourists. Kutuh Tourism Village is classified as a developed tourism village and has entered the top 50 of the Indonesian Tourism Village Award (ADWI) in 2022 (Sutedja, 2019). This success is inseparable from various factors that shape its competitive advantage, including the role of the government, strong leadership in tourism management, and a positive destination image in the eyes of tourists (Suandari, 2023). One of the main factors contributing to destination competitiveness is the role of the government, which plays a crucial role in supporting competitiveness through regulations and infrastructure development policies (Nida, 2023). In addition to the government's role, leadership in tourism destination management is also a key factor in creating competitive advantage. Effective leadership in destination management can encourage innovation and improve the sustainability of tourism development programs (Renaldi, 2022). Another factor is the destination's image. A positive image can attract new tourists and maintain the loyalty of

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existing tourists (Saputra, 2021). This study aims to examine the determinants of competitive advantage of Kutuh Tourism Village by focusing on three main factors, namely the role of government, leadership, and destination image. The problem formulation in this study: First, how does the role of government influence competitive advantage? Second, how much influence does leadership have on competitive advantage? Third, how does destination image influence the competitive advantage of Kutuh Village as a leading tourist destination? This study has a high urgency considering the increasing competition between tourist destinations, where tourist villages must have characteristics and values that distinguish them from other villages. Kutuh Village is one example of a rapidly developing tourist village and has become a successful model of community-based tourism in Bali. However, to ensure the sustainability of its competitiveness, a deep understanding of the factors that contribute to the competitive advantage of Kutuh Tourism Village is needed.

#### **METHODS**

This study uses a descriptive quantitative and qualitative approach by analyzing factors that influence competitive advantage. The dependent variables of this study are the role of government, leadership, and destination image, while competitive advantage is the dependent variable. The sample in this study was determined by purposive sampling technique. The data obtained were analyzed using the Structural Equation Modeling (SEM) method with the SmartPLS 3.0 application. The first stage of analysis using SmartPLS is the evaluation of the Outer Model by testing the validity and reliability of the research instrument. Validity is tested by looking at the Loading Factor value and the square root of average variance extracted (AVE) value. Reliability is tested using Composite Reliability, with a value above 0.7 indicating that the research indicators have good consistency. Hypothesis testing is carried out by looking at the significance of the relationship between variables using the Partial Least Square (PLS) method. The research model is evaluated through the R-Square value to assess the level of model suitability (Goodness of Fit) and the Q-Square value to measure the predictive relevance of latent variables. A Q-Square value above 0 indicates that the model has good predictive relevance, with a category of 0.02 indicating a weak model, 0.15 as a moderate model, and 0.35 as a strong model.

### RESULT AND DISCUSSION

Respondents in this study were aged between 20 and 50 years old, consisting of managers and communities involved in tourism activities in Kutuh Village. This shows that the tourist attractions offered in Kutuh Village attract the attention of visitors or tourists to get involved and benefit from the tourism industry. The interest of the community as managers of these tourist attractions can be a consideration when implementing the concept of sustainable tourism based on the competitive advantages of the Kutuh tourist village. This is a note for tourism destination managers when implementing the concept of sustainable tourism. The loading factor on the variable indicator shows a value above 0.6. A loading factor value above 0.6 means that the indicators used in this study are valid or meet convergent validity.

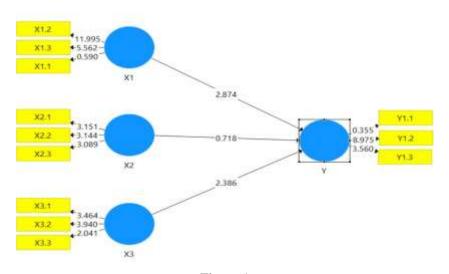


Figure 1 Loading Factor Value

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Figure 1 shows the factor loading value of each indicator in the research model, where the loading factor provides a value above the recommended value of 0.6. A loading factor value above 0.6 means that the indicators used in this study are valid or have met convergent validity. Reliability testing is carried out by looking at the Composite Reliability value. Composite reliability results will show a satisfactory value if it is above 0.7, as explained in Table 1, meaning that all constructs in the estimated model meet the discriminant validity criteria.

Table 1 Reliability test results

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Variables	Composite Reliability	
X1 - role of government	0.800	
X2 – leadership	0.974	
X3 - destination image	0.805	
Y - competitive advantage	0.741	

Source: Processed research data, 2025

The results of the Hypothesis test of all research variables are shown in Figure 1 and Table 2. The hypothesis is supported if the t-statistic is greater than the t-table, and vice versa if the t-statistic is smaller than the t-table, then the research hypothesis is rejected. The Original Sample Coefficient shows the direction of influence between construct variables. The t-statistic value of 2.71 (> 1.96) on the government role variable as stated in Table 2 means that the government's role is proven to be significant and has an influence on the competitive advantage of Kutuh Tourism Village. The original sample estimate value of 0.800 means that the government's role has a positive and significant influence on the competitive advantage of Kutuh Tourism Village. This means that Hypothesis 1 which states that the government's role has an influence on competitive advantage is supported. The t-statistic value of 0.71 (<1.96) on the leadership variable as stated in Table 2 means that leadership has no influence on the competitive advantage of Kutuh Tourism Village. The original sample estimate value of 0.974 means that the government's role has no influence on the competitive advantage of Kutuh Tourism Village. This means that Hypothesis 2, which states that leadership influences competitive advantage, is not supported. The t-statistic value of 2.22 (> 1.96) on the destination image variable as shown in Table 2, means that destination image is proven to be significant and influences the competitive advantage of Kutuh Tourism Village. The original sample estimate value of 0.805 means that destination image has a positive and significant effect on the competitive advantage of Kutuh Tourism Village. This means that Hypothesis 3, which states that destination image influences competitive advantage, is supported.

> Table 2 Hypothesis Test Results

	Trypotnesis Test Results		
Variables	Original Sample (0)	t-Statistics	Hypothesis
X1 Role of Government	0.446	2,710	Supported
X2 Leadership	0.125	0.714	Not supported
X3 Destination Image	0.447	2,222	Supported

Source: Processed research data, 2025

The R-Square value for the destination competitive advantage construct of 0.741 as shown in Table 3 means that the destination's competitive advantage is influenced by the role of government, leadership, and destination image in Kutuh Tourism Village by 74.1%. Q-Square is calculated to show that the research model has relevance in predicting the role of government, leadership, and destination image towards competitive advantage in Kutuh Tourism Village, this is evidenced by the Q-Square value > 0 which indicates that the model has high predictive relevance.

Table 3 R-Square Value

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Variables	R-Square	Q-Square (1-(1-R2))	
Y	0.741	0.711	

Source: Processed research data, 2025

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### **DISCUSSION**

The results of the hypothesis testing in this study provide a comprehensive overview of the influence of government roles, leadership, and destination image on the competitive advantage of Kutuh Tourism Village. The analysis was conducted by considering the t-statistic value, the original sample, and the results of the R-square and Q-square tests to measure the predictive relevance of the research model.

### The Influence of the Government's Role on Competitive Advantage

The test results show that the government role variable has a t-statistic value of 2.71 (> 1.96) and an original sample estimate of 0.800, which means it has a positive and significant effect on the competitive advantage of Kutuh Tourism Village. This indicates that the greater the government's support, whether in the form of regulations, infrastructure, promotion, or facilitation of tourism activities, the higher the competitiveness of the destination owned by the tourism village. This finding is in line with the opinion of Subowo (2023) who stated that local government support in the form of infrastructure provision and development of tourist attractions contributes significantly to increasing the competitiveness of community-based destinations. In addition, Nida (2023) found that the government's role in digital promotion and fostering tourism awareness groups can strengthen the image and competitiveness of tourism village destinations. Practically, these results indicate that the success of Kutuh Tourism Village in building a competitive advantage cannot be separated from the active role of the village and district governments, such as the construction of adequate road access, the provision of supporting facilities (public toilets, parking areas, information centers), and integrated marketing programs. This support creates confidence for tourists that the destination is worth visiting and is competitive compared to other destinations in the same area. From a theoretical perspective, these results reinforce the destination competitiveness model developed by Crouch and Ritchie (2011), where external supporting factors such as policies and government roles are key pillars in shaping destination competitiveness. Implementing tourism development strategies that actively involve the government not only improves service quality but also ensures destination sustainability.

### The Influence of Leadership on Competitive Advantage

In contrast to the government role variable, leadership in this study showed a t-statistic of 0.71 (<1.96) with an original sample estimate of 0.125, indicating no significant effect on the competitive advantage of Kutuh Tourism Village. These results indicate that although local leadership exists, its presence has not significantly contributed to increasing the destination's competitiveness. This finding is inconsistent with research by Saputra (2021), which found that participatory leadership in destination management can encourage collaboration between stakeholders and positively impact the quality of tourism services. This difference in results could be due to several factors, such as the limited capacity of local leaders to develop marketing strategies, a lack of destination management training, or minimal innovation generated by the current leadership. However, this insignificance does not mean that leadership is unimportant. Instead, these results indicate the need to improve the quality of leadership in Kutuh Tourism Village, whether through training, mentoring, or strengthening collaborative networks with external parties. Strong and visionary leadership at the local level can be a driving force for tourism product innovation, service enhancement, and increasing the destination's attractiveness in the future. Another study by Adyatma (2023) in several tourist villages in Yogyakarta showed that leadership capable of integrating local potential with digital marketing strategies can create significant differentiation in destination competitiveness. Therefore, strengthening leadership capacity in Kutuh Tourism Village remains a strategic recommendation, although its impact has not been statistically proven in this study.

#### The Influence of Destination Image on Competitive Advantage

Destination image has been shown to have a positive and significant effect on competitive advantage, with a t-statistic of 2.22 (>1.96) and an original sample estimate of 0.805. This means that the more positive the image of Kutuh Tourism Village in the eyes of tourists, the higher the destination's competitiveness. These results align with Renaldi's (2022) findings, which state that a destination image built through effective promotion, satisfying tourism experiences, and the sustainability of local attractions can increase a destination's competitiveness in a competitive tourism market. Similarly, Suandari's (2023) research in Bali found that a strong destination image can encourage repeat visits and expand potential markets. In the context of Kutuh Tourism Village, a positive image can be built through maintaining environmental cleanliness, preserving local culture, promoting unique activities such as traditional ceremonies or festivals, and providing friendly and professional service. A positive image creates a high perception of value in the minds of tourists, ultimately increasing the destination's overall competitiveness. From a

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theoretical perspective, these results are consistent with image theory in tourism, which states that positive perceptions of a destination will influence tourist intentions and preferences. Therefore, a strategy to strengthen the destination image through social media, tourist testimonials, and mass media coverage is important to maintain competitiveness.

### Analysis of R-Square and Q-Square Values

The R-Square value of 0.741 indicates that the variables of government role, leadership, and destination image together can explain 74.1% of the variation in the competitive advantage of Kutuh Tourism Village. This is a strong category in social research, meaning the research model has high explanatory power. Furthermore, the Q-Square value of 0.711 (>0) indicates that this research model has high predictive relevance, making it suitable for use in predicting the relationship between independent and dependent variables in similar contexts. The results of this study indicate that the combination of government support, leadership quality, and destination image variables can explain more than 70% of the variation in the competitiveness of community-based tourism destinations in Indonesia (Sukmadewi, 2024).

### **CONCLUSION**

This study aims to analyze the influence of government roles, leadership, and destination image on competitive advantage in Kutuh Tourism Village, Badung Regency. Based on the results of data processing and discussion, several conclusions can be outlined with both theoretical and practical implications. First, the role of government has been proven to have a positive and significant influence on competitive advantage. This indicates that the competitiveness of tourist destinations cannot be separated from government contributions, whether in the form of strategic policies, supporting infrastructure development, conducive regulations, or promotional support. This finding is in line with the theory of sustainable tourism development, which states that the government is one of the key stakeholders in creating an environment that supports the growth of the tourism sector. In the context of Kutuh Tourism Village, government support is seen through the provision of public facilities, road development, promotion through regional events, and the development of tourism awareness groups (pokdarwis). With the active role of the government, destinations are able to build sustainable competitive advantages.

Second, leadership did not have a significant influence on competitive advantage in this study. Although theoretically, effective leadership can direct destination management toward achieving a long-term vision, the results show that leadership's direct influence on competitiveness is still limited. This condition may be caused by leadership patterns that are still administrative in nature, not yet fully strategic, or the limited capacity of human resources in leadership roles. Nevertheless, leadership still plays an important indirect role, for example through shaping the destination's image or increasing community participation. Third, destination image has been shown to have a positive and significant impact on competitive advantage. Destination image is the perception and impression formed in the minds of tourists about a tourist destination. In the digital era and intense destination competition, a strong destination image is crucial for attracting and maintaining tourist interest. Kutuh Tourism Village has successfully built a positive image through the preservation of local culture, natural beauty, friendly service, and consistent promotion on social media and tourism events. A positive destination image encourages repeat visits and word of mouth recommendations, ultimately strengthening competitive advantage. Considering these findings, it can be concluded that developing a competitive advantage in tourist destinations, particularly in Kutuh Tourism Village, is highly dependent on the active role of the government and the creation of a positive destination image. Leadership, although not directly influential in this study, still needs to be strengthened to become a key driver of future destination development strategies.

#### **Suggestion**

### **For Local Government**

The research results show that the government's role has a positive and significant influence on the competitive advantage of tourist destinations. Therefore, the local government, particularly the Badung Regency Tourism Office, is expected to continue to increase its active involvement in the management of Kutuh Tourism Village. This involvement is not only limited to the development of physical infrastructure such as road and public facility improvements, but also includes strategic policies for promoting community-based tourism. The government also needs to expand its network of collaborations with the private sector, tourism industry players, and the media to increase destination exposure. This effort can be achieved through holding annual festivals that highlight local

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cultural richness and integrating Kutuh Tourism Village into national and international tourism packages. With this strategy, the destination's competitive advantage can be maintained and continuously improved.

### For Tourism Village Managers

Although leadership variables did not significantly influence competitiveness in this study, tourism village managers still need to strengthen their leadership capacity. Visionary leadership, adaptability to change, and the ability to effectively manage local resources will contribute significantly to the sustainability of a destination. Tourism village managers are advised to participate in training in destination management, hospitality, and digital marketing to formulate more targeted strategies. Furthermore, strengthening the capacity of local human resources through tour guide training, homestay management, and handicraft product development will help create added value and strengthen the destination's image.

### **Strategic Advice for Competitiveness Development**

To build a sustainable competitive advantage, a destination development strategy must integrate three key aspects: government policy, strengthening local leadership, and building a positive destination image. Synergy between these three aspects will create a strong tourism ecosystem. The government, managers, and communities need to create a long-term tourism development master plan that encompasses environmental conservation, unique tourism product development, and digital technology-based marketing. The destination image must be continuously strengthened through creative promotion, for example, by utilizing culturally based storytelling and authentic local historical stories, so that tourists have a memorable experience and are encouraged to return.

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