



The role of local economic development in reducing poverty alleviation: Tourism development activity

I Nyoman Ruja^{1*}

Idris²

Novian Candra Kurniawan³

^{1,2,3}Universitas Negeri Malang, Indonesia.

¹Email: nyoman.ruja.fis@um.ac.id

²Email: idris.fis@um.ac.id

³Email: novian.candra.1907416@students.um.ac.id



(+ Corresponding author)

ABSTRACT

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This study aims to examine the influence of tourism entrepreneurial activity, sustainable tourism development, tourism based on local wisdom, local economic development, and tourism resources/cultural resources on poverty alleviation. In addition, this study also examines the mediating and moderating variables of local economic development and cultural resources, respectively. Questionnaires were distributed online to 110 communities in Bali, Indonesia. Furthermore, the data were analyzed using Partial least squares (PLS). Based on local wisdom, local economic development, and tourism resources, the research findings demonstrate that tourism directly influences poverty alleviation. However, tourism entrepreneurial activity and sustainable tourism development do not affect poverty alleviation. Meanwhile, the relationship between tourism entrepreneurial activity, sustainable tourism development, tourism based on local wisdom, and local economic development is positive and significant. While the moderating variable proved negative in the relationship between the variables, the mediating variable showed the opposite result. This study can theoretically contribute to several factors that can be determinants of poverty alleviation, especially related to the development of tourism based on local wisdom, local economic development, and tourism resources or cultural resources.

Contribution/Originality: Practically, this study could become a policy recommendation for local government stakeholders as a basis for poverty alleviation programs, especially those related to cultural and local wisdom development.

1. INTRODUCTION

Poverty alleviation is a crucial issue and continues to be an exciting study in several countries. Poverty reduction has an important influence on sustainable development and social welfare (Wang & Dong, 2022; Yi, Xie, Zhou, & Wei, 2020). There are several empirical priorities in addressing poverty, including social justice, social stability, economic growth, the quality of human resources, and the declining quality of education (Akbar, Abdullah, & Syed, 2022). Aldao, Blasco, and Poch Espallargas (2022) stated that the existence of the COVID-19 pandemic worsened the conditions of the socio-economic and tourism sectors in various countries. Social restrictions on the community have adverse effects, such as termination of employment, social regulations in the community, and rules regarding traveling out of town. Surni et al. (2021) found that thousands of employees in Indonesia experienced termination of employment when the COVID-19 pandemic hit. This incident worsened the community's economic situation and increased the poverty rate to 27.55 million people annually in 2020 (Yusuf et al., 2022). The government alleviated poverty during the pandemic by providing social assistance, direct cash assistance, and community economic empowerment programs (Setyari & Purwanti, 2022). The government certainly cannot move alone in implementing poverty alleviation programs, and support from related organizations is crucial in implementing the program as expected (Tang, 2022). One of the programs is to develop local community-based tourism to fully involve the community and improve the community's economy directly.

A group of people engage in tourism entrepreneurial activity (TEA) to manage, develop, and market sustainable tourism businesses (Achmad & Yulianah, 2022). Tourism entrepreneurship allows businesses to develop the tourism industry, generate innovative ideas, and design tourism concepts (Hadjielias, Christofi, Christou, & Drotarova, 2022). Thus, business actors must also understand industry trends, environmental sustainability, and consumer behavior. Kerdipitak, Kerdipitak, Pongpeng, and Pungnirund (2022) stated that the role of technology in tourism entrepreneurship is to provide easy access to promoting tourist destinations, disseminating the merchandise they have, and having virtual interactions with customers. Therefore, tourism entrepreneurial activity has a role in alleviating poverty through the tourism sector. Innovations created by the community in utilizing tourism potential can increase income, create jobs, and improve welfare.

Tourism is an alternative to alleviating poverty because many resources can be used as income fields (Mustofa, 2022). In addition, tourism can also increase the country's foreign exchange, create jobs, improve the economic conditions of local communities, and increase state investment, which positively impacts household income (Abdulkhamidov, Makhmudova, & Mukhamadiev, 2022). In addition, tourism is proven to have an essential influence on improving economic conditions in an area. Sometimes, in developing tourism, there are attempts to exploit natural and human resources, resulting in poverty. Therefore, sustainable tourism development (STD) in this context is very crucial (Filandri, Pasqua, & Struffolino, 2020). Thus, it is necessary to present a tourism approach using local wisdom. This involves the community's involvement in the local area by utilizing cultural wealth, customs, traditions, and other natural resources as tourism.

Tourism based on local wisdom (TBLW) does not only focus on the economy. Wijijayanti, Agustina, Winarno, Istanti, and Dharma (2020) claimed that local community participation is also needed in tourism development to get direct benefits such as employment, additional income, and strengthening the quality of human resources. The active involvement of local communities in developing tourism is an essential factor in achieving sustainable results (Irawan & Hartoyo, 2022). Local people have extensive insight into traditions, local heritage, and knowledge of their local culture (Lo & Janta, 2021). They have also explained that the local community will preserve their culture and traditions well. In addition, the knowledge of the local community also provides valuable information for tourists by providing services as tour guides and providing information about history and culture (Unhasuta, Sasaki, & Kim, 2021; Yu, Cole, & Chancellor, 2018). This certainly helps visitors understand the uniqueness of the tours they take. Then, the community can also sell handicrafts made from their natural resources. However, the district also needs to be aware of the potential that exists in the area that they occupy (Rachman, Edwardlis, Rahmanita, & Heny, 2021). In addition, the government also takes part in developing local tourism by providing consulting services, developing the quality of human resources, giving awards, and promoting local tourism. Meanwhile, UNWTO (United Nations World Tourism Organization) efforts continue to encourage sustainable tourism development by providing international cooperation, such as disseminating tourism information (Mulyani, Ahsani, & Wijaya, 2021).

Efforts to strengthen and improve local communities' economic conditions can also be carried out through local economic development (LED). This approach aims to increase economic growth for micro, small, and medium enterprise (MSME) actors and the general public. Local economic development aims to encourage growth in the micro, small, and medium enterprise sector through training and access to inter-business cooperation (Malizia, Feser, Renski, & Drucker, 2021). In addition, Mustofa (2022) outlined that an increase in local investment will provide incentives and investment facilities and build cooperation in the private sector. Local communities can do this by improving the quality of tourism to attract investors. Furthermore, empowering local communities can increase community participation in regional economic decision-making. Thus, this community empowerment will provide economic opportunities for those who become tourism actors.

Tourism resources or cultural resources (TR/CR) can also significantly support poverty alleviation (PA). Tourism that offers massive cultural products opens opportunities for tourist destinations in the form of culture, education, or recreational travel. The context of TR/CR focuses on something that attracts tourists. Chang et al. (2022) mentioned that there are several categories of tourism resources, such as natural resources, human resources, cultural resources, and historical resources. He, Shen, Wong, Cheng, and Shu (2023) explain that developing cultural resources can increase tourist visits, increase regional income, and provide jobs in the tourism sector. Malizia et al. (2021) confirmed that tourists are always looking for different experiences in engaging with local culture, learning the history and traditions of a place, and communicating with the community. However, in developing tourism resources, it is necessary to consider preserving existing culture and norms.

Previous studies confirmed that tourism activities contribute positively to poverty alleviation (Jili, Masuku, & Selepe, 2017). In addition, the community's role significantly influences the preservation of nature and culture in regional development (De Bruyn & Meyer, 2022). Wasudawan, Shakur, and Ab-Rahim (2021) stated that local tourism positively impacts alleviating poverty in the community. The main factor in poverty alleviation is the role of the community in managing tourism and support from local stakeholders. Meanwhile, local tourism has a long-term impact on poverty alleviation in local communities (Zhang, Wang, & Yang, 2023). However, Reindrawati (2023) found community barriers to developing local tourism. These obstacles include knowledge of tourism development, the lack of the government's role in contributing, and conflicts between interests. Li and Wu (2022) stated that local wisdom tourism can alleviate poverty by providing broad employment opportunities to the surrounding community. Thus, this study examines the relationship between tourism entrepreneurial activity (TEA), sustainable tourism development (STD), tourism based on local wisdom (TBLW), local economic development (LED), tourism resources/cultural resources (TR/CR), and poverty alleviation (PA). In addition, this study also examines the mediating and moderating variables of local economic development and cultural resources, respectively. Theoretically

and empirically, this research contributes to the body of knowledge, especially concerning tourism entrepreneurial activities, tourism resources, local economic development, sustainable tourism development, and poverty alleviation.

2. LITERATURE REVIEW AND HYPOTHESES

2.1. Tourism Entrepreneurial Activity, Local Economic Development, Tourism Resources/Cultural Resources, and Poverty Alleviation

TEA is a community economic activity in the world of tourism, which is one of the efforts to reduce poverty. Wu et al. (2022) asserted that many business opportunities could be developed in tourism, including local handicrafts, culinary tours, tour guides, and others (Costa, Calisto, Nunes, & Dias, 2023; Dash & Sharma, 2021). Tleuberdinova, Shayekina, Salauatova, and Pratt (2021) confirmed that tourism entrepreneurial activity significantly accelerates national economic growth by opening up jobs in the tourism and hospitality sectors. This industry will undoubtedly positively impact local communities' poverty alleviation.

LED is an economic enhancement the community utilizes in tourism. Malizia et al. (2021) explored that the utilization in question is like selling handicrafts, local cuisine, or the culture they have. This attracts tourists because it will give them insight (De Bruyn & Meyer, 2022). In addition, LED can also provide significant economic improvements to poverty alleviation by opening jobs and providing opportunities for people to start businesses (Jehan, Batool, Hayat, & Hussain, 2023). The existence of the government's role in supporting economic development offers convenience for business actors in tourism. Jehan et al. (2023) emphasized the government's support for business actors in the form of training, additional funding, and quantity improvement.

TR/CR refers to tourism resources utilizing natural, cultural, and social references for tourist attractions. Chang et al. (2022) stated that these tourism resources include natural beauty, historical sites, cultural heritage, arts, traditions, and much more related to the local community's lifestyle. In developing tourism resources, the community certainly pays attention to preserving culture, nature, and local wisdom (Wasudawan et al., 2021). This action provides continuity to attract tourists to return and revisit the destination. Thus, if the tourism manager pays attention to all aspects of developing tourism, an effort will be created for PA.

H₁: Tourism resources/cultural resources have a positive and significant effect on poverty alleviation.

H₂: Tourism entrepreneurial activity has a positive and significant effect on poverty alleviation.

H₃: Tourism entrepreneurial activity has a positive and significant effect on local economic development.

H₄: Tourism, entrepreneurial activity, and local economic development simultaneously have a positive and significant effect on poverty alleviation.

H₁₁: Local economic development directly has a positive and significant effect on poverty alleviation.

H₁₂: Tourism entrepreneurial activity has a positive and significant effect on poverty alleviation through local economic development.

2.2. Sustainable Tourism Development, Local Economic Development, Tourism Resources/Cultural Resources, and Poverty Alleviation

STD is an essential thing in tourism. This should be a concern for tourism managers. Achmad and Yulianah (2022) stressed that the impact of environmental damage could be a threat to the sustainability of tourism. Costa et al. (2023) also explained that if local people want to develop cultural tourism, they must also pay attention to preserving their culture and the threats they will face. Wang and Dong (2022) stated that sustainable tourism aims to provide a satisfying experience for tourists. With customer satisfaction, tourists will revisit tourism (Irawan & Hartoyo, 2022). In addition, managers need to pay attention to economic sustainability, which will provide long-term benefits. Efforts can be made to maintain the attractiveness of nature, culture, and the environment. One of the efforts that can be made is that tourism entrepreneurship has the potential to develop the local economy and alleviate poverty by utilizing tourism potential and artistic potential.

LEDs in tourism can create jobs. If the tourism business develops, then, of course, it will have an impact on the surrounding community by opening up jobs. Jehan et al. (2023) stated that this economic growth would increase income, reduce unemployment, and increase people's purchasing power. Malizia et al. (2021) explained that tourism in an area's cultural sector would attract tourists. Jili et al. (2017) also emphasized that the community should maintain cultural preservation and be wise in managing tourism to increase potential income. Thus, efforts to achieve tourism sustainability need a role for the government, community, and tourists in integrating environmental and economic aspects to develop tourism.

H₅: Sustainable tourism development has a positive and significant effect on poverty alleviation.

H₆: Sustainable tourism development has a positive and significant effect on local economic development.

H₇: Sustainable tourism development has a positive and significant effect on poverty alleviation through tourism resources/cultural.

H₁₃: Sustainable tourism development indirectly has a positive and significant effect on poverty alleviation through local economic development.

2.3. Tourism Based on Local Wisdom, Local Economic Development, Tourism Resources/Cultural Resources, and Poverty Alleviation

TBLW focuses on development with a regional wisdom approach. This tourism concept offers visitors the form of culture, natural nuances, art, and other local wisdom that can provide a different experience for visitors (Chang et

al., 2022). Tourists will feel different things when visiting local wisdom tourism by increasing their knowledge of the existing culture. TR/CR must be considered in the development of tourism so as not to damage culture and nature. Scheyvens, Movono, and Auckram (2023) mentioned that people must also use tourism to develop the local economy by offering local products. The purpose of TBLW is to provide prosperity, independence, and a role in managing local tourism.

The challenge in developing TBLW is globalization which brings new cultures from outside, thus threatening the sustainability of existing local wisdom. Croes (2014) mentioned that the lack of government support for developing tourism also challenges regional tourism development. Cernat and Gourdon (2012) also emphasized that the biggest threat to developing local tourism is the ability of human resources to build, package, and promote local wisdom tourism. However, by raising public awareness of their local wisdom values through training, education, and outreach, these difficulties are avoidable. Stone and Stone (2011) said that growing human resources who can manage tourism with training or collaboration is crucial. Thus, an increase in the local community's economy will be achieved.

H₁: Tourism-based on local wisdom has a positive and significant influence on poverty alleviation.

H₂: Tourism-based local wisdom has a positive and significant influence on local economic development.

H_{3a}: Tourism resources/cultural resources moderate the relationship between tourism based on local wisdom and poverty alleviation.

H_{3b}: Tourism based local wisdom has a positive and significant effect on alleviating poverty through local economic development.

3. METHOD

Data collection was carried out for more than one month, from May 10, 2022, to June 17, 2022, by conducting initial communication with the traditional leader of Tenganan Village via e-mail and explaining the purpose and permission of the research. After obtaining research permits, questionnaires were distributed directly to the people in Bali. Sampling is done by applying the Lemeshow formula because the population is unknown. Finally, the sample size of this study is 110 respondents. Validity, reliability, and hypotheses tests were carried out using SmartPLS 2.4. To see the consistency and accuracy of the instruments, the loading factor value must be greater than 0.06 and the average variance extract (AVE) value must be greater than 0.5, respectively. Furthermore, reliability is measured by the composite reliability (CRe) value, and Cronbach's alpha (CA) must be above 0.7. Furthermore, the hypotheses were tested using SmartPLS by examining the direct and indirect effect.

The variables include TEA, STD, TBLW, TR/CR, LED, and PA. The TEA adopted from Mthembu (2012) and Wasudawan and Ab-Rahim (2017) consists of 8 statement items and is measured using a 5-point Likert scale from 1 disagree to 5 strongly disagree. The AVE value on the TEA variable is 0.845, or 8.45%, and the composite reliability value is 0.967. Thus, the overall results are reliable because the number is greater than 0.7. Therefore, the questionnaire is consistent and accurate in measuring its constructs. Meanwhile, the STD instrument combined Elshaer, Moustafa, Sobaih, Aliedan, and Azazz (2021) and Nicholas, Thapa, and Ko (2009). This variable has 9 statement items that are measured using a Likert scale of 1 (strongly disagree) to 5 (strongly agree). Then, the AVE value in this variable has a result of 0.730, and a CRe value of 0.942. Thus, the questionnaire is consistent and accurate in measuring its construct. According to Wasudawan et al. (2021) TBLW instrument uses a Likert scale of 5 points and includes indicators of rural culture (6 items) and cultural attractions (9 items). The results in Table 3 show that the AVE value is 0.678, and table 4 shows the CRe value is 0.965. The conclusion is that the questionnaire is consistent and accurate.

The LED is measured using an instrument that Wasudawan and Ab-Rahim (2017) developed. This variable consists of 7 items measured using a Likert scale of 5, consisting of 1 (strongly disagree) to 5 (strongly agree). Then, Table 3 shows the AVE result of 0.719 or (7.19), and Table 4 indicates a CRe value of 0.946. This means that the tools used consistently and accurately measure the construct. Additionally, Wasudawan et al. (2021) developed instruments for measuring the TR/CR and PA that had 9 items for each variable and used a Likert scale from 1 to 5. Table 3 shows an AVE value of 0.641 (6.41%) and 0.781 (7.81%), respectively, and Table 4 indicates a CRe value of 0.941 and 0.970, respectively. Thus, the questionnaires used are consistent and accurate.

4. RESULTS

4.1. Characteristics of Respondents

Primary data in this study were obtained from 110 respondents who filled out questionnaires and had various characteristics. Several characteristics consist of gender, age, education, and occupation. In total, the characteristics of the respondents can be seen in Table 1.

Table 1 indicates that 45% (n = 50 respondents) are men and the rest are women, or 55% (n = 60 respondents). Meanwhile, the age distribution of respondents aged 17-24 is 53% (n = 58 respondents). Furthermore, ages 25-34 years have a yield of 15%, or (n = 17 respondents). Then, the age range of 35-50 is 18% (n = 20 respondents). Meanwhile, age >50 years is 14% (n = 15 respondents). Thus, respondents aged 17-24 dominated this study. Meanwhile, the distribution of elementary school-level education is 20% (n = 22 respondents). Furthermore, the junior high school level is 11% (n = 12 respondents). Then, the senior school level is 16% (n = 18 respondents). Meanwhile, for undergraduate/graduate education, the distribution is 53% (n = 58 respondents). As a result, S1/S2 education holds the most significant dominance. Furthermore, the majority of the respondent's work consists of

students and entrepreneurs: 54 respondents (49%) and 31 respondents (28%), respectively, while the remaining is less than 10%.

Table 1. Characteristics of respondents.

Category	Info	Total	Percentage
Gender	Male	50	45%
	Female	60	55%
Age	17-24	58	53%
	25-34	17	15%
	35-50	20	18%
	>50	15	14%
Education	Elementary	22	20%
	Junior school	12	11%
	Senior school	18	16%
	Undergraduate/Postgraduate	58	53%
Job	Students	54	49%
	Private sector	9	8%
	Civil servant	4	4%
	Self-employed	31	28%
	Housewife	4	4%
	Others	8	7%

4.2. Outer Model

The outer model test measures the validity and reliability of the variables used in this study. This test was carried out to ensure that indicators explained the constructs used. The outer model test consists of factor loading, average variance extracted, and composite reliability. The details are as follows:

4.2.1. Factor Loading

After the data is collected, the factor loading validity test is carried out. This test is conducted to see whether each item in the variable is valid. Convergent validity is met if the item value for each variable is more than 0.5 (Wong, 2015). On the other hand, if the value of each variable is less than 0.5, the item is removed from the instrument.

After the loading factor test, items that do not meet the standard values are eliminated. In Table 2, some were deleted because they did not meet the assessment standards X1 and X3. Thus, each indicator's overall value is above 0.7 and can be declared valid. Furthermore, by looking at the AVE value, the minimum value used in this test is 0.5.

Table 2. Factor loading output.

No.	Tourism entrepreneurial activity (X1)	Sustainable tourism development (X2)	Tourism based on local wisdom (X3)	Tourism resources/ Cultural resources (M)	Local economy development (Z1)	Poverty alleviation (Y)
1	0.921	0.851	0.784	0.813	0.915	0.901
2	0.928	0.730	0.808	0.851	0.95	0.900
3	0.897	0.910	0.776	0.808	0.721	0.880
4	0.975	0.917	0.736	0.819	0.925	0.938
5	0.897	0.808	0.788	0.714	0.941	0.897
6		0.895	0.754	0.824	0.732	0.912
7			0.812	0.711	0.703	0.740
8			0.814	0.848		0.892
9			0.918	0.806		0.879
10			0.858			
11			0.892			
12			0.895			
13			0.849			

4.2.2. Average Variance Extracted (AVE)

AVE provides an overview of the extent to which the variables in the study contribute to the relationship with the construct used. Wong (2015) indicated that the higher the AVE value, the greater the variable's contribution to explaining the construct's variance.

Table 3. AVE output.

Variable	AVE
Tourism entrepreneurial activity (X1)	0.854
Sustainable tourism development (X2)	0.730
Tourism based on local wisdom (X3)	0.678
Tourism resources/ Cultural resources (M)	0.641
Poverty alleviation (Y)	0.781
Local economy development (Z1)	0.719

Table 3 shows that the TEA (X1) value is 0.854, or 85.4%. This means that TEA significantly contributes to the other constructs being analyzed. Meanwhile, TR/CR (M) has a value of 0.641, or 64.1%, which can be assumed to contribute relatively low to the other constructs.

4.2.3. Composite Reliability (CRe)

Composite reliability intends to look at measuring the reliability of the variables used in the study. A variable can be considered reliable if the composite reliability value exceeds 0.7.

Table 4 shows that the CRe results have a value of more than 0.7, with the smallest value of 0.942. Thus, it can be concluded that the overall value of CRe is more than 0.7. Therefore, it can be assumed that the entire instrument has very high reliability.

Table 4. Composite reliability.

Variable	Composite reliability
Tourism entrepreneurial activity (X1)	0.967
Sustainable tourism development (X2)	0.942
Tourism based on local wisdom (X3)	0.965
Tourism resources/ Cultural resources (M)	0.941
Poverty alleviation (Y)	0.970
Local economy development (Z1)	0.946

4.3. Inner Model (Hypotheses Test)

4.3.1. Direct Effect

Hypothesis testing is done to see the positive or negative relationship between variables by comparing the t-statistic value. If the t-statistic results have more than 1.96, it will have a positive and significant effect. However, if the results show the opposite, no positive and significant relationship exists between variables.

Table 5. Results of hypotheses testing.

Hypotheses	Model	Original sample (O)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Info.
H1	M (TR/CR) → Y (PA)	0.571	0.134	4.253	0.000	Supported
H2	X1 (TEA) → Y (PA)	0.022	0.083	0.264	0.792	Not supported
H3	X1 (TEA) → Z (LED)	0.418	0.071	5.928	0.000	Supported
H4	X1*M → Y (PA)	0.189	0.101	1.879	0.061	Not supported
H5	X2 (STD) → Y (PA)	0.050	0.090	0.555	0.579	Not supported
H6	X2 (STD) → Z (LED)	0.339	0.101	3.346	0.001	Supported
H7	X2*M → Y (PA)	0.378	0.208	1.813	0.070	Not supported
H8	X3 (TBLW) → Y (PA)	0.733	0.100	7.309	0.000	Supported
H9	X3 (TBLW) → Z (LED)	0.521	0.076	6.868	0.000	Supported
H10	X3*M → Y (PA)	-0.067	0.111	0.605	0.545	Not supported
H11	Z (LED) → Y (PA)	-0.418	0.130	3.213	0.001	Supported

Note: TEA (Tourism entrepreneurial activity); STD (Sustainable tourism development); TBLW (Tourism based on local wisdom); LED (Local economic development); TR/CR (Tourism resources/cultural resources); PA (Poverty alleviation). "*" (moderation effect)

Table 5 shows 11 hypotheses tested in this study, especially those related to direct effects. Based on the test results using Smart PLS, it was found that TR/CR and TBLW had a positive and significant impact on PA, with significance values of 4.253 and 7.309, which were more than 1.960. Meanwhile, TEA, STD, and TBLW also

positively and significantly affected LED, with values of 5.928, 3.346, and 6.868. In addition, LED has also been shown to have a positive and significant effect on PA, with a value of 3.213. Thus, 6 hypotheses can be accepted and have a positive and significant relationship. Meanwhile, the other 5 hypotheses were rejected and did not have a positive and significant relationship because they had a value of less than 1.96.

4.3.2. Indirect Effect

Indirect hypotheses testing was used to see the relationship between the dependent and independent variables through mediating variables. Wong (2018) emphasized that the decision-making criterion in testing this hypothesis was that if the t-statistic value had a result of more than 1.96, there was a significant relationship between variables. The results of the indirect hypothesis test can be seen in the table.

Table 6. Indirect hypotheses testing.

Model	Original sample (O)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Info.
X1 (TEA) → Z (LED) → Y (PA)	-0.175	0.063	2.793	0.005	Supported
X2 (STD) → Z (LED) → Y (PA)	-0.141	0.064	2.196	0.029	Supported
X3 (TBLW) → Z (LED) → Y (PA)	-0.218	0.081	2.677	0.008	Supported

Table 6 indicates that the value of the TEA and PA relationship through the LED is 2.793. Thus, it can be concluded that TEA is positively and significantly related to PA through LED, where the relationship value is more than 1.96. Furthermore, the effect of STD on PA through LED has a value of 2.196. Thus, it can be concluded that the relationship is positive and significant. Then, the relationship between TBLW and PA through LED is positive and significant, with a comparison value of $2.677 > 1.97$. Thus, the conclusion is that all hypotheses have a positive and significant influence, and LED can be a mediator.

5. DISCUSSION

5.1. Tourism Entrepreneurial Activity, Local Economic Development, Tourism Resources/Cultural Resources, and Poverty Alleviation

This study found that TEA can positively and significantly affect LED. These findings support the study of Tamakloe, Xiao, Suseia, Doku, and Tetey (2021), which explains that tourism entrepreneurial activity has a positive and significant effect on improving the economy through broad job creation. Meanwhile, the community can run a business by making handicrafts, local culinary delights, etc. This activity will certainly increase the income of local communities and provide additional capital for the surrounding community. Malizia et al. (2021) also emphasized that an increase in the production of goods and services in tourism areas positively impacted the development of the local community's economy. In other words, TEA can create new jobs for local people. In addition, this finding also supports (Wijjayanti et al., 2020), which confirms that tourism provides many jobs, such as in the hotel industry and the tax collection sector. Thus, TEA is a source of LED and new opportunities for business and entrepreneurship.

TEA, according to the findings of this study, has no positive or significant effect on PA. Wu, Ju, Lin, and Lyu (2022), who discovered income inequality in the tourism industry due to differences in each entrepreneur's income, supported this conclusion. These factors will undoubtedly have a negative impact on PA because they will create income inequality and economic injustice in the surrounding community. In addition, Scheyvens et al. (2023) also emphasized that another negative impact is that local people depend too much on the tourism sector for their income. If there is a natural disaster or a lack of visitors, tourism will be quiet, and unemployment will increase in the area again. Thus, people must have other professions besides being tourism actors. However, this finding is contrary to De Bruyn and Meyer (2022), who found that TEA can provide jobs for tourism businesses.

LED positively and significantly affects PA by providing business privatization to tourism actors and local MSMEs. These findings support the study by Song, Geng, Fahad, and Liu (2022), which states that LED provides significant economic growth to people's income. Jili et al. (2017) also mentioned that privatizing the businesses given to tourism MSMEs could make it easier to develop their businesses. In addition, LED can also increase the demand for goods and services, increasing the supply of goods and services for local communities (De Bruyn & Meyer, 2022). Thus, LED can increase the total income of the surrounding community.

TR/CR do not moderate the relationship between TEA and PA. This was supported by Wasudawan et al. (2021), which confirms that TR/CR do not moderate PA. He et al. (2023) also explore that the difference in context between TR/CR and TEA cannot strengthen this relationship. Chang et al. (2022) emphasized that TR/CR only focus on cultural, social, and geographical aspects of tourism.

LED can indirectly mediate the relationship between TEA and PA. Wen, Cai, and Li (2021) emphasized that the local economy influenced tourism economic activity to alleviate poverty. This suggests that the community's local economy has been well-managed. The impact will be felt by creating business opportunities for business actors in the tourism sector (De Bruyn & Meyer, 2022). Abdullah, Carr, and Lee (2022) also confirmed that improving the local community's economy can increase investment, infrastructure development, and support for businesses. Thus, this development will provide employment opportunities and greater income for the surrounding community.

5.2. Sustainable Tourism Development, Local Economic Development, Tourism Resources/Cultural Resources, and Poverty Alleviation

STD has a positive and significant effect on LED. With increased employment in the tourism sector, it can ultimately provide empowerment to communities around tourism. In addition, the community has a role in preserving local culture and maintaining environmental conservation to reduce the impact of ecological damage. (Achmad & Yulianah, 2022) indicated that tourism sustainability is carried out by strengthening the cultural sector and small business actors in tourism. However, STD has no significant effect on PA. These findings do not support the study by Dossou, Ndomandji Kambaye, Bekun, and Eoulam (2023), which explains a positive and significant relationship between STD and PA. Although tourism can create new jobs, unequal income in this industry causes income inequality. Molderez and Perera (2022) also confirm that those participating in tourism development only enjoy the income earned. At the same time, people who are not involved in tourism do not get significant benefits. Scheyvens et al. (2023) emphasizes that society does not depend only on tourism income. The community must also be competent in managing tourism to become another source of income. One example is managing traditional food or selling traditional goods.

LED can mediate the relationship between STD and PA. Malizia et al. (2021) explained that LED can support PA by utilizing STD. Additionally, Harun, Chiciudean, Sirwan, Arion, and Muresan (2018) explained how providing facilities for worker skills, financial support, and community attitudes in tourism development positively impacted PA. Furthermore, Wijijayanti et al. (2020) stated that the sources of economic growth came from food production and local handicraft industries, which had high value. So, in the end, it can create a sustainable source of income. Therefore, LED can be an alternative solution to the problem of social and economic inequality in society.

5.3. Tourism-Based Local Wisdom, Local Economic Development, Tourism Resources/Cultural Resources, and Poverty Alleviation

This study found that TBLW positively and significantly influences PA. This study supports a study by Hajar (2019), which states that LED positively impacts PA by giving people independence and creativity in developing tourism. This influence certainly shows if applying policies, programs, or TBLW provides concrete evidence for alleviating poverty. In addition, Wijijayanti et al. (2020) also emphasized that tourism with local wisdom has a sustainable influence on economic development. This allows the community to contribute to each other by creating jobs and providing economic benefits for the local community. Tamboveva, Atstaja, Tereshina, Uvarova, and Livina (2020) explored that tourism is a driving factor that can be used to alleviate poverty, but there needs to be support and collaboration from various parties.

This study found that TBLW positively and significantly affects LED. Wijijayanti et al. (2020) also found that applying tourism-based local wisdom provides benefits for improving the community's economy. The economic improvement felt by the community is the increase in tourist visits to these tours (Streimikiene, Svagzdiene, Jasinskas, & Simanavicius, 2021). Furthermore, Abdullah et al. (2022) confirmed that local tourism also encourages the development of infrastructure and supporting facilities for tourism. This provides long-term benefits for tourism sustainability. Then, people who utilize natural and cultural resources not only need to maximize new economic opportunities but are also required to preserve cultural heritage.

TR/CR did not manage to moderate the impact of TBLW on PA. Aldao et al. (2022) stated that unforeseen events were hindering factors in developing tourism, such as natural disasters or the Covid-19 pandemic. Stone and Stone (2011) also clarified that the lack of the community's ability to manage tourism led to failure. The most frequently encountered cases are the lack of promotion of their tourism, the lack of awareness of local cultural values, and the inability to care for cultural heritage. This certainly hampers efforts to reduce poverty through the tourism sector.

TBLW positively affects PA through LED. This means that LED can mediate the relationship between the two variables. Theerapappisit (2009) found that there are policies with a tourism-based local wisdom approach that effectively alleviate poverty. Croes (2014) and Scheyvens et al. (2023) emphasized that an increase in tourists, infrastructure development, and resources that are used seriously will positively impact poverty alleviation.

6. CONCLUSION

Empirically, this study discovered that TBLW, TR/CR, and LED have a direct impact on PA. In contrast, TEA and STD did not positively or significantly affect PA. In addition, this study also found that LED can mediate TEA, STD, and TBLW on PA. Meanwhile, TR/CR proved unable to strengthen the relationship between TEA, STD, and TBLW on PA. Furthermore, the theoretical implication of this study is to contribute to the body of knowledge related to tourism development based on local wisdom or culture. Meanwhile, the practical implication of this study is that the community does not only depend on tourism-related economic activities. Communities should be directly involved in tourism development and activities, especially utilizing and maximizing local potential as products that can be sold and integrated into tourism development, such as crafts, local food, and local attractions. For academics, the issue of poverty should not just be a topic of study; there needs to be an applicable collaborative study with stakeholders such as the government to find relevant and contextual formulations. In addition, for practitioners in the tourism industry, it is appropriate to take part in the development of sustainable tourism by caring for the environment, such as reducing the use of emissions gases and greenhouse effects, and supporting the development of local culture, such as providing sponsorship for the development of local arts and products as a mainstay of tourism.

7. LIMITATION, AND FUTURE RESEARCH

For the study's limitations, the criteria for respondents were randomly selected from the community and local and foreign tourists. Thus, understanding local values in response to statements relating to local uniqueness does not represent the expected answer. This study only assessed the community's views as tourism managers regarding poverty alleviation with the concept of local wisdom tourism. This does not allow for objectivity in assessing statements in the instrument. Furthermore, this research only focused on the variables of tourism entrepreneurial activity, sustainable tourism development, tourism based on local wisdom, local economic development, and tourism resources/cultural resources. Subsequent research can include variables such as the role of the government or the support of private organizations in poverty alleviation as moderating variables and make community-based tourism one of the main variables.

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