Establishing Local Wisdom Values to Develop Sustainable Competitiveness Excellence

Tjokorda Gde Raka Sukawati*

Faculty of Economy and Business, Udayana University, Bali, Indonesia

ABSTRACT

Objective – This research aimed to dig into local wisdom, values that grew and thrived amongst Balinese as well as its application in the tourism sector, particularly tourism marketing. The area scope of this research was Ubud and its surrounding area.

Methodology/Technique – This research used ethnographic studies to describe and interpret the culture, social group or system. Even though the cultural meaning was very extensive, the ethnographic studies only focused on the patterns of activity, language, beliefs, rituals, and ways of life (Sukmadinata, 2006).

Findings – The results showed that the values of society local wisdom had always accompanied the development of the Ubud area since the inception of civilization to become an international tourist area. These local wisdom values were the competitiveness excellence factors that were unique and difficult to imitate. As the result of the consistent application of local wisdom values, the tourism sector in Ubud could be sustained until today. Theoretically, this research had been able to uncover that the modern marketing concepts had existed on the values and practices of local wisdom implementation.

Novelty – The model of developing competitiveness by implementing local culture became the further development of model stated by Barney and Clarke (2007) and Vorhies et al. (2009).

Type of Paper: Review

Keywords: Local Wisdom Values, Competitiveness, Sustainable, Ethnography, Ubud, Bali.

JEL Classification: L21, M14, M31.

1. Introduction

The growth of tourism industry in Indonesia in 2014 reached 9,39 percent higher than the previous year. The figure was above the national economic growth, which reached 5.7 percent. The growth was spread out over the country of Indonesia, which consisted of thousands of Islands. Each island had its own uniqueness and an attraction for tourists visiting Indonesia.

One of the most visited islands by tourists was the island of Bali. The number of foreign tourists visited Bali in 2011 reached 2,949,332 visitors, or increased 4.34% from 2011, which only visited by 2,826,709 visitors. The room occupancy rate reached 63.21% in 2012, and the tourist length of stay reached an average of 3.36 days (Central Bureau Statistic of Bali, 2012).

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* Corresponding author:

E-mail: tjokde@ymail.com

Affiliation: Faculty of Economy and Business, Udayana University, Indonesia

Ubud, one of the villages in Kecamatan Ubud, Gianyar, Bali province, was the main destination for both domestic and foreign tourists. Ubud tour was famous for its nature and culture. Ubud was the center of painting art (Ubud style), dances, sculptures and spiritual life. There had been many prestigious predicates given by the tourists to Ubud. From the statistical record, the number of foreign tourists who came during the last three years was 1,992,238 visitors in 2008 which increased by 19% from the previous year. In 2009 the number of tourists was 2,269,217 visitors or increased 13.90%, and in 2010 the amount reached 2,473,555 visitors or increased 9% (Bali Statistics Office, 2010). From the data, we could see the number of visitors was quantitatively increasing where the average growth was almost 15%. The growth of tourism industry in Indonesia in 2014 reached 9.39 percent higher than the previous year. The figure was above the national economic growth, which reached 5.7 percent. The growth was spread out over the country of Indonesia, which consisted of thousands of Islands. Each island had its own uniqueness and an attraction for tourists visiting Indonesia.

One of the most visited islands by tourists was the island of Bali. The number of foreign tourists visited Bali in 2011 reached 2,949,332 visitors, or increased 4.34% from 2011, which only visited by 2,826,709 visitors. The room occupancy rate reached 63.21% in 2012, and the tourist length of stay reached an average of 3.36 days (Bali Statistics Office, 2012). Ubud, one of the villages in Kecamatan Ubud, Gianyar, Bali province, was the main destination for both domestic and foreign tourists. Ubud tourism was famous for its nature and culture. Ubud was the center of painting art (Ubud style), dances, sculptures and spiritual life. There had been many prestigious predicates given by the tourists to Ubud. From the statistical record, the number of foreign tourists who came during the last three years was 1,992,238 visitors in 2008 which increased by 19% from the previous year. In 2009 the number of tourists was 2.269.217 visitors or increased 13.90%, and in 2010 the amount reached 2,473,555 visitors or increased 9% (Bali Statistics Office, 2010). From the data, we could see the number of visitors was quantitatively increasing where the average growth was almost 15%. Ubud developed its tourism based on its local wisdom. These conditions were supported by Geertz (1992), who stated that local wisdom as entities that largely determined the dignity of man in his community. It meant that local wisdom which in it contained elements of intelligence, creativity, and knowledge of the local community, it held a strategic role in the development of civilization of a society. According to Bendesa (2010), local wisdom was the second layer of culture, values, and norms, not the outer look and not those implicit things as basic assumptions. More specifically, local wisdom values where the cultural norms that were positive and relevant to development. Local wisdom was defined as the truth that had become a tradition or had been preserved in an area (Gobyah, 2003). Local wisdom was often understood as a human endeavor with the use of his cognition to act and behave towards things, objects, or events that occurred in a given space (Ridwan, 2007).

The local wisdom development as the base to build the spirit towards sustainable competitive excellence needed to get deep thought and consideration in Ubud. Something that was unique in a community may be owned by other societies (Bendesa, 2010). The term of local wisdom which was universal became meaningless, except that differentiate it from other societies was the way of the application and motivation. The motivation and way of application of Balinese people hard work could be different from other people, and that the difference showed the uniqueness and excellence that were able to evoke the human spirit towards the sustain competitive excellence.

The uniqueness of local culture could give a difference and could be one of the strategies to win the market. Marketing experts such as Kotler and Keller (2012) had an opinion that the company could successfully market its products when the management knew the needs and desires of consumers and fulfilled them with a better and unique way compared to its competitors. Jaworski and Kohli (1993) explained that the company which always applied marketing concepts was known as a market-oriented company. They emphasized that the orientation of the markets was part of the philosophy of culture that could give close to the company organization culture. Since market orientation, was the philosophy and culture of the organization, market

orientation affected the passion of the organization in implementing a strategy for acquiring and selecting competitiveness excellence.

Furthermore, a study by Baradwaj et al. (1993) stated marketing perspective as a philosophy in making the marketing as a guiding force for the whole organization. The company that made the marketing as its philosophical force operating with an external orientation, which focused its attention and resources outside the company to obtain, maintain and enhances consumer relations to increase its competitiveness excellence, besides considering the competitors and the company's vast environment where it operated. The study of Baradwaj et al. (1993) also showed the importance of cultural influences and strategies as the sources of competitiveness for sustainable competitiveness excellence.

The managerial values and beliefs that were embedded within the company which was called as "organizational culture" could explain the sustainable superior financial performance of the company such as Microsoft, Dell, South West Airline, and McDonald. Local wisdom was part of cultural values, identical to the second layer culture, such as cultural values and norms (Bendesa, 2010) that could be used as a source of corporate strategy. Baradwaj et al. (1993) considered the correlation between differentiation and strategy of the review on sources for sustainable competitive excellence. Instead, Collins and Porras (1996) considered differentiation as a core value, as part of its core ideology. Whereas, core ideology was the component of the organization's vision that would become a benchmark of the strategy. As differentiation was one of the components of the vision of the organization, then differentiation was also an organization's strategy (Porter, 1985).

This research tried to adopt generic strategies of Porter (1985) which was the strategy of differentiation by using the spirit of local wisdom to analyze and explain the excellence of competitiveness with the question how the study of tourism marketing efforts in Ubud by applying local wisdom values could produce unique resources toward sustainable competitiveness excellence. The spirit was in the form of local wisdom values that become the soul of the differentiation strategy, so the products, images, and services had their uniqueness. This uniqueness, according to Sukawati (2004), could give different nuance in offering our products, services, and image to the consumers. According to Sukawati (2004) differentiation of the offering and delivery of services, as well as the differentiation of the image together become a meaningful influence on customer satisfaction.

2. Literature Review

2.1 Ubud Tourism Era

The Ubud tourism era was born during the leadership era of Tjokorda Gde Agung Sukawati. After Tjokorda Gde Sukawati era that died in 1919, Ubud and Bali entered a new era. There were no more wars in Bali, no more wars among Balinese kingdoms and no more wars with the Dutch. Bali entered the era of the tourism (Sukawati,2004).

Bali itself in the 1920s was already fairly well known among travelers in Europe and the United States, because of the vigorous promotion by the Dutch which ruled Indonesia. Bali's natural beauty had been promoted, the exoticism of its art and culture, as well as the friendliness and originality of its people, which among other things marked with bare chest women at that time. The slogan "Bali is the Last Paradise" was started. The Dutch did want to make Bali as a tourist center in the country of its colony at that time. At the beginning of the 20th century, for the first time, a Dutch ship named Koninklijke Paketvaart Maatschappij (KPM) transported tourists visited Bali through the port of Buleleng in Northern Bali. Then, in 1914s, KPM issued the first Bali tourism brochures. Furthermore, KPM established the first hotel in Bali located in Denpasar, which was Bali Hotel in 1925. Since then Bali was best known as an exotic tourist destination.

In the 1920s, the Puri of Ubud or the Ubud Palace started being actively opened up to outside influences mainly the artists and other notable people from the West who was considered in line with the values of the community of Ubud and beneficial to the improvement of people's lives. Since then the world has started to

recognize Ubud, and Ubud itself experienced significant development in various aspects. The tourists from Western countries started coming to Ubud. Their presence introduced the tourism industry to the community of Ubud and slowly could help boost the economy of the local community.

One important step done by Tjokorda was to open Puri Ubud for the presence of foreign guests from abroad. Two people among these foreign guests would become his best friends, namely Walter Spies (1895-1942) and Rudolf Bonnet (1895-1978). It was a breakthrough because at that time the other palaces in Bali were still closed for tourists. In addition, Tjokorda Agung Sukawati also had the vision to develop the arts in Ubud. At that time the Balinese artists did not know about Western art and Western artists also did not know about the art of Bali. Then Tjokorda Agung thought that if Western artists came to Bali, especially to Ubud, Bali's artists could learn from them and in the end, the art of Bali could be known by the outside world.

2.2 Tri Hita Karana as Ubud Local Wisdom

Literally, Tri Hita Karana meant three sources of happiness and well being (Tri = three, hita = happiness or well-being, Karana = sources). In the essence, this stated that in living our lives in this world, humans must maintain the harmony of relations with the three parties, namely, between man and God (known as Parahyangan), between man and nature (Palemahan), and between fellow human beings alone (Pawongan) in order to create a balance, both microcosm and macrocosm.

One of the most real examples which showed the existence of harmony among its fellow members of the community, among others, could be viewed in the organization of Desa pekraman or Desa adat with the banjars. Ubud was indeed very communal. All activities conducted as communal efforts, not as individual efforts. A person was considered as an integral part of a community, whether at the level of the family or village community. The community was an important factor in the development of Ubud so that the spiritual values and the culture of Ubud had been well preserved.

2.3 Definition of Religious Activities in Cultural Context

The religious activities in Ubud, which were run in sincere hearts of its people, wrapped in the concept of harmony between humans and God, between society and the community and the community with the surrounding environment. Life became harmonious where people respected each other regardless of the differences. A sense of ego had got an adjustment and enlightenment by the attitude of harmony, as the result, there were wise behavior and wisdom itself. This concept was translated by the people of Ubud into religious activities of Bhakti to nature, man, and God. The Bhakti philosophy towards human beings had not only during life but also after they died. The correlation between Bhakti in Ubud had been established properly and it could be seen from the artifacts, the social system and the system of ideas (Schein, 2004).

The community social activities in Ubud, which was full of hospitality could be seen and observed from the social interactions that occurred in the community of Ubud itself. Social interactions involved face to face communication, as well as action and reaction in interaction with others. The community of Ubud performed their social interactions in implementing Tri Hita Karana through ceremonial activities of yadnya, civic and social activities involving all components of society which included: Desa Pekraman, Banjar and Sekehe Dehe Trune (youth organizations) in each village. According to Brym and Lie (2007: 125), the social interaction in society could be seen from three key components, namely: (1) status, (2) roles and (3) the norm.

In performing their social activities within the community, the people of Ubud acknowledged the existence of the social status of the person who interacted with the community. There was a variety of sociological based social status in the community that developed in Ubud. The social status of the community depended on the ability and effort achieved and performed by such person, the status was theoretically referred to as achieved status. The competency and ability of a person will determine the achieved status in the community. If the social status was not achieved by the competencies, but it was attached to the individual, then this was referred

to as ascribed status. An example of ascribed status that was commonly found in the social interaction in the community of Ubud as the Catur Warna which included: Brahmana, Kesatria, Wesia and Sudra.

The role of each component of society in social interactions in Ubud was based on competencies and expertise possessed by each individual to contribute to the progress of society in Ubud. The role itself was defined as a collection of expected behavior. Besides having social status, people also had roles that should be performed. The implementation of Tri Hita Karana in the effort to create the harmony between humans and God was in the form of role of social and religious activities in Ubud that were associated with the religious ceremonies or activities or Parahyangan that held regularly or every six months, which was usually referred to as Piodalan at Kayangan Tiga temples (Pura Puseh, Pura Dalem and Pura Bale Agung), or that occurred each year were referred to as Ngusabha Desa which was usually held the Pura Bale Agung, where the role was usually performed by the Bendesa Adat, assisted by the Prajuru Banjar as well as by all the villagers and people in Ubud.

The social community interactions in Ubud in implementing the concept of Tri Hita Karana ultimately required norms or ways of doing things that were generally accepted. In the language of Bali local wisdom there was often referred to as Loka Dresta. The religious social activities referred to respective local wisdom or Loka Dresta which guided people about what's allowed to do and not to do

The value systems affected the community of Ubud in aspects of Parahyangan, Pawongan, and Palemahan. In the aspect Parahyangan we could see people worshipping in the Kahyangan Tiga temples which were Pura Desa as the stana of Dewa Brahma, Pura Puseh as the stana of Dewa Wisnu, and Pura Dalem as the stana of Dewa Siwa. The society believed these traditional values of the three temples could give life force in living a life in this world as there were elements of the creator (Brahma), the preserver (Wisnu), and Destroyer (Siwa), therefore religious rituals performed regularly at the temples.

3. Methodology

This research used ethnographic studies to describe and interpret the culture, social group or system. Even though the cultural meaning was very extensive, the ethnographic studies only focused on the patterns of activity, language, beliefs, rituals, and ways of life (Sukmadinata, 2006). This research was conducted at Desa Ubud, Kecamatan Ubud, Gianyar Regency, Bali. Ubud was widely known as one of the tourism area in Bali with an image as a center of art and culture. The research started from selecting informants, interviewing an informant, taking ethnographic notes, asking descriptive questions, analyzing the result of the interviews, making the domain analysis, asking structural questions, making taxonomy analysis, asking contrast questions, making the component analysis, finding the theme of culture, and creating ethnography. Informants in this study were two of Prajuru of Desa Adat Ubud. The Prajuru was used as informants because they governed the activities held in Desa Adat or custom based villages. There were also three business owners in Ubud as informants as they were the competent economic practitioners to the matter of competitiveness.

The elderly people in Puri Ubud were the ones who played important role in shaping sustainable Ubud tourism so far. Three community leaders of Ubud had a broad view of local wisdom and the concept of products marketing in the company. Four tourists who had a love of the cultural uniqueness of Ubud who came to Ubud over and over again so they could explain about local wisdom practices in Ubud. This research was based on triangulation of data that could be generated by three methods, namely: interviews, the involvement of observations (participant observation), and organizational note reviews (document records). The data processing was done. The collected data in the form of ethnographic notes from the informants was analyzed through several stages such as the analysis of ethnographic interviews, domain analysis, taxonomy analysis and components analysis.

4. Results

4.1 Yadnya Built the Taksu of Ubud

The everyday day life of Ubud people could not be separated from offerings or yadnya. One that stood out was the offering for God and the ancestors based on sincere hearts. The means of Yadnya were called Banten contained of symbols of the God which had high artistic values. Based on analysis of the taxonomy revealed that through yadnya the community of Ubud was able to make themselves different from people in other areas. Through yadnya were born the undagi or artists, symbols of God, the language and sincerity.

The implementation of Panca Yadnya rituals in Ubud had different spiritual nuance from other areas in Bali. The difference was in the process of performing the Yadnya. The implementation of yadnya in other areas was generally not well concerned with the elements of art, so that its implementation as a matter of routine that seemed more aimed at a series of imperative things that must be performed by a religious community of Hindu in Bali. The uniqueness of the implementation of yadnya in Ubud was in every process always accommodated the elements of art which had been the landmark of Ubud, so each element of the Upakara not only looked beautiful and attractive, but also gave a sense of happiness and peace. Frequently when we traveled to Ubud at the time when there was a Dewa Yadnya performed or piodalan or temple ceremonies we witnessed various interesting artifacts found in the temples of the ceremony venue, such as: banten gebogan as high as one meter with a wide range of artistic ornaments, the barong made of fruits and the temple building itself with various art carving and decorations which were amazing and fascinating. The Banten Sarad and Sate Tuguh were very beautiful with different art decorations.

The uniqueness in the process of ceremonies implementation in Ubud was often became a unique tourist attraction for tourists who coincidentally visiting and having their vacation in Ubud. Seeing and observing the course of the ceremony filled with nuances of art and beauty gave them serenity and peacefulness for tourists who staying in Ubud and culminated in the satisfaction of tourists to the uniqueness of the culture that were never found in their home countries. The uniqueness in implementing cultural tourism based on local wisdom in Ubud had made Ubud different from other tourist destinations in Bali. This differentiation strategy had made Ubud able to maintain a sustainable competitive excellence. These findings were in line with theoretical studies performed by Porter (1985) which stated that a strategy of differentiation could be one of the options to create competitive excellence, besides low cost strategy and focus. The results of this research also supported the theoretical study by Barney and Clarke (2007) which stated that the source of sustainable competitive excellence as the results of the company's ability and organization in creating unique resources could not easily be imitated, rare, and could not be transferred easily. Based on previous description, we could make the following minor preposition. "The Yadnya activities were a value system that had a uniqueness in creating taksu of Ubud".

4.2 Tri Hita Karana (THK) Built the Taksu of Ubud

The cultural concept of Tri Hita Karana run by the community of Ubud in the form of relationship with God, fellow humans, and the natural environment had been obtained from a number of key informants. The domain analysis results, taxonomy and analysis of components could be put next to the theory of culture as stated by Schein (2004) and Koentjaraningrat (2005). Schein (2004) had the view that culture consisted of basic assumption, value system and artifacts. According to Koentjaraningrat (2005) the culture consisted of a value system, social system and material system. Value system and basic assumption identical with the parahyangan, social system and value system were equal to pawongan, the system of material and artifacts equal to palemahan. The cultural correlation of Tri Hita Karana, which had been performed in Ubud could described in the picture in the Table 1.

Table 1. Comparison Matrix of Tri Hita Karana (THK) and Culture

THK/Schein	Parahyangan	Pawongan	Pelemahan
<i>Value System</i>	1. Religion 2. Belief 3. Faith	1. Manusa Yadnya ceremonies 2. Ngaben 3. Nagasti	1. Bhuta yadnya Pecaruan 2. Tumpek uduh 3. Tumpek andang
<i>Social System</i>	1. Dewa Yadnya ceremonies 2. Pemelaspas 3. Ngenteg Linggih	1. Sekeha 2. Banjar 3. Desa	1. Asta Kosala-Kosali 2. Laba Pura 3. Tanah Ayah Desa
<i>Material related</i>	1. Pura buildings with ornaments 2. Statues or Arca 3. Pretima 4. Barong	1. Bale banjar building 2. Gambelan 3. Dances	1. Area 2. Borders 3. Pekarangan or yard

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4.3 Taksu as Uniqueness

Taksu not only created a tourist attraction in Ubud in general, taksu also created differences in the implementation of the principles of modern marketing management, which more dominated by rational behavior, based on the concepts of consumer behavior theory in generating customer satisfaction. The existence of taksu in developing sustainable tourism competitiveness excellence in Ubud had given distinction to the application of marketing principles which based on local wisdom. Consumer satisfaction in a modern marketing concept only oriented to the consumers, such as: the owners or shareholders, employees or staff as well as the consumers themselves. While customer satisfaction marketing which based on local wisdom could give more satisfaction compared to the concept of modern marketing theory, such as: the existence of rituals in the forms of Manusa Yadnya ceremonies, where every individual in every environment of Banjar, leaders of communities, pedanda, pemangku, klian, Banjar organization itself as well as the whole community that existed around them got a sense of satisfaction.

Taksu made culture and different art work. In modern marketing, this was an asset that can be used as a competitive strategy. Barney and Clarke (2007) used uniqueness or something different in running a competitive strategy towards a sustainable competitiveness excellence. The concept of consumer satisfaction in a marketing model based on local wisdom contained synergy and harmonization of the three-dimensional relationships between God, man, and nature. From here we could start a minor proposition that “the uniqueness of local wisdom created fascination that was leading towards sustainable tourism competitiveness excellence.”

5. Discussion

The uniqueness in wisely implementing local wisdom values of the community of Ubud not only created a difference in implementation compared to other areas in Bali, but also had become a tourist attraction as of the strong impression to the preservation of culture. Basic joints of the differentiation strategy which based on local wisdom were the implementation of Panca Yadnya, harmonization of relations between man and God, man with man, man with nature in the concept of Tri Hita Karana, and both became the basis of a differentiation of cultural tourism strategies that affected the sustainable competitive excellence.

Based on the previous explanation that the difference of Ubud compared to other areas was built through taksu, which based on yadnya activities and Tri Hita Karana that made Ubud persisted until now. It was said that Ubud had a sustainable competitiveness excellence (Porter, 1985; Vorhies & Morgan, 2005; Barney and Clarke, 2007; Vorhies et al., 2009). From the results of study, we could also build a model of a competitiveness excellence based on local wisdom as shown in Figure 1.

Figure 1. Model of Competitiveness Excellence Based on Local Wisdom

Figure 1 illustrated the model of sustainable competitive excellence of tourism, culture in Ubud-which based on local wisdom. The sustainable competitiveness excellence of cultural tourism in Ubud was built from a strategy of differentiation (Barreto, 2010; Helfat & Peteraf, 2009; Loasby, 2010; Narayanan, Prange & Verdier, 2011; Teece, 2007; Wang & Ahmed, 2007; Zahra et al., 2006; Zhou & Li, 2010; Zollo & Winter, 2002; Zott, 2003). Ubud had a difference or uniqueness compared to other areas that could be seen from existing artifacts such as the temples that had unique carvings, ornaments, bade, paintings, dances, nature, and the galleries.

This difference was the result of the implementation of yadnya and Tri Hita Karana, which had made all these artifacts to be alive or had their taksu. The model of developing competitiveness by implementing local culture became the further development of model stated by Barney and Clarke 2007; Vorhies et al., 2009). The result of previous proposition could put into major proposition that “the harmony of Tri Hita Karana culture and yadnya had created a marketing concept which was sincerely became the source of sustainable competitive excellence.”

6. Conclusion

The sustainable competitiveness excellence that existed in Ubud was started from the consistency in performing yadnya and Tri Hita Karana so it gave spirit to each activity that made the art products had their taksu and uniqueness. This result became something unique and different that was able to compete up until now. The real practice of the application of local wisdom values could be seen from the development of Ubud area. From a small village like other traditional villages in Bali, Ubud became the world's leading tourism area. Ubud was well known for its cultural tourism that always applied the values of local wisdom in the tourism sector. Therefore, the tourism sector in Ubud was sustainable and most importantly, was able to improve the welfare of its people.

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