

## “We Can Return to Normal”: Tourism, Poverty, and Development Economic of Bali in Indonesia

Made Heny Urmila Dewi<sup>1</sup>, Bagus Shandy Narmaditya<sup>2</sup>, M. Rudi Irwansyah<sup>3</sup>

### Abstract

*Tourism is the sector most impacted during the pandemic, while the effort to make tourism go back to normal post-pandemic will promote economic development. Therefore, this study aims to investigate the strategies for the tourism sector to return to normal as the abundance for Bali in Indonesia. To deal with, this study involved 120 participants in some areas in Bali that were further analyzed using SWOT analysis. The findings indicate that the decline in the tourism sector due to the pandemic has caused Bali's economic performance to diminish dramatically, which causes the issue of poverty. For this reason, the results suggest that the tourism recovery strategy must start with efforts to recover in the post-pandemic, including accelerating traditional village-based community enhancement and dealing with disaster mitigation, which helps speed up the handling of the pandemic in Bali Province. Lastly, the digital promotion for tourism can raise the visitors to revisit Bali as the main priority for tourism. Thus, the findings can be used by policy scholars and the government to make the economy normal.*

**Keywords:** *Poverty, Economic, Economic Development, Post-Pandemic, Tourism.*

### Introduction

The pandemic has impacted most economic activity, including tourism sector (Bulin & Tenie, 2020; Atmojo & Fridayani, 2021). Tourism was in a standstill for several months, and only revived as the social distance policy was relaxed. During the pandemic, the unemployment rate soared, poverty increased, the reason was that household consumption, which has been the main focus of economic growth, experienced a contraction in the range of minus 0.6 percent to 1.8 percent. People's purchasing power decreased sharply during the pandemic, with the figure reaching IDR 362 trillion, from 30 March 2020 to 6 June 2020 (Bappenas, 2020). Towards the end of the first semester, economic conditions had taken such a hit.

Bali Province is one of the national tourism barometers which is defined as an Indonesian tourist destination (Putra et al., 2020). As a tourist destination, Bali Province places the tourism as the main sector which is expected to increase economic growth (Sukmaadi & Marhaeni, 2021). However, the pandemic has hampered the economy of Bali, which previously grew relatively stable in the range of 5.55 percent to 5.51 percent between the first quarter of 2018 to the fourth quarter of 2019, but in 2020 it grew to minus 10.98 percent. The sector most affected is the tertiary sector, especially tourism and transportation. Looking at the expenditure side, the biggest contraction occurred in household consumption, which has been the main support for Bali's economic growth. (BPS Bali Province, 2020).

Therefore, there is a need to study regarding economic recovery strategy efforts in the post-pandemic, by compiling a grand design of a tourism development strategy based on health standards in one package. The restructuring of tourism and health management strategies is expected to improve economic performance and reduce poverty levels in Bali Province, considering that tourism has an agenda to reduce community poverty and unemployment levels, within that framework, this research needs to be carried out. The urgency of this research on tourism and poverty is intended as an effort to increase the role of the tourism sector, where the decline in the tourism sector has had an impact on decreasing economic performance and increasing poverty levels in Bali Province.

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<sup>1</sup> Faculty of Economics and Business, Universitas Udayana, Indonesia, Email: [henyurmila@unud.ac.id](mailto:henyurmila@unud.ac.id)

<sup>2</sup> Faculty of Economics and Business, Universitas Negeri Malang, Malang, Indonesia.

<sup>3</sup> Faculty of Economics, Universitas Pendidikan Ganesha, Bali, Indonesia

This study provides several contributions. First, it enhances the literature on how to recover the economy through tourism sectors from the perspective of Bali in Indonesia, which is well-known as cultural tourism in the world. Second, this study understands the linkage between the tourism sector, economic development, and poverty in Bali in the post-pandemic. It can highlight the significance of government policies in affecting community participation in tourism development. Third, the findings can be used for the assistance of the government in dealing with the tourism issue to promote the economy and alleviate poverty.

The remainder of this paper is presented as follow: the introduction section provides backdrop of study followed by the literature review on the connection between tourism, economic development, and poverty. The next section informs the results and discussion followed by conclusion in the last section.

## Literature Review

### *Tourism and Economic Performance*

Tourism, in its role as a driver of world economic growth, has an interest in improving the quality of human life in the world, including in emerging countries (Khan et al., 2020). Tourism is beneficial in terms of foreign exchange earnings, economic growth, expanding employment opportunities and poverty alleviation (Scheyvens & Momsen, 2020). Indeed, Nunkoo et al. (2020) believed that the chain of tourism activities can be in the form of trade activities between countries, increasing economic performance, export import, trade, supply of labor and investment growth as well as the emergence of various contributions in the form of international tourist expenditure, provision of tourism services. According to the World Bank (2013), tourism development opens up various opportunities through investment as a driver of economic growth, opening up employment opportunities, increasing government income through the tourism sector, especially increasing foreign exchange earnings for nation development.

Tourism as an industry with dynamic growth operates in various service fields such as transportation services, travel agents and tour agencies, accommodation, trade and other related sectors, tourism is the main source of foreign exchange income. The increasing number of tourist visits and spending has an impact on economic performance. A preliminary study by Croes et al. (2020) indicated that tourism in Europe in the 21st century will grow even bigger and have an impact on economic growth. This is possible as a result of the growing growth of the urban tourism sector in Europe, supported by the increasing number of population over the age of sixty and which allows them to take increasingly longer vacation times and the availability of cheap airline tickets.

### *Tourism and Poverty*

The pro-poor tourism approach is a pro-poor tourism management model that emphasizes sustainable tourism development to provide benefits to poor communities. The pro-poor orientation has a clear target, namely to provide direct benefits to the poor through education, sustainable training programs, and providing adequate health and education facilities for the poor. With increasing prosperity, people are free from poverty and enjoy a better life (Anwar, 2012; Dewi, 2020).

Pro-poor tourism is an approach to open various opportunities that were previously closed and inaccessible to local communities. They are of the view that tourism is able to make a positive and significant contribution to a country's economic growth, improve community welfare and play a role in alleviating poverty. According to Ashley et al. (2000), pro-poor tourism has an economic impact on society such as: the availability of formal jobs for people in the tourism sector, income from the procurement of goods and services or side jobs, profits obtained from economic activities and collective income from activities carried out by poor people.

The government's presence in tourism development through investment regulations will increase the inflow of development investment in the tourism sector, provide benefits to the community through economic activities, and increase people's purchasing power. The need for government regulations regarding

environmental conservation to protect the environment and limited natural resources through education and training. Various studies conducted in developing countries prove that if tourism management planning is directed towards pro-poor tourism, tourism can improve community welfare. Another strategy is to focus more on tourism development orientation by shortening the distribution chain of tourism products. This method will optimize the role of tourism growth in poverty alleviation.

For example, facilitating local communities with tourists in providing tourist needs or in developing tourist destinations that are more attractive and profitable for local communities (Patera, 2014; Dewi, 2020). In addition, Karim et al. (2012) conducted research on tourism development, saying that Pakistani tourism has an impact on poverty alleviation through increasing economic growth received from increasing Gross Domestic Product (GDP), increasing exports of tourism products such as handicrafts and other industrial products, as well as through tax revenues from tourism economic activities. The impact of tourism on improving economic performance is supported by the concept of community-based tourism. Economic growth has historically been one of the solutions taken to improve people's quality of life and reduce poverty. According to Dahlquist (2013), there is a correlation between economic growth and poverty reduction, which examines the relationship between economic growth, employment opportunities, and poverty alleviation in Thailand states that The impact of economic growth can undoubtedly have the impact of increasing income, which leads to reduced poverty.

### *Method*

This research was conducted in Bali Province, which is the leading sector and is expected to provide economic benefits to local communities. However, tourism development in Bali Province has not been able to provide significant economic benefits for local communities. Data sources in this research can be divided into two, namely primary data sources and secondary data sources. The quantitative research instrument used in this research is a questionnaire that contains a list of questions to respondents regarding their perceptions regarding tourism development around where they live. The main instrument in qualitative uses unstructured interview guides, namely in the form of open questions that allow each question to develop in a more specific direction. It is also equipped with a recording device and digital camera, as well as field notes to record what is heard, seen, experienced, and thought during the data collection process.

The choice of several of these instruments, with the hope of being able to reveal data or information accurately in the sense that truly valid data or information can be obtained related to the problem being studied. The population in this research is tourism actors who live in Denpasar City, Badung Regency, Gianyar Regency, and Tabanan Regency (Sarbagita area). Sampling was determined on a quota basis, where in each city/district, 30 samples will be taken as respondents, so the total number of respondents in this study is 120 respondents. In order to complete the data for analysis purposes, other informants were also appointed from certain circles related to this research problem, such as the Regional Government, tourism practitioners, and other related sources. In this research, three data analysis methods were used.

The three methods are as follows: First is descriptive analysis. This analysis is used to examine respondents' perceptions regarding the impact of a pandemic on the economic, social, and psychological aspects experienced by respondents. Second, SWOT analysis is used to formulate a grand design of a tourism development strategy that is pro-poor. This analysis is based on logic that can maximize strengths and opportunities while simultaneously minimizing weaknesses and threats. Based on such data analysis techniques, it is hoped to produce a complete picture of efforts to strengthen local community economic businesses through the development of community-based tourism.

## **Results and Discussion**

*Characteristic of Respondents*

Respondents in this study were 56.10 percent male and 43.90 percent female. Judging by marital status, the majority, 74.56 percent, are married, 23.93 percent, are not married, based on the number of household members, 67.89 percent with 3-5 household members, and income less than the minimum wage of 58.12 percent. Based on education, most have a high school education or above. The characteristics of the respondents can be seen in Table 1.

**Table 1. Respondent Characteristics**

No	Information	Percentage
1.	Gender	
	Male	56.10
	Female	43.90
2	Marital status	
	Not married yet	23.93
	Marry	74.56
	Divorced	2.51
3	Family members	
	< 3	12.98
	3-5	67.89
	>5	19.13
4	Educational level	
	Others	18.12
	Senior high school	68.13
	University graduates	13.75
5	Working status	
	Employee	68
	Unemployment	32
6	Average income per month	
	< IDR 2,500,000	58.12
	IDR 2,501,000 - 3,499,000	29.24
	> IDR 3,500,000	12.64

*The Pandemic and Economic Issue*

In early March 2020, Indonesia/Bali started fighting to face the Corona Virus (Covid 19) which was starting to enter Indonesia. Of course, the first entry of the pandemic has an indirect impact on the Indonesian economy. On the other hand, the pandemic not only has a negative impact, but can also have a positive impact on the economy in the trade sector in Indonesia. One of them is that the opportunity to strengthen the domestic economy can also be realized because the government will prioritize and strengthen domestic purchasing power rather than attracting profits from abroad. Not only in the trade sector, the impact of the pandemic can also be felt in the tourism sector because the limited number of tourists visiting Indonesia is limited, for example to Bali, because Bali is one of the world's most affected tourist destinations. The reduction in tourist visits from abroad will also affect the economy in Bali, where sales turnover in Bali will drop drastically.

Apart from that, employees who work in the tourism sector also impacted, because so few foreigners come to Bali, the amount of profit earned by the company is small, even hotel owners in Bali only pay half of employees' salaries, this cut is necessary so that The business continues to run but also maintains the economic needs of employees. Several hotel management also asked their workers to take leave temporarily due to the decline in hotel occupancy. Concerns about the spread of the pandemic have made people reluctant to travel. This also has an impact on the continuity of the tour and travel business.

To overcome the health impact/infection and economic impact of the pandemic, it is necessary to address at least the following important things. First, the sub-district and regional governments provide education on healthy living behavior and provide education on the factors causing the emergence of the Corona virus and anticipating its transmission. Second, the central and regional governments, through the relevant agencies or departments, are taking action in an effort to calm the hearts and minds of the public by preventing untrue news regarding the pandemic. This is important because if people's hearts and minds are calm then their immune level will also be high/increased, conversely if people experience unease or panic then their immune level will decrease making them susceptible to various kinds of diseases.

Handling the economic impact can be carried out using two approaches, namely in the short term optimizing the management of tourist destinations and implementing superior service management, especially for tourist destinations with the domestic tourist market segment. Meanwhile, in the long term, regardless of cases that are currently developing, the government should ideally prepare for development in the economic sector, not only in the manufacturing industry but also in the agricultural industry. So far, Indonesia is known for its extensive land ownership, but some needs, especially agricultural commodities, are still met by imports. On the other hand, tourism has been one of the economic sectors most affected by the pandemic since it started in March 2020 until now. The drop in the number of tourists has caused cultural products and consumption levels in tourist areas to plummet. Ministry and agency budgets, including the tourism sector, even fell by around 50 percent.

The global impact of the pandemic, based on data from the World Travel and Tourism Council, WTTC, the real impact on the travel and tourism sector due to the Corona outbreak is that it has the potential to result in 50 million people around the world losing their jobs. Meanwhile, the national impact, from the tourism sector, is stated by the Indonesian Hotel & Restaurant Association, predicting potential losses for the Indonesian tourism industry due to the virus outbreak to reach 1.5 billion US dollars or the equivalent of IDR 21 trillion. (b). In the MSME sector, based on data processed by P2E LIPI, the impact of the decline in tourism on MSMEs engaged in micro food and beverage businesses reached 27%. Meanwhile, the impact on small food and beverage businesses is 1.77% and medium businesses is 0.07%. The influence of the corona virus on wood and rattan craft business units, micro businesses will be at 17.03%. For small businesses in the wood and rattan crafts sector, it is 1.77% and for medium businesses, it is 0.01%. Meanwhile, household consumption will also be corrected by between 0.5% and 0.8%, even though MSMEs play an important role in the structure of the Indonesian economy. Based on Bank Indonesia data, in 2019 the MSME sector dominated 99.9% of business units in Indonesia. From this figure, micro businesses absorb the most workers, up to 87%.

### *Recovery Strategy*

Seeing the impact that the Covid-19 pandemic has had on economic aspects, a tourism development planning strategy is needed to reduce poverty. With SWOT analysis several recovery strategies can be carried out by looking at potential strengths, weaknesses, opportunities and challenges as follows.

### *Strengths (S)*

- Bali is still a world tourism destination
- Bali becomes a pilot tourism recovery project through the clean, health, safety (CHS) program
- There is a policy in the form of a stimulus program to support the recovery of tourism affected by the Covid-19 pandemic, including grant funds, interest subsidies, credit restructuring and people's business credit
- Entrepreneurs appreciate the government's concrete steps in restoring the tourism industry
- The pandemic has forced business actors around tourism to survive and innovate

- The government's plan to open the doors to international arrivals at Bandar Ngurah Rai is considered an initial step in restoring international travel
- Public concern for cleanliness, health and safety factors in each tourist destination

#### *Weaknesses (W)*

- Bali once had a red zone for transmission of the Covid-19 pandemic
- Losing a lot of foreign exchange from tourism's contribution to Bali's development
- Central policy that makes Bali work forms one of the causes of increasing the virus transmission in Bali, especially in Denpasar
- The implementation of religious and traditional ceremonies during the pandemic was the cause of the increase in Covid-19 transmission in Bali

#### *Opportunities (O)*

- Success in controlling the Covid-19 pandemic
- Accelerate traditional village-based vaccination
- Implementation of Health protocols in every daily activity
- Ability to break the chain of transmission with an increase of remote area
- Disaster mitigation that helps speed up handling of the Covid-19 pandemic in Bali Province

#### *Threats (T)*

- Variants of the virus that continue to mutate threaten public health
- It is not certain when the pandemic will end
- Economic performance will decline if the virus has not been handled
- The Covid-19 pandemic has stopped the pulse of Bali tourism, resulting in unemployment and poverty rates increasing

Based on strengths, weaknesses, opportunities and threats, a tourism planning strategy can be formulated to overcome poverty in Bali (see Table 2).

**Table 2. Tourism Planning Strategy Post-Pandemic in Bali**

	Strengths (S)	Weaknesses (W)
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	pandemic in Bali Province	4. Public awareness of hygiene, health and safety factors will accelerate the success of controlling the transmission of CoVid-19	the WFB policy and the presence of traditional and religious ceremonies will not cause the transmission
	Threats (I)	Strategies (S+T)	Strategies (W+T)
	<ol style="list-style-type: none"> <li>1. Variants of the Covid-19 virus that continue to mutate threaten public health</li> <li>2. It is not certain when the Covid-19 pandemic will end</li> <li>3. Economic performance will decline if Covid-19 has not been handled</li> <li>4. The Covid-19 pandemic has stopped the pulse of Bali tourism, resulting in unemployment and poverty rates increasing</li> </ol>	<ol style="list-style-type: none"> <li>1. The declining economic performance and the cessation of Bali's tourism pulse which causes the poverty rate to increase will be overcome by the existence of a policy in the form of a stimulus program to support the recovery of tourism affected by the Covid-19 pandemic including grant funds, interest subsidies, credit and credit restructuring people's business</li> <li>2. Entrepreneurs appreciate the government's concrete steps in restoring the tourism industry</li> <li>3. The pandemic has forced business actors around tourism to survive and innovate</li> </ol>	Strategy 1 to prevent Covid transmission is the main way to restore tourism. WT Strategy 2 Tourism development must be able to adapt to Covid-19

Speed and accuracy in implementing tourism recovery policies in the face of this pandemic were also used as benchmarks in compiling these recommendations. Therefore, taking into account the things mentioned above, tourism recovery policies that need to be strengthened and pro-poor include:

- Support for industry and MSME players. Support to industry in the form of: exemption from insurance fees, reduction in electricity, water and rent costs, relief from local government tax retribution, relaxation of bank loans, and so on is important to immediately disseminate technical instructions and determine the exact time when this policy will come into effect. Because up to now we still find policies in the field that have been proclaimed but have not been properly socialized and implemented.
- Prioritize destination improvements. Regarding comfort in tourist destinations, Bali still has a lot of homework to do, such as issues of cleanliness, security, health, environmental preservation, regional regulations, halal tourism services and so on. This not only requires a large budget but also intensive assistance, so that destination improvements are carried out in accordance with global standards for sustainable tourism destination management.
- Budget Support. Budget Reallocation related to cooperation with related parties such as hotels, tourist transportation companies, food and beverage companies needs to be explained to the public the form of cooperation that will be carried out, whether purely like procuring goods and services (business contracts) or This is purely a form of social concern from the business owners which is carried out as a form of contribution to the country which is currently in the midst of this crisis.



- Strengthening Tourism Mitigation Strengthening Tourism Mitigation that refer to standardization provided by UNWTO and WHO is very important considering that there are many natural disasters such as earthquakes, volcanic eruptions and disease outbreaks such as those currently being experienced.
- Prioritize destination improvements. Regarding comfort in tourist destinations, Bali still has a lot of homework to do, such as issues of cleanliness, security, health, environmental preservation, regional regulations, halal tourism services and so on. This not only requires a large budget but also intensive assistance, so that destination improvements are carried out in accordance with global standards for sustainable tourism destination management.
- Strengthening the role of tourism awareness groups (pokdarwis) in tourist villages as village cluster teams that are being developed. It is hoped that the increasing role of Pokdarwis which are spread throughout tourist villages can become agents of change, a driving force for the community in building creative industries in villages, as well as initiating a joint movement to protect tourism destinations.
- Strengthening regulations for the entry of foreign tourists. Tourists who wish to visit Indonesia need to be selected very strictly to obtain entry permits/visas to Indonesia. The visa-free visit policy from these countries must be reviewed in order to increase the quality of foreign tourists who come on holiday to Bali.

These are the recommendations offered for tourism recovery to eradicate poverty in Bali as a form of hope that Indonesian tourism can quickly recover in the midst of this pandemic. Strategy breakthroughs and speed of implementation are the keys to our victory in the fight against the corona virus.

## Conclusion

The impact of the Covid-19 pandemic has paralyzed the economy in Bali with a growth rate reaching minus 10 percent at the beginning of 2020. The decline in the tourism sector due to the pandemic has caused Bali's economic performance to decline drastically. Declining economic performance has caused poverty levels to increase. The tourism recovery strategy must start with efforts to prevent the spread of the Covid-19 virus through (a) accelerating vaccination based on traditional villages, (b) implementing Health protocols in every daily activity, especially in every tourist destination, (c) the ability to break the chain of transmission with an increase health educational awareness, (d) Disaster mitigation which helps speed up the handling of the Covid-19 pandemic in Bali Province. Speed and accuracy in implementing tourism recovery policies in the face of this pandemic were also used as benchmarks in compiling these recommendations. Therefore, tourism recovery policies that need to be strengthened and pro-poor include: support for Industry and MSMEs, priority for improving destinations, budget support, priority for improving destinations, strengthening tourism mitigation, strengthening the role of tourism awareness groups (pokdarwis) in tourist villages as village cluster teams that are fostered, and strengthening regulations for the entry of foreign tourists.

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