

## BALI: Tourism Economy The End of 2021, Will Fly High Again?

I Nyoman Sudapet<sup>1</sup>, Agus Sukoco<sup>1</sup>, Elok Damayanti<sup>1</sup>, Amrun Rosyid<sup>1</sup>, Ronny Durrotun Nasihien<sup>2</sup>, Muhammad Ikhsan Setiawan<sup>2</sup>, Che Zalina Zulkifli<sup>3</sup>, Abdul Talib bin Bon<sup>4</sup>

<sup>1</sup>Department of Management, Narotama University, Surabaya, Indonesia

<sup>2</sup>Department of Civil Engineering, Narotama University, Surabaya, Indonesia

<sup>3</sup>Universiti Pendidikan Sultan Idris, Tanjong Malim, Malaysia

<sup>4</sup>Universiti Tun Hussein Onn Malaysia, Parit Raja, Malaysia

[nyoman.sudapet@narotama.ac.id](mailto:nyoman.sudapet@narotama.ac.id); [agus.sukoco@narotama.ac.id](mailto:agus.sukoco@narotama.ac.id); [elok.damayanti@narotama.ac.id](mailto:elok.damayanti@narotama.ac.id);  
[amrun.rosyid@narotama.ac.id](mailto:amrun.rosyid@narotama.ac.id); [ronny.durrotun@narotama.ac.id](mailto:ronny.durrotun@narotama.ac.id); [ikhsan.setiawan@narotama.ac.id](mailto:ikhsan.setiawan@narotama.ac.id);  
[chezalina@fskik.upsi.edu.my](mailto:chezalina@fskik.upsi.edu.my); [talib@uthm.edu.my](mailto:talib@uthm.edu.my)

### ABSTRACT

**Purpose:** In the second quarter of 2021, Indonesia's economic growth year on year was recorded at 7.07 percent and was the first positive growth since the second quarter of 2020. In particular, the tourism sector became the sector that experienced the highest growth in the second quarter of 2021. The transportation and accommodation provision business fields, which are the business fields most closely related to the tourism sector, are the two categories that experienced the highest growth, namely by 25.10 percent and 21.58 percent.

**Design/methodology/approach:** Various government efforts carried out in 2021 have been able to withstand the economic contraction year on year.

**Findings:** Based on the Bali Economic Quarterly Development document for the second quarter of 2021 by BPS, from the beginning of 2020 until now, the Covid-19 pandemic has continued to infect Indonesia. Even the number of new cases affected by this disease is increasing. Based on data from the Covid-19 Handling Task Force, as of June 30, 2021, the number of daily new confirmed cases reached around 21,000. Not only attacking the health sector, but this pandemic has also shattered the joints of the economy.

**Originality/value:** Among all provinces in Indonesia, Bali can be said to be one of the provinces most affected by the Covid-19 pandemic. Bali's dependence on foreign tourist visits has caused Bali to still slump in the economy. Since March 2020, the arrival of foreign tourists to Bali has continued to decline. The decline even reached almost 100 percent when compared to the same months the previous year.

**Paper type:** Research paper

**Keyword:** Gender, Informal sector, locus of control, Personal traits, Slums.

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### I. INTRODUCTION

The United Nations World Tourism Organization (UNWTO) noted that from 217 global destinations worldwide, all carried out travel restrictions for international tourists to reduce the level of spread of the Coronavirus. It caused tourist arrivals to decline significantly and the airline industry to experience a sharp decline worldwide, including in Bali. Various programs have been planned and implemented, particularly by the Ministry of Tourism and Creative Economic/Tourism and Creative Economy Agency, to improve

Indonesia's tourism performance during the pandemic. Likewise, the Regional Government of the Province of Bali. One of the efforts is to refocus the budget for handling Covid-19, assist Micro, Small, and Medium Enterprises, issue certificates of health protocol verification in the business environment, and so on. In addition, the emergence of a vaccine in January 2021 is new hope for the Indonesian people to face this pandemic. The government, especially the Ministry of Health, has collaborated with other ministries and institutions to prepare a corona vaccine roadmap. The first stage is being carried out by vaccinating priority groups, namely the frontline, medical personnel, and public servants. With the hope of making the body's immune system face the Covid-19 disease, this vaccination is expected to be a game-changer. People's conditions can return to normal, and the Indonesian economy can be much better in the future. National-scale policies and regional policies through the Bali Governor's Circular No. 3355 of 2020 concerning the New Life Order Protocol, which includes implementing government activities, service sector businesses, and trade and tourism, also seeks to improve the movement of Bali's economic performance. Since the opening of Bali tourism for domestic tourists, Bali's tourism sector has started to show an increase since July 31, 2020. Bali tourism has not fully recovered because the pillars of Bali tourism are mostly foreign tourists. In the second quarter of 2021, as measured by regional GDP at current prices, Bali's economy was recorded at Rp. 56.41 trillion. At constant prices in 2010, it was recorded at Rp. 36.82 trillion. The magnitude of Bali's economy contributes 1.35 percent to the national economy. In the second quarter of 2020, current prices were recorded at Rp.4,175.84 trillion, while according to constant prices, it was recorded at Rp.2,772.83 trillion. The Indonesian economy on an annual basis (y-o-y) in the second quarter of 2021 recorded a positive growth of 7.07 percent, improving compared to the previous quarter, which recorded negative growth of 0.71 percent (I. N. Sudapet, Nasihien, et al., 2020)(I. N. Sudapet, Durrotun Nasihien, et al., 2020)

## II. METHODOLOGY

Bali's economic growth grew 2.83 percent, lower than the national quarterly growth achievement on a year-on-year basis. After five consecutive negative growth (contractions) since the first quarter of 2020, in the second quarter of 2021, this positive growth indicates that the Balinese economy has begun to show improvement. After experiencing a fairly deep contraction during the last two quarters, there were indications of economic improvement in the second quarter of 2021, although not significant. Compared to the past decade, Bali's and national economic growth in the second quarter of 2021 was recorded as the first positive growth after experiencing negative growth (contraction) since the second quarter of 2020. The impact of the Covid-19 pandemic seems to have given a major shock to the national and regional economy. Still under pressure due to the Covid-19 pandemic, Bali's economy in the second quarter of 2021 compared to the first quarter of 2021 recorded a growth of 5.73 percent. Nationally, Indonesia's economic growth shows the same conditions. The added value of national economic activity was recorded at 3.31 percent, higher than the negative 0.92 percent in the previous quarter. The government administration sector is the highest contributor to Bali's growth in the second quarter of 2021. Based on business fields, fourteen of the seventeen categories of business fields recorded positive growth year on year. The highest growth was recorded in Category O (Government Administration, Defense, and Mandatory Social Security) business fields of 15.67 percent, and Category Q (Health Services and Social Activities) grew by 9.20 percent. Category I also experienced a quite high increase yearly (Provision of Accommodation and Food and Drink), which grew by 4.87 percent in the second quarter of 2021. Category O (Government Administration, Defense, and Mandatory Social Security) became the category of the business field with the highest growth y-on-y in the second quarter of 2021. The disbursement of the 13th salary and holiday allowance in the second quarter of 2021 differs from the disbursement conditions in 2020. It resulted in a significant increase in the added value created from the worker remuneration component. Based on data on the realization of government spending, the personnel expenditure component increased by 15.50 percent in the second quarter of 2021 compared to the same quarter of the previous year. In this quarter, the government's capital expenditure component also experienced a significant increase y-o-y as reflected in data on depreciation of capital goods, which increased in the range of 61 percent. The increase in business activity in Category Q (Health Services and Social Activities) in the second quarter of 2021 impacted the increase in the gross added value created. (I. N. Sudapet, Sukoco, bin Wan Ibrahim, et al., 2019)(I. N. Sudapet, Sukoco, Ibrahim, et al., 2019)(Sudapet, I.N., Sukoco, A., & Setiawan, n.d.)(I. N. Sudapet, Sukoco, Setiawan, et al., 2019)(N. Sudapet et al., 2018)

### III. RESULT AND DISCUSSION

During the ongoing COVID-19 pandemic, Category I (Accommodation and Food and Drink Providers), which represented Bali's tourism sector in the second quarter of 2021, recorded positive growth compared to the second quarter of 2020. Activities in this category, including hotels and restaurants, experienced an increase in the second quarter of 2021, supported by the domestic tourist market. Based on data on passenger arrivals by airplane, the arrival of domestic passengers to Bali reached around 520 thousand passengers, a significant increase compared to the second quarter of 2020, which was only around 38 thousand passengers. The increasing number of domestic passengers impacts the occupancy rate of hotels and villas and impacts restaurants' turnover. The average occupancy rate of five-star hotel rooms in Bali was recorded in the range of 12.37 percent, higher than the average room occupancy rate in the second quarter of 2020, which was 2.45 percent (y-o-y). Although the Balinese economy generally experienced positive growth, three business fields recorded negative growth in the second quarter of 2021. Category F (Construction), Category B (Mining and Excavation), and Category E (Water Supply, Waste Management, Waste, and Recycling) became three categories that experienced a contraction in quarter II-2021, each with a decrease of around -0,35 percent, -2.68 percent and -6.44 percent. The decrease in added value in category F (Construction) is in line with the realization of cement procurement in Bali, which recorded a decline of around 7.98 percent y-o-y. In line with the decline in construction activity, category B business fields experienced a decline in the second quarter of 2021 as a result of a decline in production due to low demand from construction projects during the COVID-19 pandemic. Furthermore, the decrease in added value in category E (Water Supply, Waste Management, Waste, and Recycling) was influenced by a decrease in the total volume of clean water distribution through Regional Drinking Water Companies in the Bali Province. It fell in the range of 9.73 percent y-o-y. As the tourism industry supports an area whose main economic movement, Category I (Providers of Accommodation and Food and Drink) is listed as the business field that provides the largest contribution to Bali's regional GDP. In the second quarter of 2021, this category shared almost one-fifth of Bali's regional GDP or recorded at 17.03 percent. The contribution of other business fields classified as high includes Category A (Agriculture, Forestry, and Fisheries) with a share of 15.49 percent and Category F (Construction) business fields with a share of 10.57 percent. Followed by Category G (Wholesale and Retail Trade; Car and Motorcycle Repair), which contributed 9.19 percent, and Category C (Processing Industry), with a recorded contribution of 6.41 percent. In terms of creating sources of economic growth year on year, Category O business fields (Government Administration, Defense, and Mandatory Social Security) were recorded as the highest sources of growth in the second quarter of 2021. The growth of this business field was recorded to have contributed -0.97 percent. Then Category I (Provision of Accommodation and Food and Drink) with a source of growth of 0.73 percent, followed by Category J (Information and Communication) business fields with a contribution to the growth of 0.28 percent. Meanwhile, the growth contributed by the combination of the other 14 business fields was recorded at 0.85 percent of Bali's economic growth in the second quarter of 2021. Compared to the previous quarter (q-to-q), Bali's economy grew by 5.73 percent during the second quarter of 2021. Positive economic growth in the second quarter of 2021 on a q-to-q basis occurred in most categories of business fields. The three highest positive growths were recorded in Category O (Government Administration), which grew 37.12 percent, followed by Category P (Educational Services), which grew -8.84 percent and Category G (Wholesale and Retail Trade) grew 7.42 percent. Meanwhile, Category J (Information and Communication) became the only business field that experienced a quarter to quarter contraction in the second quarter of 2021, which was -0.96 percent. When viewed from the source of growth on a quarter to quarter basis, Category O (Government Administration) was recorded as the business field with the largest source of growth, with a contribution of 2.00 percent. Then followed by Category G (Wholesale and Retail) with a contribution of 0.71 percent. Furthermore, Category A (Agriculture, Forestry, and Fisheries) is also included in the three sources of the highest growth recorded at 0.71 percent. The remaining 2.31 percent was contributed by the business field category other than the three categories. Suppose the above discussion discusses the Balinese economy regarding how much all business fields generate added value. In that case, the next section will discuss the amount of regional GDP when viewed from how the created economic value is used, or commonly referred to as regional GDP on the Expenditure side. Bali's economic growth year on year experienced positive growth in almost all its use components from the expenditure side. Three components are classified as experiencing a fairly large increase. The Foreign Export Component increased by 10.80 percent, followed by Government Consumption, which increased by 9.91 percent. The next largest increase was recorded in the Consumption component of Non-Profit Institutions (PK-LNPRT), which recorded a growth of 4.03 percent. The economic structure of Bali in the second quarter of 2021 in terms of expenditure was still dominated by the Household Consumption Expenditure Component (PK-RT), which contributed 54.04 percent. The next biggest

contribution was Gross Fixed Capital Formation (PMTB) which contributed 29.23 percent, and Government Consumption Expenditure (PKP) contributed 12.63 percent. The component of goods and services imports from abroad, which is a deducting component in the economic structure, contributed 0.26 percent this quarter. Meanwhile, Inter-regional Net Exports were also recorded to have contributed -0.21 percent (net imports). When viewed from the source of Bali's economic growth in the second quarter of 2021 (y-o-y), Government Consumption Expenditure (PK-P) became the component with the highest contribution to growth at 1.06 percent. Followed by the Component of Household Consumption Expenditure (PK-RT)" at 1.00 percent and the Foreign Export Component at 0.27 percent. Like yearly economic growth, Bali's economy on a q-to-q basis was recorded to grow positively in almost all usage components. The component that recorded the highest increase was Government Consumption Expenditure (PK-P), increasing 86.51 percent. Overseas Exports with a growth of 2.78 percent was recorded as the expenditure component that experienced the second-highest growth in the second quarter of 2021. Followed by the LNPRT Consumption Component at 0.79 percent and the Household Consumption Component at 0.81 percent. When viewed from the source of the creation of q-to-q growth in the second quarter of 2021, the Government Consumption Expenditure Component (PK-P) was recorded as the strongest driver with a contribution of 5.60 percent. It is followed by the Household Consumption Expenditure Component of 0.47 percent and the Foreign Export Component of 0.08 percent. Meanwhile, other expenditure components contributed -0.42 percent.

#### IV. CONCLUSION

Government spending on health has increased in the context of handling COVID-19 and COVID-19 vaccination. The Bali Province COVID-19 vaccination achievement realization experienced a significant increase in the second quarter of 2021. Based on vaccination data from the Ministry of Health, from the target of around 3.4 million people, the percentage of Bali vaccination achievement for the first dose of vaccination reached 66 percent at the end of the second quarter of 2021, an increase compared to the achievement at the end of the first quarter of 2021 which only reached 11 percent. The increase in added value in this category was also confirmed based on data on the realization of government spending on the Health function. During the second quarter of 2021, most component groups recorded inflation in Denpasar. The core component recorded inflation as high as 0.24 percent and the volatile component at 0.19 percent. Meanwhile, the government-regulated (administered) price component recorded deflation of 0.03 percent. From the monthly inflation rate during the second quarter of 2021, the volatile component in April was recorded as the component that experienced the highest inflation, at 1.07 percent. On the other hand, in terms of deepest deflation, the volatile component in June was recorded as the component that experienced the lowest price decline in Q2-2021. Deflation of this component at that time was recorded as deep as 3.72 percent. In the second quarter of 2021, a small number of component groups in Singaraja City experienced deflation. Only the volatile component experienced an average price decline or deflation in this quarter. The amount of deflation of this component was recorded as deep as 2.15 percent. Meanwhile, the core group experienced inflation as high as 0.67 percent, and the price group regulated by the government had inflation as high as 0.25 percent.

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