

## **The Impact of Government Policies on Social Welfare and Sustainability of Tourism Industry**

**I Ketut Irianto<sup>1</sup>, Anak Agung Wisnumurti<sup>2</sup>, Ni Nyoman Aryaningsih<sup>3✉</sup>, and David Reeve<sup>4</sup>**

<sup>1</sup>Faculty Agrotechnology, Warmadewa University

<sup>2</sup>Social and Politic Science Faculty, Warmadewa University

<sup>3</sup>Accounting Department, Politeknik Negeri Bali

<sup>4</sup>Faculty of Arts and Social Sciences, the University of New South Wales

✉Jl. Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali-80364 Telp.+62 361 701981, Indonesia

✉ nyomanaryaningsih@pnb.ac.id

---

### **Article Info**

#### *Articles History*

Received:

Feb 2020

Accepted:

May 2020

Published:

July 2020

---

#### *Keywords:*

*Government Policy, Social Welfare, Sustainability, Tourism*

---

---

### **ABSTRACT**

The rapid growth of the tourism industry creates various pressures on the coastal zone areas, extremely high job competition, and greater social conflicts, as well as increases urbanization flows. The pressure occurs in the coastal zones that have been used as tourism objects. The rapid growth of tourism also creates high urban flow into the zones. Meanwhile, government policies appear to lean towards supporting the development of the tourism industry, which in turn resulted in lower economic growth from other industries and agriculture. The purpose of this research is to analyze the government's policy toward the sustainability of the tourism sector, and the impact of government policies on the welfare of urban communities. Data were collected by survey method, accidental interview, and mass media documentation. The results show that government policies lead to social and cultural conflicts. Government policies that focus on the development of the tourism industry lead changes in society's behavior, namely towards consumerism. While, those policies also increase job competition, and individual social pressure, that in turn decrease the welfare and happiness of society. It appears that government policies that are originally intended to enhance the tourism industry, in turn, raise the society's social cost.

© 2020 Politeknik Negeri Bali

---

### **INTRODUCTION**

The tourism sector in Bali is growing very rapidly. Average tourism growth is around 10-15% every year. As a result, the provision of supporting facilities also grows. The industry needed to provide comfort for people who enjoy tourism. The supply-side of tourism development requires government support through tourism policies and regulations that are considered to be able to protect and guide the implementation of the tourism business. Also, government

regulations are expected to be able to support the provision of facilities and incentives for the sustainability of the tourism sector. Community-based tourism in Indonesia has been known since 1995 which was initiated by the Minister of Tourism. The growth of Indonesian tourism is fast, so there is hope that the government makes tourism as the leading economic sector. On the other hand, the negative impacts of tourism activities cannot be underestimated, because wider community involvement cannot be avoided. The concept of community-based tourism is the current development of tourism. Tourism management experts Lu & Nepal (2009), and Telfer & Sharpley (2008) state that community-based tourism is a model of tourism management by involving the community, minimizing negative impacts on the environment, culture, creating positive social-economic impacts and culture.

Community-based tourism has six measurement dimensions to determine the impact it has, including as alternative tourism, has attractions such as culture and the natural environment, tourism management involves the community, leads to cultural and natural environment conservation, provides customer satisfaction, can improve social and economic welfare community. According to Weave (2015), alternative tourism in its management should be sustainable which can be carried out by local communities. The main attraction of alternative tourism is the local culture in rural areas and can be used to build communities. Fagence (2003) stated that community involvement as a supporter in alternative tourism aims to protect the natural environment and local culture to have added value and have a positive impact on the socio-economic field. Similarly, Aryaningsih (2017) also stated tourism development must be seen from three-dimensional preservation, namely, abiotic, biotic, and culture.

The government hopes to become the tourism sector to become the leading sector, still finding obstacles and obstacles. Especially tourism built through the development of tourist villages. Village development into a tourist village often creates conflicts of interest between stakeholders and tourism service providers in the village. As a result, the value of the benefits of tourism development is low, so customer satisfaction is also low. Thus, the expectation value of the convention is also low. Richardson & Fluker (2008), and Aryaningsih, et al. (2018) mention business has the main goal of forming positive attitudes and behaviors, business competencies to customers, having service standards, management, and service quality audits. Research conducted Ernawati (2010), several tourist villages in Bali such as Penglipuran, Bedulu, Tihingan, and Belimbing villages found characteristics of tourism development: namely preserving traditional architecture, habits (community rituals), ancestral heritage guarding ancestral regulations that provide value positive for the lives of generations. Various constraints and challenges faced by the community in the development of tourism need to be carried out by policy research studies that can provide legal protection for the development of community-based tourism. The purpose of this research is to analyze government policies on the sustainability of the tourism sector and the impact of government policies on the welfare of urban and rural communities.

Village tourism development as an alternative to reduce global effects such as pollution, global warming, and exploitation of natural resources produced by human economic activities. When used as a goal of increasing social welfare, it is necessary to formulate business plans and operations to motivate the community to be responsible for the environment. Also, when presented to external stakeholders, business planning through village tourism development

should contain information that serves as a tool to develop social and environmental awareness among stakeholders (Sisaye, 2011) Business planning, reporting the development of sustainable tourism village business provides opportunities for the professional development of community resources because it requires deep understanding and competence about the complexity of social, economic and environmental problems (El Masry & Amaram, 2012; Belsoy, 2012).

**METHODS**

This research design uses a qualitative approach. The qualitative approach is chosen as a research method that aims to explore the real conditions in the field, to obtain clear and accurate information. Information givers are key information informants related to tourism regulations and implementation of these regulations which have a socio-economic and cultural impact on society. The kind of data used is qualitative. Data sources are the results of field surveys, mass media observations, results of discussions with tourism businesses. Data were collected by survey method, accidental interview, mass media documentation. The analysis technique of this research is the qualitative analysis and sociometric. The qualitative analysis aims to describe the phenomenon of the application of regulations in the tourism village community. Sociometrics analysis aims to look at the network of rural tourism development based on the implementation of applicable regulations so that it can be known the social costs incurred by the community and become individual pressure. The research design can be described in Chart 1.

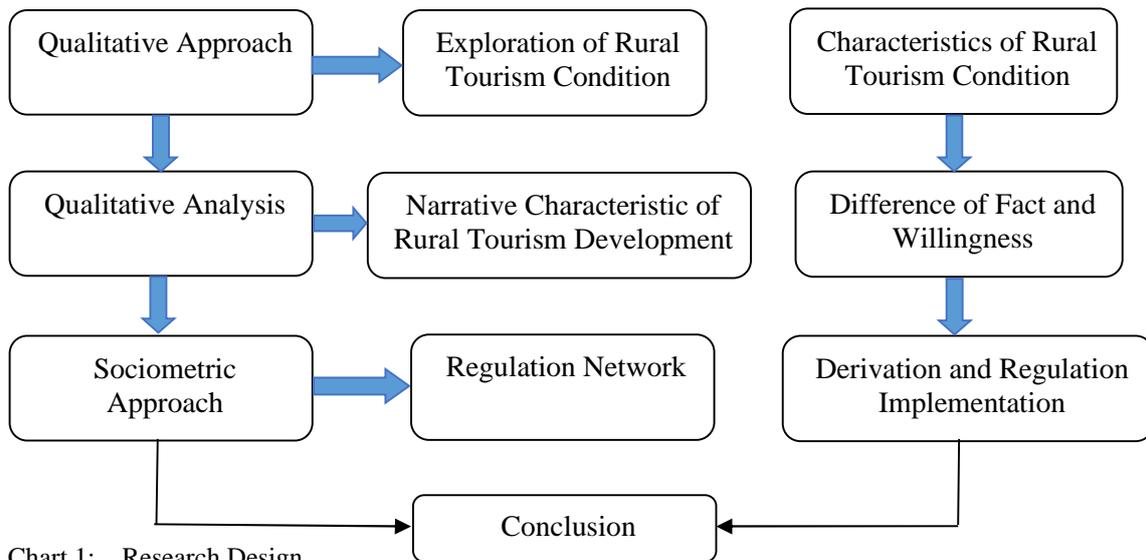


Chart 1: Research Design

**RESULTS AND DISCUSSION**

The results of field observations of the growth of domestic tourist visits in Bali continued to increase in 2015 by 11.7%, in 2016 by 20.94%, year by 21.41%. The growth of foreign tourist arrivals experienced a fluctuation in 2015 of 6.24%, in 2016 of 23.14%, in 2017 of 15.62%. In 2017 the occupancy rate in Bali was 65.1%. Increasing the number of hotel visits can have an impact on increasing the supply of accommodation and the number of facilities provided. On the other hand, there has also been an increase in hotel income which has a direct impact on increasing employment opportunities and improving people's welfare due to the tourism industry sector. The impact of occupancy rates of four-star hotels on tourism industry revenues

is around 73.96% in 2018. To maintain growth in the tourism sector, government regulations are needed to sustain the tourism industry. Hotel revenue growth as mentioned above, as a form or act of corporate social responsibility, to provide perceived benefits for business. This is reinforced by the findings of Pizam (2009) that hospitality operations are usually associated with reducing costs to increase energy efficiency, increasing ethical consumerism, and hoteliers have a responsibility to increase revenue growth.

### **Tourism Infrastructure and Culture Carrying Capacity for Tourism Village Development: An Assessment**

Tourism village development as alternative tourism based on community participation is an investment activity both natural investment and investment in human resources and social welfare of the community in the future. The results of research with field observation methods show that government policies often cause social, political, and cultural conflicts. Government policies that tend to be oriented to the development of the tourism industry lead to the behavior of the people tend to be consumerism, competition for job opportunities is getting tighter, so that the welfare and happiness of the community decreases. The emergence of clusters of rich and poor districts which ultimately led to economic and population agglomeration. Economic agglomeration is formed in the district of Denpasar, the southern Badung regency, the Gianyar regency in the Central and northern parts. However, in other districts such as Karangasem, Bangli, and Klungkung are still classified as low per capita income, so that the poor are relatively high. Ironically, there is one district that has a high per capita income, but the human resource index is still low. This requires an in-depth study and strengthening of government regulations for community empowerment based on village tourism development aimed at creating employment opportunities by utilizing the potential of existing resources as a pearl of unique local wisdom.

The impact of government policies raises the greater social costs of society that are used to increase the attractiveness of tourism, resulting in individual social pressure and the mindset of society. Some observations in the study found that district government regulation No. 47 of 2010 concerning the establishment of tourist village areas was directed to the tourism sector to become a leading sustainable sector (Sheppard & Fennell, 2019). Sustainable tourism development is oriented towards improving the welfare of society, preserving cultural arts, and being environmentally friendly. The implementation of these regulations in the field has not shown the optimal implementation of the regulations. This can be shown from the carrying capacity of community infrastructure and culture as supporting tourism villages tend to experience a tendency to decrease tends to be shown in Chart 2.

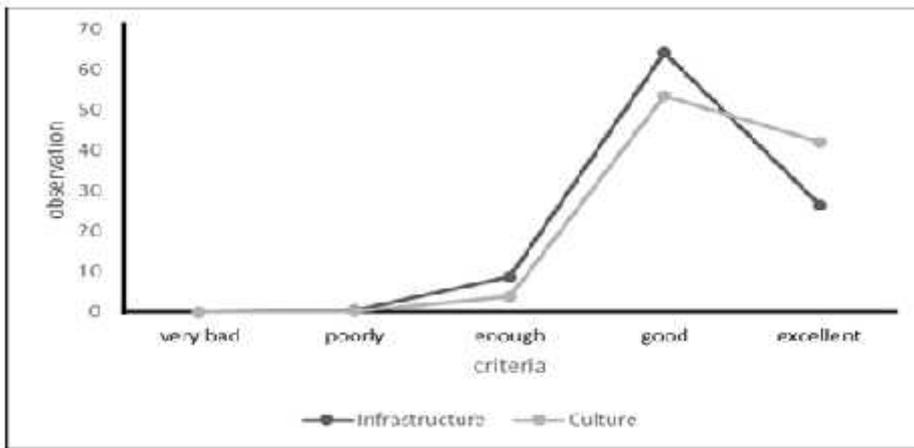


Chart 2: Observation Result: application of regulation based on the availability of infrastructure and cultural support.

Chart 02 describes that in realizing the tourism sector as a leading sector, the availability of infrastructure and culture of the community should be in the criteria of being very good in linear trends rather than showing a downward trend. This is an indication that government regulations concerning the establishment of tourist villages need to be monitored and evaluated by the government and cooperation with relevant institutions. Thus, the regulations established regarding the establishment of tourist villages can be practiced effectively and rationally according to the needs of the community, namely sustainable tourism and improvement of social welfare. The results of this research are reinforced by Brohman (1996) that the manifestation of "responsible tourism" and oriented towards the welfare of the local community as a major factor.

### Issuance of New Regulations for the Development of Tourism Villages: Opportunities and Challenges

Based on the results of monitoring the implementation of government regulations regarding the establishment of tourism villages that have not been optimal, it can be proven that there are still deficiencies in the provision of supporting facilities and infrastructure for the establishment of tourist villages. This situation is illustrated in Chart 3.

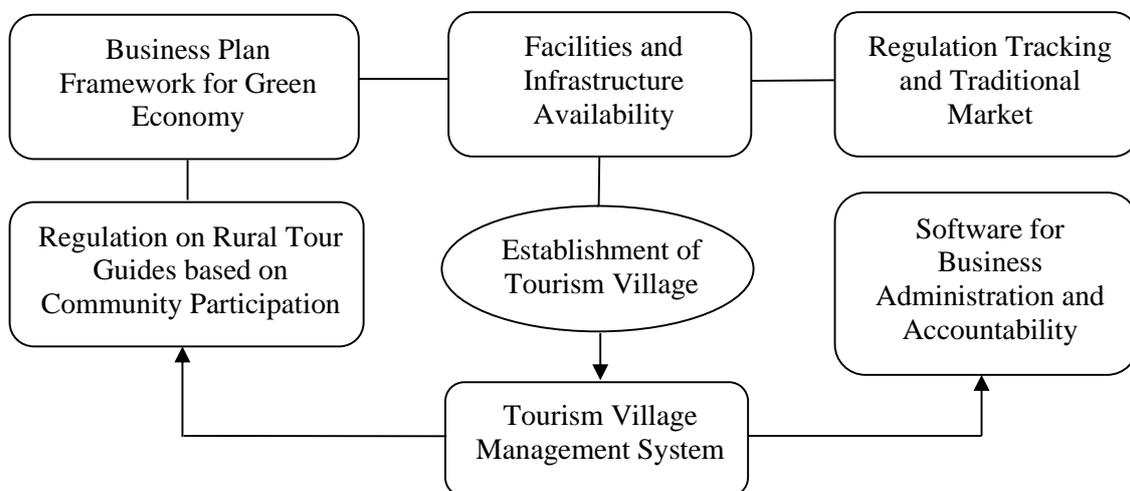


Chart 3: Government Regulation for the Development of Tourist Villages

The link between the implementation of regency government regulation Number 47 of 2010 concerning the establishment of tourism villages with the availability of facilities and infrastructure as tourism development needs of the village, it is necessary to support the government to issue new regulations to maintain the sustainability of tourism villages as a government priority program. The opportunity for the issuance of new regulations for the provision of facilities and infrastructure for supporting village tourism is based on a strong legal basis as the initial planning of the form of green tourism, green management, and green economy (Sangchumngong, 2018), so that the exploitation as a catalyst in a change of moral values (Zhuang, et al., 2019). The challenge that will be encountered with the issuance of new regulations is the need for competency in the formulation of these regulations which have the capability, vision, mission, and expectations of the implementation of tourism village development programs that favor the social welfare of the community and provide benefits to preservation and environmental friendliness as well as the preservation of local culture.

From various similar research results mentioned various challenges in the tourism sector that have brought impact in terms of social cost and public cost. Høyer (2000) stated that the challenges facing the tourism industry lie in fossil fuels and the impact of tourism on climate change as much as 72% of CO<sub>2</sub> emissions come from transportation, 24% from the accommodation, and 4% from local activities. Peeters & Dubois (2010) mentioned that airlines accounted for 55% of transportation's CO<sub>2</sub> emissions (or 40% of total tourism). Gossling et al. (2010) stated that the impact of all greenhouse gas emissions, condensation pathways, and cirrus clouds that are induced, aviation alone can contribute up to 75% of the climate impact of tourism.

## **CONCLUSION**

The results of the current study suggest that government policies that are used to increase the attractiveness of tourism often leads to greater social costs for the community. They result in pressure on individual social costs and changes in the mindset of the community. The study identified one regulation, i.e. district government regulation No. 47 of 2010, concerning the establishment of tourist village areas that was directed to the tourism sector to become a leading sustainable sector. Sustainable tourism development is oriented towards improving the welfare of society, preserving cultural arts, and being environmentally friendly. However, the study found that regulation has not been optimally implemented in the field. This can be demonstrated by the decline in the supply and carrying capacity of infrastructure and community culture as supporting tourism villages. The situation creates a need for a new regulation, specifically on the provision of facilities and infrastructure for supporting village tourism. The regulation should be based on a strong legal basis, and take the issues of green tourism, green management, and green economy into consideration. The possible future regulation needs to also take the social welfare of the community, conservation, and friendliness to the environment into consideration while supporting the tourism industry.

## **ACKNOWLEDGEMENTS**

The authors thank the local government, university leaders, all SAFE 2018 committees, reviewers for supporting the publication of scientific papers that have allowed us to present the

results of research and knowledge sharing work to develop knowledge and strengthen tourism village development regulations. Hopefully, the results of this scientific work can be useful for all readers and make this work the basis of researching related fields of science.

## REFERENCES

- Aryaningsih N. N. (2017) Development of Business Competencies Based on Entrepreneurship in the Area of Urban Sprawl. *Journal of Computational and Theoretical Nanoscience*. 23(12), 12079-12083, [10.1166/asl.2017.10577](https://doi.org/10.1166/asl.2017.10577)
- Aryaningsih, N. N., Irianto, K., Marsa Arsana, M., & Suarbawa, J. K. (2018). Model of Urban Poverty Alleviation through the Development of Entrepreneurial Spirit and Business Competence. *Journal of Physics Conference Series*. 953(1), 012045. 10.1088/1742-6596/953/1/012045
- Belsoy J., Korir J., Yego J. (2012). Environmental Impacts of Tourism in Protected. *Journal of Environment and Earth Science*. 2(10), 64-73.
- Brohman, J. (1996). "New directions in tourism for third world development". *Annals of Tourism Research*. 23, 48–70. CiteSeerX 10.1.1.330.6563. 10.1016/0160-7383(95)00043-7
- El Masry R. B., & Amaram D. F. (2012). *Sustainable Events Tourism: A Case Study of Egypt*, International Tourism Conference Preceeding, Dubai. available at [[http://aib.uowdubai.ac.ae/conference/2011/2012 Proceedings.pdf](http://aib.uowdubai.ac.ae/conference/2011/2012%20Proceedings.pdf)]
- Ernawati, N. M. (2010). Wisatawan Alternatif Manca Negara di Bali (International Alternative Tourists in Bali). *Journal Manajemen Pariwisata*. 13(1), 77-91.
- Fagence, M. (2003). Tourism, Local Society, and Culture, In S. Singh, D. J., Timothy, & R. K. Dowling (Eds). *Tourism in Destination communities* (pp.55-78). Oxon: CABI.
- Gossling, S., Hall, M., Peeters, P., Scott, D. (2010). The future of Tourism: Can Tourism Growth and Climate Policy be Reconciled? A Mitigation Perspective". *Tourism Recreation Research*. 35(2), 119–130. 10.1080/02508281.2010.11081628
- Høyer, K. G. (2000). Sustainable Tourism or Sustainable Mobility? The Norwegian case. *Journal of Sustainable Tourism*. 8(2), 147–160. 10.1080/09669580008667354.
- Lu, J., & Nepal, S.K. (2009). Sustainable Tourism Research: An analysis of papers published in the journal of sustainable tourism. *Journal of Sustainable Tourism*. 17(1), 5-16, 10.1080/09669580802582480
- Pizam, A. (2009). Editorial: Green hotels: A fad, ploy or fact of life. *International Journal of Hospitality Management*. 28(1), 1. 10.1016/j.ijhm.2008.09.001
- Peeters, P., Dubois, G. (2010). Tourism Travel under Climate Change Mitigation Constraints. *Journal of Transport Geography*. 18(3), 447–457. 10.1016/j.jtrangeo.2009.09.003.
- Richardson, J. I., & Fluker, M. (2008) *Understanding and Managing Tourism Frenchs Forest*. NSW: Pearson.
- Sangchumnong, A. (2018). Development of a Sustainable Tourist Destination Based on the Creative Economy: A Case study of Klong Kone Mangrove Community, Thailand. *Kasetsart Journal of Social Sciences*. 40(3), 642-649. 10.1016/j.kjss.2018.02.002.
- Sheppard, V. A., & Fennell, D. A. (2019). Progress in Tourism Public Sector Policy: Toward an Ethic for Non-human Animals. *Tourism Management*. 73, 134–142. 10.1016/j.tourman.2018.11.017
- Sisaye, S. (2011). Ecological Systems Approaches to Sustainability and Organizational Development: Emerging Trends in Environmental and Social Reporting Systems. *Leadership and Organization Development Journal*. 32(4), 379-398.
- Telfer, D. J., & Sharpley, R. (2008) *Tourism and Development in the Developing World*. New York: Routledge.
- Weave, D. (2015) Enlightened Mass Tourism as a ‘Third Generation’ Aspiration for the Twenty-first Century. In M. Hughes, C. Pforr, & D. Weaver (Eds.), *The Practice of Sustainable Tourism: Resolving the Paradox* (pp.11-23). London: Routledge.
- Zhuang, X., Yao, Y., & Li, J. (Justin) (2019). Sociocultural Impacts of Tourism on Residents of World Cultural Heritage Sites in China. *Sustainability*, 11(3), 840. 10.3390/su11030840