

## Economic Transformation Towards Economic Stability In Bali Province: Literature Review Analysis



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**ABSTRACT:** Tourism has long played an important role in development in Indonesia, especially in Bali Province. Tourism, with its multiplier effect, can and is capable of accelerating economic growth and job creation. However, due to the Covid-19 pandemic, Indonesia's macro conditions have worsened. As a province that makes the tourism sector its leading sector, this pandemic has had a drastic impact on Bali Province. The central government and the regional government of Bali Province must jointly make efforts to restore the economy as well as economic transformation. In this way, Bali's economy will grow more resilient to shocks because it is based on local resources with high added value with economic diversification so that it does not depend on the tourism sector alone. This research uses Chenery's theory as a grand theory which explains an approach to analyzing economic transformation by considering sector diversification which can provide a basis for effective and efficient planning policies. This research uses a literature review method. By looking at the various impacts experienced after the pandemic, the issue of making one sector the main sector needs to be taken into consideration. Paying high attention to the tourism sector over the last few years has had a slight impact on making Bali's economy the second lowest in Indonesia. Based on this phenomenon, the assumption began to emerge that the agricultural sector was a "temporary safe place" which became the second choice, although in the end, when Bali's tourism conditions improved, the average worker decided to return. This assumption that the tourism sector is a conservation sector needs to be improved by providing more understanding that agriculture is also able to support tourism in Bali Province.

**KEYWORDS:** Tourism, Agriculture, Economic Transformation

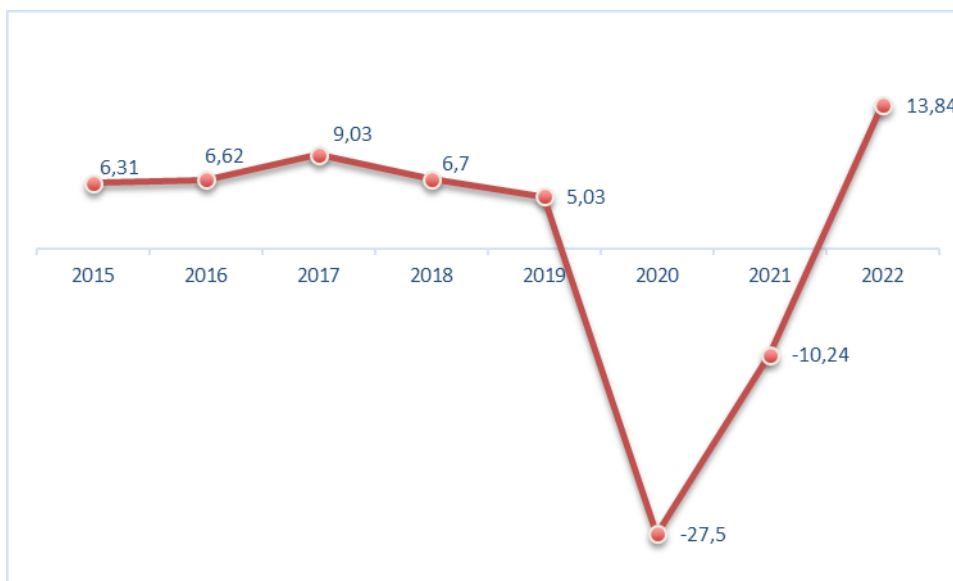
### I. INTRODUCTION

Tourism has long played an important role in development in Indonesia, especially in Bali Province. Tourism, with its multiplier effect, can and does accelerate economic growth and job creation. This is the reason why economic growth can be accelerated and the creation of wider job opportunities can be done by promoting tourism development (Fahrika, 2020). In line with this, the government has created various tourism development programs which are carried out with various strategies, such as developing the tourist market, developing the tourism image, developing tourism marketing partnerships, and developing tourism promotions. However, as a result of the Covid 19 pandemic, Bappenas (2022) stated that Indonesia's macro conditions had worsened, looking at around 1.5 million employees who were laid off or laid off (PHK), with details of 1.2 million of those workers coming from the formal sector, 265,000 from the informal sector. The air service sector lost revenue of around IDR 207 billion, of which around IDR. 48 billion in lost revenue came from Chinese flights. The number of tourists decreased by 6,800 per day, especially tourists from China. As a province that has made the tourism sector its leading sector, this pandemic has had a drastic impact on Bali Province.

Bali Province is the province that experienced the greatest negative economic growth of the 34 provinces in Indonesia (Sanjaya, 2022). Bali's economy, with the tourism sector as the main contributor, was greatly impacted by the implementation of the PSBB policy. This is reflected in the deepest negative growth that occurred in business groups closely related to tourism, especially the transportation and warehousing sector by 31.79 percent, and the accommodation and food and drink provision sector recorded a contraction of 27.52 percent. From the expenditure side, all components that make up GRDP, except government consumption, experienced a decline. The biggest decline occurred in foreign imports amounting to 78.34 percent;

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followed by a decline in foreign exports of 76.23 percent; and a decrease in Gross Fixed Capital Formation (PMTB/ investment) of 12.21 percent.



**Figure 1. Contribution of Providing Accommodation and Food and Drink to PD RB Bali Province 2015 - 2022 (%)**

Source: Central Bureau of Statistic Bali Province, 2024

Based on Figure 1, the contribution of providing accommodation and food and drink to the GRDP of Bali Province decreased by 1.67 percent from 2018 with a contribution of 6.7 percent and in 2019 it became 5.03 percent. The decline became more drastic in 2020, reaching -27.5 percent. This is due to restrictions implemented throughout the world to limit the spread of the virus (Fotiadis et al., 2021). With tourism as the leading sector experiencing paralysis, there has been a decline in the economic growth achievements of districts/cities in Bali Province. The following presents the economic growth of districts/cities in Bali Province from 2017 to 2022.

**Table 1. Regency/City Economic Growth in Bali Province Year 2017- 2022 (%)**

No.	Regency/ city	Year					
		2017	2018	2019	2020	2021	2022
1	Jembrana	5.28	5.59	5.56	-4.98	-0.65	2.98
2	Tabanan	5.37	5.71	5.59	-6.17	-1.97	2.94
3	Badung	6.08	6.73	5.81	-16.55	-6.74	9.97
4	Gianyar	5.46	6.01	5.61	-8.40	-1.07	4.04
5	Klungkung	5.32	5.48	5.42	-6.38	-0.23	3.12
6	Bangli	5.31	5.48	5.46	-4.10	-0.23	2.79
7	Karangasem	5.06	5.44	5.50	-4.49	-0.56	2.58
8	Buleleng	5.38	5.60	5.53	-5.80	-1.22	3.11
9	Denpasar	6.05	6.42	5.82	-9.43	-0.91	5.06
	Bali province	5.56	6.31	5.60	-9.33	-2.47	4.84

Source: Central Bureau of Statistic Bali Province, 2024

Table 1 shows a decline in economic growth in all districts/cities up to the province. The lowest economic growth was experienced by Badung Regency which reached -16.55 percent. The huge tourism industry in Badung has been really affected by this pandemic. Denpasar City also experienced a large decline, reaching -9.43 percent.

The central government and regional government of Bali Province must jointly make efforts for economic recovery as well as economic transformation. Economic recovery measures are short term, primarily to restore economic activity, so as to create jobs and restore the purchasing power of the Balinese people who were depressed due to the PSBB policy. Meanwhile, economic transformation which will have an impact in the medium to long term is carried out based on local wisdom, which places great emphasis on the harmony of nature, manners and culture to achieve the prosperity of the Balinese people. In this way, Bali's economy will grow more resilient (independent, competitive and resilient) against shocks because it is based on local

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resources with high added value with economic diversification so that it does not depend only on the tourism sector. This economic transformation also simultaneously builds a sustainable Balinese economy for the prosperity of the Balinese people.

In accordance with the Medium Term Regional Development Plan of the Bali Province Universe Plan, the Vision of Bali Province is *Nangun Sat Kerthi Loka* Bali which is sourced from the values of the local wisdom philosophy of *Sad Kerthi*. This vision means maintaining the sanctity and harmony of Balinese nature and its contents to create a prosperous and happy Balinese life, leading to Balinese life and earth through patterned, comprehensive, planned, directed and integrated development within the framework of the Unitary State of the Republic of Indonesia based on the values of Pancasila 1 June 1945. This vision is achieved through the implementation of 22 development missions for the Province of Bali. It is hoped that the economic recovery and transformation of Bali Province can restore Bali's economy while gradually overcoming the economic development problems that occurred in Bali due to past development. In the end, Bali Province can support the realization of the vision of Indonesia 2045. Bali Province is the province most affected by the Covid-19 pandemic. For this reason, the President assigned the Minister of National Development Planning/Head of Bappenas and continued with the agreement with the Governor of Bali to prepare a Roadmap for Recovery and Transformation of the Bali Economy. It is hoped that this document will become a reference for the Province of Bali in carrying out economic recovery due to the Covid-19 pandemic and carrying out economic transformation in Bali.

## II. THEORY FRAMEWORK

Study This use Chenery's theory as grand theory. This theory developed by Hollis B. Chenery, who explains A an approach to analyzing economic transformation by considering different economic sectors or diversification sector. This theory emphasizes the concept of "shift-share analysis," which separates economic sector growth into three main components: national sector growth, localized sector growth, and international sector growth. In this framework, national sector growth reflects overall economic growth, while localized sector growth indicates sectors that are developing faster at the local level, and international sector growth reflects faster growing export sectors. Chenery's theory allows a more detailed analysis of the dynamics of economic transformation, identifying key sectors that make a significant contribution to national economic growth. This approach also takes into account interactions between economic sectors, allowing a better understanding of the factors that drive growth in each sector. By using this analytical tool, economic policies can be designed more precisely to support sustainable economic transformation. Chenery's theory makes an important contribution in understanding how structural shifts in economic sectors can shape changes in a country's economy, providing a basis for effective and efficient policy planning.

### Research Method

This research uses the study method literature. Literature study is a research approach that includes the comprehensive collection and analysis of literature, publications and other written sources related to a research topic (Nazir, 2004). This research focuses on results of previous research regarding implementation transformation economics, with 10 journal related as following.

No	Title Study	Researcher / Year	Method	Results Research
1	Shift Share Analysis On Sector Transformation Agriculture in the Regional Economy in i Bengkulu	Esti Pasaribu, Merri Anitasari, Romi Gunawan, Retno Agustina Ekaputri, Novi Tri Putri / 2020	Analysis Descriptive and Shift-Share	The analysis shows the value of competitive advantage in Bengkulu Province negative value, while the specialization value (Aij) is also negative. In aggregate, Bengkulu Province also does not have a competitive advantage specialization. This means that Bengkulu Province needs a breakthrough to get out of poverty, especially by looking at the structure of the economy.
2	Local Initiation of Circular Economy Model Through Integrated Agriculture as an Adaptation for	Arsy Adziem Wal Hamdir, Yanti Nurhasanah / 2021	Analysis descriptive and exploratory ones utilizing literature reviews and direct	Results on research This state deep circular economy model an integrated agricultural approach can be an alternative for developing innovative efforts aimed at improving operational

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	Farmers in East Kalimantan During the Covid-19 Pandemic		observations of groups farmer	efficiency and effectiveness because it prioritizes optimization of resource utility and its concern for environmental conservation as well as a positive impact on health during the covid-19 pandemic.
3	Sector Economic Transformation Analysis Inter-Provincial Agriculture On the island of Kalimantan	Amak Priyatna, Dewi Rahayu, Saipudin / 2022	Location Quotients and Shift-Share	The results show the agricultural sector maintain positive contributions and subsectors have competitiveness. Has occurred agricultural transformation marked contribution fluctuations and decreases in rate growth the future needs to be anticipated. Accelerating transformation through the policy of downstreaming agricultural commodities but is hampered regeneration of competent human resources and slow implementation integrated agricultural technology.
4	Analysis of Primary Sector Economic Structure Transformation, Secondary Sector and Tertiary Sector, Bone Bolango Regency	Harijono H. Imbran / 2022	Location Question (LQ) and Shift Share Analysis	The results show that transformation structure economy Bone Bolango Regency still not running well, or still relatively slow. This can be seen from the share contribution of the primary sector still dominant. The economic potential of Bone Bolango Regency can be seen from the basic sectors it has consists of 10 sectors or business fields and non-based sectors Bone Bolango Regency consists of 7 sectors or business fields.
5	Pioneering Coffee Educational Thematic Tourism in North Bali as Post-Covid-19 Pandemic Economic Recovery	Francisca Titing Koerniawaty, I Made Sudjana / 2022	Qualitative descriptive using a Research and Development (R&D) approach	The results show that The coffee education thematic tourism model was designed with this in mind 4A and CI concepts which cover two thematic areas of coffee and education four additional tour packages broken down to forty-four tourists attraction criteria. This model gives village residents extensive rights to be directly involved in every tourism activity in recovery economy after the Covid-19 pandemic.
6	The Influence of Economic Growth, Regional Financial Independence on	Nyoman Adi Gunarta, Made Suyana Utama / 2022	Path Analysis	Analysis results show that Economic growth and regional financial independence positive effect on economic structure, Structure The economy has a

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	Economic Structure and Community Welfare of Bali Province			positive and significant effect on community welfare, economic growth and regional financial independence has a positive and significant effect on community welfare, and economic growth and regional financial independence have an influence directly on the welfare of society through the economic structure in Regency/City of Bali Province.
7	Strategy for Accelerated Growth and Structural Transformation Districts and Cities (Case Study of West Nusa Tenggara Province)	Andi Pramaria / 2022	Location Quotion (LQ), ShiftShare, Overlay Technique, Williamson Index, Klassen typology, And RPJMD analysis	Research result showing although growth economy area tend decreased , however Still there is a number of capable sector _ grow positive and have superiority ; The districts and cities in West Nusa Tenggara Province are spread out in category area prosperous , prosperous in the process of decline and lagging behind in the building process , acceleration strategy intervention growth and transformation structural done through development Agriculture and Investment ; development Reliable Tourism , and Superior Industrial Development .
8	Structural Transformation of the Indonesian Economy	Nipsa Rinaldi, Erfit Erfit, Rosmeli Rosmeli / 2022	Shift Share analysis _	Research result find that all GDP sectors show positive share value. Field that effort most widely give contribution to GDP comes from from industrial sector, followed by sectors agriculture, and sectors trade. Based on shift share energy analysis Work found that's the most absorb power Work originate from sector agriculture, followed by sectors trade, sector services and sectors industry. Increasing contribution industrial and service sectors Good to GDP growth as well to absorption power work, show that has happen shift in structure Indonesian economy.
9	Agricultural Transformation as a Reduction Effort Degradation Environment and Economic	Abdul Hamid, Rona Jelita Maharani / 2023	Qualitative Descriptive Analysis	Research result stated some farmers in Surengede Village has transformed farming methods from methods conventional way of planting potatoes in open fields agriculture using greenhouses and activities

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	Improvement Public in Surengede Village, Kejajar District, Wonosobo Regency			sheep farming. This transformation has succeeded in reducing environmental degradation and succeeded in improving the economy related farmers. The greenhouse farming method also has potential developed into agro-industry and agro-tourism.
10	Analysis of Economic Structure Transformation in Each Regency/City in the Province East Kalimantan	Ahmad Ilham Romadhoni / 2023	Regional Share Techniques, Sectoral Share, Typology Klassen, Shift-Share, Geographic Information Systems , and Policy Document Review Method	Research result shows that in general East Kalimantan is experiencing transformation of economic structure but still at a low level. Samarinda City became the only region experiencing economic transformation, as evidenced by change in economic structure from processing industry to construction. Shift analysis results share shows that there are several sector choices for each district/city in East Kalimantan in the future as an effort to transform the economic structure.

### III. RESULTS AND DISCUSSION

Based on research conducted Previously, yes is known that There is lots of available test results used as one of the base formulation a policy in Bali Province not to experience fall similar situations. In research conducted by Esti Pasaribu, et al (2020), it was possible seen that for go out from shocks, Bengkulu Province needs a breakthrough to get out of poverty, especially by looking at the economic structure Because stated that Bengkulu Province does not own superiority competitive. Whereas Province can utilise sector agriculture as its support because in Bali Province, sector agriculture Still in condition can compete although impressed abandoned. Statement Arsy and Yanti (2021) also stated the same thing deep circular economy model An integrated agricultural approach can be an alternative during the Covid-19 pandemic. Bali Province also experienced this same situation . With exists restrictions imposed, several power previous work absorbed in the sector tourist decide for enter to in sector current agriculture That considered Still can walk although not optimal because limited land agriculture. So, Bali Province needs for aware that with vulnerabilities that occur in the sector tourism, the need for it parallel and concurrent development between sector tourism and other sectors during This not enough get attention.

From the results research conducted by Priyatna (2022), accelerated transformation through downstream agricultural commodity policies indeed Good However hampered by the regeneration of competent human resources and the slow implementation of integrated agricultural technology. This matter can become notes special For application in Bali Province . Necessity understanding that Farming is not work side or temporary can help Bali's economy is more stable in the future . No only dapam his contribution give income , however help Inner Bali Province ensure resilience food for local you can achieved .

According to Imbran (2022), the transformation of the economic structure of Bone Bolango Regency is still not going well, or is still relatively slow because contribution of the primary sector share which is still dominant. Bali Province post pandemic is back increase in its growth Because supported again by the sector tourism, so with implementation carried out Bali Province as form awareness will stability economy, necessary For bridge sector tourism and sectors agriculture For greater social welfare equally. Based on research conducted by Francisca and Sudjana (2022), makes agriculture as a tourism model education thematic be one good innovation. Research result This Enough Good For optimized implementation in Bali Province as form development of two sectors major in Bali Province so that you can walk side by side. So that with exists transformation economy in the first place only focusing on tourism, can spread across sectors agriculture too. This matter later will impact on welfare society in Regency/City of Bali Province such as (Gunarta and Suyana, 2022).

### IV. CONCLUSION

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With exists similarity characteristics regions, Bali Province can making the 10 studies above as consideration in optimizing structure economy in each region. Every area own superiority competitive in the sector certain, but necessity awareness that resting only on one sector only will make economy more easy experience shocks caused by various matter like disaster nature and others. Transformation economy not only discuss change from sector traditional become more modern sectors or shift from primary sector to sector secondary, but so as on the contrary. Necessity ensure all sector can side by side will make economy Bali Province more stable in the future. So that necessity do transformation economy For watch out exists situation and condition worst can impact return to the economy in Bali

### V. INTEREST CONFLICT

With see various perceived impact post pandemic, the problem of making One sector as sector main need made as consideration. Give attention high in the sector tourist during a number of year final make exists A little collision make Bali's economy is the lowest number 2 in Indonesia. Based on phenomenon that, start exists presumption that sector agriculture is "place while safe" be choice second even though in the end When conditions Bali tourism already improved, the average worker decide to return. Assumption that sector tourist as transition this is what is necessary repaired with give understanding more that Agriculture is also capable For side by side with tourism in Bali Province.

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