

# The Impact of Restrictions on Community Activities (PPKM) for Hospitality Industry in Bali

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## Abstract

Outbreak of Covid-19 is an emerging global pandemic threat since early 2020. This outbreak is a concern for the world because many aspects are greatly affected, such as hospitality industry. This research aims to determine the impacts of restrictions on community activities (PPKM) for the hospitality industry in Bali, center of Indonesia's tourism industry. It examines the challenges faced and the strategies used to survive. This research was held by applying a descriptive qualitative approach and done by discourse analysis. The data obtained comes from a variety of reference sources that support this research. The result of this study indicate that the PPKM actually causes the hospitality industry in Bali going bankrupt, number of unemployment increase, and unhealthy business competition because there is no revenue for operational costs.

Keywords: Covid-19, PPKM, hospitality industry

## 1. Introduction

Since the COVID-19 pandemic was discovered in March 2020 in Indonesia, based on WHO data, as of 29 July 2021, as many as 3,287,727 people have been infected and 88,659 thousand people have died. To stop the spread of the SARS-CoV-2 virus that causes the Covid-19 outbreak. Indonesian government has made some restriction such as travel bans, border closures, and quarantine instructions, In April and may 2020 the government implemented the Large-Scale Social Restriction (PSBB) policy, and since January 2021 until now has implemented the policy for enforcement of community Activity Restrictions (PPKM).

PSBB and PPKM regulate large-scale social restrictions that cause economic activity to decline, unemployment and poverty rates to increase. The state of Bali tourism is getting worse eventhough they have tried their best due to the new Instruction of the Minister of Home

affairs No. 15 of 2021 concerning the implementation of the Covid-19 Emergency Community Activity Restriction (PPKM darurat) which was implemented in early July 2021, have resulted in many businesses in the tourism and hospitality industry either limiting or closing their operations. On 1 April 2020, only four international flights arrived and departed from the airport in Bali, indicating a drop of more than 95 % compared with the same day in 2019 (Wibawa, 2020). The industry has lost millions in revenue due to the unprecedented efforts to battle the pandemic; it is estimated that 75 million jobs and US\$2.1 trillion in turnover are at risk (WTTC, 2020; Zenker and Kock, 2020). It certainly has an impact on the lives of thousands of employees. Until March, 2021 the number of employees who have been laid off has reached 300,000 people. Previous studies have investigated the effects of epidemics on the tourism and hospitality sector, nevertheless more studies

are needed to understand the impact of government policies on the tourism sector in order to be able to review and work together with business actors to find the best and sustainable solution especially for hospitality sector.

The level of complexity faced due to the pandemic is high because it is a blend of several disaster and crisis typologies (Zenker and Kock, 2020). It has also been suggested that complexity theory may be useful to explore the complex nature of tourism crises and disasters at different scales (Ritchie and Jiang, 2019). Through the lens of complexity theory, the present study thus demonstrates that the strategies developed due to the impact of the COVID-19 pandemic could be meaningful but also harmful to the hotel industry. In particular, the questions addressed are as follows: (i) What repercussions and challenges are arising from the COVID19 crisis for hotels? (ii) How are government responding to these challenges? What are the long-term and indirect effects of these government strategies?

## 2. Method

The method used is a descriptive analysis method in which an analysis of the impact of the Emergency Community Activity Restriction Policy (PPKM) at Level 3 and Level 4 on hoteliers in the Province of Bali, the analysis is carried out through descriptive

## 3. Results and discussion

The role of the tourism sector in Bali is as regional income, regional development, as well as in the absorption of investment, labor, and business development spread across various parts of the region in Bali. The implementation of Emergency Community Activity Restrictions (PPKM) in Bali has had a significant impact on Bali's economic growth. PPKM affects the level of community mobility, hotel occupancy rates, income, and people's consumption power. However, health must be a priority, the economy adjusts, after the

wording consisting of a description of issues in the policy of limiting community activities, namely to reduce the spread of COVID-19 pandemic cases in Indonesia as well and implementing policies that are not a burden on hotel industry players and hotel workers affected by COVID-19, so that hotels and their owners can survive, and does not close the property and hotel staff can continue their life when they are not paid and have no income. The description of the analysis in the form of a description is in line with the understanding of the experts as expressed by Sugiyono [17] who stated that descriptive research is a type of research that describes the problem being studied in the form of expressing words narratively and not in the form of a description of the results of statistical calculations. A literature review from previous studies with the same theme and collecting data was used in the study by browsing articles, documents, journals, and literature relevant to this study. The sources collected were then selected, interpreted in the relevant sections as part of the reconstruction of this research writing. This research is an analysis of the formulation of the implementation of the Instruction of the Minister of Home Affairs No. 15 of 2021 concerning the Enforcement of Restrictions on Community Activities with the choice of policy strategies made by the government to overcome the COVID-19 pandemic outbreak in the country.

outbreak of the Covid-19 pandemic, a new approach is needed to adapt and accelerate the economy. The COVID-19 pandemic, in the process, takes a long time for recovery and requires people to enter a new life order which is more often called the new normal era. Living side by side with the virus is the wisest choice to apply at this time, to maintain and move the economy little by little.

Bali relies heavily on the tourism sector, before Covid-19 in 2019 the tourism sector contributed to tourism foreign exchange

reaching USD \$ 9.34 million, 55.26% contributed nationally up to 53% to the Bali economy. Bali's economic growth in 2020 is estimated to be in the range of -8% s.d. -9% while economic growth in 2021 is estimated to be in the range of 4% – 5 the social and economic conditions above increase poverty and job losses for sector workers, then these two things could happen in Indonesia based on the following study exposure.

Based on a study conducted by Suryahadi [20] predicts that Indonesia's average poverty rate will increase by the end of 2020 so that this increase will cause around 8 million people to experience new poverty due to this pandemic. This estimation data is obtained based on Susenas data for March and September 2019. From the analysis above, it can be said that the recovery of foreign tourist arrivals is projected to only return 50% in 2021 and recover normally in 2022. Thus, the Bali economy will return to its normal position in 2022.

PPKM status in Bali is expected to be applied to "Special" PPKM which is more targeted in accordance with the conditions in Bali, which has implemented all government programs according to health protocols and international standards starting from the first stage of the vaccination program (102.57%) and the second stage (30.11%) of the population. Bali provincial government update as of August 2021 even though the government stated that the Bali border will be opened if the herd immunity has reached 70% of the population of an area that has been vaccinated.

Bali tourism stakeholders together with the Ministry of Tourism and Creative Economy (Kemendparekraf) intensify the CHSE (Cleanliness, Health, Safety, and Environment Sustainability) program in Bali and 1,871 tourism businesses in Bali have been certified CHSE. Meanwhile, the Covid-19 cases in Bali are under control with the number of exposed cases almost the same as the patient's recovery

rate. Furthermore, cumulatively, since the Covid-19 pandemic emerged in March 2020 until July 28, 2021, the number of Covid-19 cases has reached 72,555 people with an average addition of 816 new cases per day. Meanwhile, the number of those who recovered reached 59,424 people (81.90 percent) or above the national figure of 80.32 percent. Then the number of patients who died reached 2,060 people (2.84 percent) or above the national figure (2.70 percent), and the number of active cases reached 11,071 people (15.26 percent) below the national rate of 16.98 percent. Policy.

Another policy that have been carried out are the establishment of green zones in the areas of Ubud, Nusa Dua, and Sanur, it is easier to monitor tourists in a place if the central government does not consider the policies that have been carried out by a small island known as the island of paradise and there is no special treatment. for Bali as the country's foreign exchange earner in the implementation of the Emergency Community Activity Restrictions (PPKM) in Bali which has provided very significant foreign exchange, then Bali tourism will be in the acute complication phase because currently, the impact of emergency PPPKM has paralyzed the economy and tourism in Bali due to PPKM affects the level of community mobility, hotel occupancy rates, income, and people's consumption power. Bali needs to be treated in a special and partial way, considering that the economic condition of Bali is the worst and the recovery efforts carried out are very significant.

#### **4. Conclusion**

The emphasis of this research is on a descriptive analysis of the impact of Covid-19 on the economy and the hospitality industry in Bali after the implementation of the Emergency Community Activity Restriction (PPKM). Initially, documentary evidence and related literature were collectively explored to identify the problems facing the tourism industry in Bali

against the Covid-19 spike during the implementation of PPKM. To support the literature and initial reports find relevant reasons that show that PPKM during the Covid-19 pandemic has created severe problems and resulted in acute complications for the tourism sector in Bali. Tourism, hotels and restaurants, bars, transportation businesses, tourism MSME businesses have experienced problems of declining demand for services, declining profits and no sales, limited operations, restrictions on activities and layoffs of employees.

The Socio-Economic Impact of the Covid-19 Outbreak during the Emergency PPKM on economic growth in Bali was so severe that many tourism business actors closed permanently and terminated their employees' employment relationships. For the reactivity of the Bali border to be opened for foreign tourists, it must be done immediately so that all tourism actors don't fly the white flag, a sign that they have given up and avoid going forward to make Bali enter the stage of very severe acute complications. Although the COVID-19 pandemic has not ended, existing programs continue to be used in efforts to handle the pandemic as a top priority.

The results of this study indicate that there has been a transformation of social assistance in the form of synergies between the central government and local governments, regulatory adjustments, an increase in the number of beneficiaries and the aid index, changes in the types of social assistance and changes in distribution mechanisms, data updating, collaboration with various stakeholders and innovation in the use of the system. technology information.

To accelerate the recovery of tourism in Bali, there are policy recommendations that must be carried out immediately otherwise tourism in Bali will collapse, namely: vaccination of the Balinese population must be up to 70% so that

Herd Immunity is formed, the CHSE health protocol is carried out seriously and there is supervision, Covid-19 cases in the province Bali is under control, numbers exposed to the COVID-19 virus are under control, CFR (case fatality rate) is decreasing, professional and reliable mitigation programs, clear and measurable green zones are opened for several zones that are considered safe for tourists to stay, super integrated application that clearly informs tourists, and visitor guide line.

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