

DYNAMICS OF TOURISM IN BALI: A STUDY ON FACTORS, CHALLENGES, AND OPPORTUNITIES

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Abstract

The tourism sector serves as a major backbone of the economy in Bali Province, evident through its significant contribution to the Gross Regional Domestic Product (GRDP), surpassing other sectors. This sector has also created extensive job opportunities for the local population through accommodations, dining, transportation, souvenir crafts, tour guiding, and micro-businesses. However, high dependency on a single sector can lead to economic vulnerability if not managed properly. This research aims to describe the dynamics of the tourism sector in Bali Province. Utilizing a qualitative approach based on literature review, the study analyzes various sources, including academic articles, government reports, and news articles, to identify factors driving tourism development, challenges faced, and opportunities to be exploited. Findings reveal that cultural richness, natural beauty, and infrastructure development are key drivers of tourism growth in Bali. Nonetheless, tourism development is challenged by environmental degradation due to massive construction, dependency on international tourist arrivals vulnerable to global changes and crises, and difficulties in managing increasing tourist traffic. To address these challenges, the research emphasizes the importance of sustainable and digital-based tourism opportunities. Sustainable tourism practices will mitigate negative environmental impacts and preserve local cultural heritage. Additionally, the digitalization of tourism can enhance marketing strategies and tourism management. Based on these findings, recommendations include strengthening policies focused on sustainability, developing culture-based tourism products, employing digital marketing and management, and improving infrastructure and service quality.

Keywords: Bali, Challenges, Driving Factors, Opportunities, Tourism

A. INTRODUCTION

Tourism is one of the strategic sectors that has a great contribution to economic growth, job creation, increase in state foreign exchange, and equitable distribution of regional development. The tourism industry not only has a direct economic impact through tourist activities, but also produces a multiplier effect on various other sectors such as transportation, hospitality, restaurants, trade, creative industries, agriculture, fisheries, to micro, small, and medium enterprises (MSMEs). Therefore, the development of the tourism sector is one of the

priorities in national and regional development policies because it is able to encourage the improvement of community welfare in a sustainable manner.

Indonesia is an archipelagic country that has a huge wealth of natural resources, culture, and biodiversity so that it has the potential to become one of the best tourist destinations in the world. Based on data from the Central Statistics Agency (BPS), the number of Indonesian tourist trips in 2024 will reach more than 1 billion trips, while the number of foreign tourist visits to Indonesia will reach around 13.9 million visits, an increase compared to the previous year as the tourism sector recovers after the COVID-19 pandemic. This condition shows that the tourism sector has again become one of the main drivers of the national economy through increasing tourist consumption, investment, and job creation.

Among various tourist destinations in Indonesia, Bali Province occupies a very strategic position as a national tourism icon as well as an international tourist destination. Bali is known to have comparative advantages in the form of the beauty of natural panoramas, cultural richness, preserved community traditions, performing arts, distinctive culinary, spiritual tourism, and community hospitality which are the main attractions for domestic and foreign tourists. The world's recognition of Bali as the best tourist destination is reflected in the various international awards received every year and the high level of tourist visits to the Island of the Gods.

Based on data from the Central Statistics Agency of Bali Province, the number of foreign tourist visits to Bali during 2025 will reach around 6.4 million visits, an increase compared to the previous year which was in the range of 6.3 million visits. In addition, the number of Indonesian tourists visiting Bali also reaches tens of millions of trips every year. The high mobility of tourists makes a huge contribution to regional economic growth. BPS Bali Province noted that Bali's economy in 2025 will grow around 5.5% (year-on-year) with the sectors providing accommodation, food and beverage, transportation, trade, and other services being the main contributors to economic growth. The data shows that Bali's economic activity is still highly dependent on the tourism sector.

The development of Bali's tourism sector in recent decades is also supported by better infrastructure development. The development of I Gusti Ngurah Rai International Airport, the construction of the Bali Mandara toll road, increased access to tourist areas, port development, and the development of various star accommodation facilities have also increased the competitiveness of Bali tourist destinations. In addition, the implementation of various international agendas such as the G20 Summit, investment forums, international conferences, and various cultural festivals further strengthens Bali's image as a world-class tourist destination.

The development of information and communication technology also has a very significant influence on the transformation of the tourism industry. Digitalization has changed the behavior patterns of tourists in seeking information, booking tickets, making hotel reservations, payments, and sharing travel experiences through social media. Various digital platforms such as Traveloka, Booking.com, Agoda, Airbnb, and social media such as Instagram, TikTok, and YouTube are the main means of promoting tourist destinations. The use of artificial intelligence (AI), big data, the Internet of Things (IoT), and digital marketing allows local governments and

tourism industry players to develop more effective, personalized, and data-based marketing strategies so as to increase the competitiveness of tourist destinations at the global level.

However, the rapid development of the tourism sector also poses various challenges that need serious attention. The uncontrolled growth of the construction of hotels, villas, restaurants, and various tourist facilities has the potential to reduce green open space and increase the conversion of productive land. In addition, the increase in the number of tourists leads to high consumption of clean water, increased waste volume, environmental pollution, and increased pressure on coastal ecosystems and conservation areas. Various major tourist areas such as Kuta, Seminyak, Canggu, Ubud, and Nusa Dua also face traffic congestion problems due to increased mobility of tourist vehicles.

Bali's economic dependence on the tourism sector is also a challenge. Experience during the COVID-19 pandemic shows that restrictions on international mobility have caused a drastic decrease in the number of tourist visits, which has a direct impact on declining public income, increasing unemployment, and slowing regional economic growth. This condition provides an important lesson about the need to diversify the regional economy as well as strengthen a tourism system that is more adaptive, resilient, and sustainable in the face of various global changes.

In line with these developments, the concept of sustainable tourism has become an increasingly important development paradigm to be implemented. The United Nations World Tourism Organization (UN Tourism) explained that tourism development must be able to meet the needs of tourists and local communities without reducing the ability of future generations to utilize the same resources. This principle emphasizes the balance between economic growth, environmental conservation, protection of local culture, and improvement of community welfare. In Bali, the concept is also in line with the local values of Tri Hita Karana which emphasizes the harmony of the relationship between humans and God (*parhyangan*), humans and others (*pawongan*), and humans and the environment (*palemahan*).

The Bali Provincial Government has implemented various policies to support sustainable tourism development, including through strengthening tourist villages, developing cultural-based creative economies, digitizing destination promotion, improving the quality of tourism human resources, and implementing various regulations regarding environmental protection and tourist destination management. The implementation of this policy is expected to be able to maintain Bali's competitiveness as an international tourist destination while maintaining the preservation of culture and the environment which is the main identity of the Island of the Gods.

Based on this description, it can be understood that the development of the tourism sector in Bali Province not only contributes greatly to regional economic growth, but also presents various challenges that require comprehensive handling. Therefore, an in-depth study is needed on the dynamics of the development of the tourism sector in Bali Province by identifying the factors that drive tourism growth, the various challenges faced, and opportunities for sustainable tourism development in the era of digital transformation. The study is expected to make a scientific contribution as well as the basis for the formulation of tourism development policies that are adaptive, competitive, inclusive, and sustainable so as to be able to support the

improvement of community welfare and maintain the preservation of Bali's natural and cultural resources.

B. LITERATURE REVIEW

Theory of Tourism Development

Tourism development is a planned process aimed at improving the attractiveness, accessibility, facilities, service quality, and competitiveness of a tourist destination. Tourism development is not only concerned with increasing the number of tourists but also involves developing various supporting components that enable tourism activities to generate economic and social benefits for the community. Pitana and Diarta (2009) explain that tourism development involves managing various destination potentials, including natural resources, cultural assets, and human resources that support tourism activities. In the context of Bali, tourism development is supported by its rich cultural heritage, natural beauty, improving infrastructure, and increasingly developed accommodation facilities. The article serving as the research source indicates that cultural factors, natural resources, and infrastructure development are the main factors driving tourism development in Bali. Therefore, tourism development theory is used to understand how these various potentials and supporting factors contribute to the development of the tourism sector in Bali.

Tourism Area Life Cycle Theory

The *Tourism Area Life Cycle* theory explains that a tourism destination develops through several stages that reflect changes in the number of tourists, facility development, and destination conditions over time. Butler (1980) divides the development of tourism destinations into the stages of exploration, involvement, development, consolidation, stagnation, and possible decline or rejuvenation. This theory emphasizes that increased tourism activity does not always result in positive development because excessive growth in tourist arrivals and facility development can create pressure on the environment and destination resources. The article shows that tourism development in Bali has experienced rapid growth through increasing tourist arrivals, the development of hotels, villas, restaurants, and various tourism facilities, while simultaneously generating problems such as traffic congestion, increasing waste volumes, water consumption, pollution, and pressure on ecosystems. Thus, the *Tourism Area Life Cycle* theory is relevant for analyzing the dynamics of tourism destination development in Bali and understanding the challenges that emerge when tourism growth reaches a high level.

Sustainable Tourism Theory

Sustainable tourism is an approach to tourism development that emphasizes a balance among economic, social, cultural, and environmental interests in the long term. Sharpley (2009) explains that tourism development needs to consider the sustainability of the resources that serve as the foundation of tourism activities so that tourism benefits can be enjoyed by present communities without reducing the ability of future generations to utilize these resources. This approach is not solely oriented toward increasing tourist numbers but also emphasizes environmental protection, preservation of local culture, improvement of community welfare, and responsible destination management. The article shows that tourism

growth in Bali has generated economic benefits and employment opportunities but has also resulted in environmental degradation, pressure on water resources, increased waste, and threats to cultural and environmental sustainability. Therefore, the concept of sustainable tourism is important for Bali's development through cultural preservation, environmental protection, tourism village development, community participation, and the application of the *Tri Hita Karana* principle as a local approach to maintaining balance in relationships between humans and God, among people, and with the environment.

C. RESEARCH METHODOLOGY

This research uses a qualitative research approach with a library research method. This approach was chosen because the research focuses on analyzing various information that has been published by various reliable sources regarding the dynamics of the tourism sector in Bali Province. Data sources are obtained from national and international scientific articles, books, official government reports, publications of the Central Statistics Agency, local government policy documents, scientific journals, reports of international organizations, and various news that have relevance to the development of the tourism sector in Bali. All sources were selected based on the level of credibility, relevance, and up-to-date information so as to provide a comprehensive picture of the development of the tourism sector.

The data collection technique is carried out through documentation by browsing various literature that discusses tourism development, regional development, tourism economy, sustainable development, and digitalization of the tourism sector. The data obtained was then analyzed using qualitative descriptive analysis techniques through the stages of data reduction, information classification, data presentation, interpretation of results, and drawing conclusions. The analysis focuses on three main aspects, namely the factors driving the development of Bali's tourism sector, the various challenges that arise due to these developments, and tourism development opportunities that can improve the sustainability of the tourism sector in the future.

D. RESULT AND DISCUSSION

The results of the study show that the development of the tourism sector in Bali Province is the result of an interaction between various internal and external factors that affect each other. Internal factors include the potential of natural resources, cultural wealth, the quality of human resources, and institutional support of local governments. Meanwhile, external factors include information technology developments, global economic dynamics, changes in tourist behavior, central government policies, and geopolitical and world health conditions that also determine the level of tourist visits to Bali. The combination of these various factors makes Bali's tourism sector able to develop dynamically, but at the same time face increasingly complex challenges.

One of the main factors that drives the development of Bali tourism is the cultural richness that has unique characteristics that many other tourist destinations do not have. The life of the Balinese people who still maintain traditional values, traditional village-based community system, the implementation of Hindu religious ceremonies, traditional dance arts, tabuh art, carving, traditional architecture, and the *Tri Hita Karana philosophy* are the main attractions

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for tourists. The authenticity of this culture provides an authentic tourist experience so as to increase tourist satisfaction and strengthen the image of Bali as a world cultural tourism destination. Various cultural festivals such as the Balinese Arts Festival, Nusa Penida Festival, Bali Arts Festival, and various traditional ceremonies that can be witnessed by tourists further strengthen this attraction.

In addition to cultural factors, the potential of natural resources also makes a huge contribution to the development of Bali's tourism industry. Bali has a variety of diverse natural tourist destinations, ranging from famous beaches such as Kuta, Sanur, Nusa Dua, Pandawa, and Melasti, mountainous areas such as Kintamani and Bedugul, Jatiluwih terraced rice fields that have been designated as UNESCO World Cultural Heritage, mangrove conservation areas, to marine tourism in Nusa Penida, Nusa Lembongan, and Nusa Ceningan. This diversity allows Bali to offer various types of tourism such as natural tourism, marine tourism, adventure tourism, wellness *tourism*, spiritual tourism, and ecotourism that are able to reach various segments of domestic and foreign tourists.

The development of Bali's tourism sector is also supported by increasingly adequate infrastructure development. The development of I Gusti Ngurah Rai International Airport, the construction of the Bali Mandara Toll Road, the improvement of the road network to tourist destinations, the development of crossing ports, and the improvement of the quality of accommodation facilities have increased the accessibility of tourists. The ease of access to transportation has an effect on the increase in the number of tourist visits and *length of stay*, so that it has a positive impact on regional economic growth. Based on data from the Central Statistics Agency of Bali Province, the number of foreign tourist visits in 2025 will reach around 6.4 million visits, while the occupancy rate of star-rated hotel rooms has increased again in line with the recovery of the tourism industry after the COVID-19 pandemic.

The contribution of the tourism sector to Bali's economy can also be seen from regional economic growth which shows a positive trend. Data from the Central Statistics Agency of Bali Province noted that Bali's economy in 2025 will grow by around **5.5%** compared to the previous year. The business fields of providing accommodation, food and beverages, transportation, trade, and other services are the main contributors to economic growth. This condition shows that tourism activities have a very close relationship with various other economic sectors through a multiplier *effect*. The increase in the number of tourists not only increases hotel and restaurant revenue, but also provides benefits for MSME actors, artisans, farmers, fishermen, transportation providers, tour guides, and local creative industries.

Although it shows positive developments, this study also finds various challenges faced in the development of Bali's tourism sector. The rapid growth of the construction of hotels, villas, restaurants, beach clubs, and various tourist facilities has increased the pressure on the environment. The conversion of agricultural land into commercial areas has led to a reduction in green open space and a decrease in productive land area. In addition, the increase in the number of tourists also has an impact on increasing the need for clean water, energy consumption, waste volume, and environmental pollution, especially in tourist areas that have high visitor rates such as Kuta, Seminyak, Canggu, Ubud, and Nusa Dua.

The problem of traffic congestion is also a challenge that is increasingly felt by the public and tourists. The growth of motor vehicles that is not balanced with road capacity causes traffic

congestion in various major tourist areas. This condition has the potential to reduce tourist comfort, increase travel time, and cause a negative impact on environmental quality due to increased motor vehicle emissions. Therefore, sustainable transportation policies are needed through the development of public transportation, integrated transportation systems, and regulation of tourist mobility to destination areas.

The results of the study also show that Bali's economic dependence on the tourism sector is still very high. The COVID-19 pandemic is clear evidence that the decline in international tourist visits has had a very significant impact on the regional economy. The closure of international travel access in the 2020–2021 period caused a drastic decrease in hotel occupancy rates, the closure of various tourism businesses, an increase in the unemployment rate, and a decrease in people's income. This condition shows the importance of regional economic diversification through strengthening the agricultural sector, creative economy, culture-based industries, and the development of domestic tourism markets so that Bali's economy is more resilient in the face of various global crises.

On the other hand, the development of digital technology provides a huge opportunity to increase the competitiveness of Bali's tourism sector. The use of social media such as Instagram, TikTok, Facebook, and YouTube has become the main promotional media that is able to reach the international market at a relatively low cost. Online reservation platforms such as Traveloka, Agoda, Airbnb, and Booking.com provide convenience for tourists to obtain information, make reservations, and provide reviews on tourist destinations. In addition, the use of *artificial intelligence* (AI) technology, *big data*, *Internet of Things* (IoT), and tourist data analysis allows governments and industry players to develop marketing strategies that are more effective, personalized, and based on market needs.

This research also found that the concept of *sustainable tourism* is the most relevant approach in facing the challenges of Bali tourism development in the future. The application of sustainability principles is carried out through the preservation of local culture, environmental protection, *community-based tourism* management, development of tourist villages, and increasing community participation in tourism economic activities. This approach is in line with the *Tri Hita Karana philosophy* which emphasizes the balance of relationships between humans and God, humans with others, and humans with the environment. The implementation of this concept is expected to be able to maintain the sustainability of Bali's natural and cultural resources while improving the welfare of the local community.

Overall, the results of the study show that the success of the development of Bali's tourism sector is not only determined by the high number of tourist visits, but also by the ability of all stakeholders to create an inclusive, adaptive, innovative, and sustainable tourism system. Synergy between the government, business actors, the community, academics, and the community is an important factor in realizing tourism development that is able to increase regional competitiveness without ignoring social, cultural, and environmental aspects. Therefore, strengthening sustainability-based policies, digitalization, human resource development, and diversification of tourism products are the main strategies that need to be developed to maintain Bali's position as a leading tourist destination at the national and international levels.

E. CONCLUSION

The dynamics of the development of the tourism sector in Bali Province show that this sector remains the main driver of regional economic growth through its contribution to community income, job creation, and increased economic activity in various supporting sectors. This development is driven by cultural wealth, natural resource potential, and infrastructure development that continues to increase. On the other hand, the tourism sector also faces various challenges in the form of environmental degradation, high dependence on international tourists, congestion, and increasing pressure on the carrying capacity of the environment. This condition demands a more adaptive, innovative, and sustainability-oriented development policy. Tourism development based on the preservation of local culture, digitization of services and promotions, improving the quality of human resources, and strengthening collaboration between the government, community, business actors, and academics are important strategies in maintaining the sustainability of Bali's tourism sector while increasing its competitiveness at the global level.

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