



Analysis of Tourism Income Disparity between South Bali and North Bali Areas

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ABSTRACT

According to data from the Bali Provincial Tourism Office, from January to April 2024, there were 5,086,055 tourists, with the most massive tourism occurring in the areas of Denpasar, Badung, Gianyar, and Tabanan, collectively known as Sarbagita. Meanwhile, the tourism sector in Buleleng, which occupies 24 percent of the area of Bali Province, only caters to about 15-20 percent of the total tourist arrivals in Bali. The research results show that the infrastructure development for tourism in South Bali dominates, with the availability of restaurants, star-rated hotels, and non-star hotels averaging above 70% of the total tourism infrastructure in Bali. This condition illustrates the disparity in tourism infrastructure development in North Bali and South. Other results indicate that credit distribution is still concentrated in tourism centers such as Denpasar, Badung, Gianyar, and Tabanan. In the context of working capital credit, growth in credit for the consumption sector and working capital loans in Indonesia generally experienced a slowdown. In 2024, the growth of working capital credit was recorded at 4.62%, lower than the previous period which reached 6.51%. Future research can utilize quantitative and qualitative approaches to obtain better testing results.

INTRODUCTION

Income inequality between regions is unavoidable due to the lack of a trickle-down effect of national output on the majority of the population, even to this day. Economic diversity between regions is caused by several factors, including differences in population growth rates, human resources, natural resources, unemployment, and the tendency for uneven investment, which causes economic growth and improving the welfare of regional residents to be unbalanced.

These differences are what cause inequality, necessitating economic development efforts to achieve maximum growth and eliminate or reduce poverty, income inequality, and unemployment. Employment opportunities for the community will provide income to meet their needs. Empirical evidence from various regions shows that development disparities align with the development process. This development trend influences investor behavior in centers of economic growth. This situation ultimately causes developed regions to become even more developed, while disparities between regions, groups, and sectors widen.

Bali, as a tourist destination, is entering a phase of overtourism, particularly in South Bali, with both domestic and international tourists visiting. Data from the Bali Provincial Tourism Office recorded 5,086,055 tourists from January to April 2024, with the most massive tourism occurring in the areas of Denpasar, Badung, Gianyar, and Tabanan (Sarbagita). Meanwhile, tourism in the Buleleng region, which covers 24 percent of Bali Province, only represents a market segment of around 15-20 percent of total tourist arrivals. This situation represents an imbalance in the tourism sector, leading to uneven development.

The following data shows tourist visits and economic growth in Bali province during 2024.

Table 1. Economic Growth Rate and Number of Tourist Trips by Regency/City in Bali Province

Regency/City	GRDP (%)	Tourist Visits (people)
Jembrana	4.98	946,771
Tabanan	4.94	1,920,249
Badung	5.94	6,745,502
Gianyar	5.47	2,193,135
Klungkung	5.08	1,037,570
Bangli	4.54	1,079,658
Karangasem	4.33	1,972,943
Buleleng	5.04	2,270,462
Denpasar	5.55	4,478,649

Data source: BPS Bali Province (2025)

Table 1. shows that economic growth from GRDP is directly proportional to the number of tourist visits in regencies/cities in Bali Province in 2024. Badung Regency and Denpasar City have the highest economic growth, with the highest number of tourist visits. Conversely, other regencies experience a directly

proportional relationship between tourist visits and economic growth. This indicates that economic growth in Bali Province is heavily influenced by the tourism sector.

Several policies from the central and regional governments have been implemented to address these issues, including the development of three National Tourism Strategic Areas (KSPN) in North Bali-Singaraja and its surroundings, Menjangan-Pemuteran and its surroundings, and West Bali National Park and its surroundings. Tourism development in North Bali has great potential, similar to South Bali, but limited tourism facilities such as hotels, villas, and international-standard restaurants are still available. Tourism development in North Bali also anticipates potential impacts such as traffic jams, violations of cultural norms and values, threatened environmental sustainability, and inappropriate spatial planning.

Samimi & Sadeghi (2011) explained that the tourism sector can equalize development from economic centers to underdeveloped areas, so that the development of the tourism sector tends to be used as a means to overcome income inequality, as explained by Raza & Shah (2017) that the tourism service sector is an important sector that can influence income inequality. Several countries have made tourism a major source of economic development and are interconnected with economic growth in such a way that any changes in it can narrow income inequality in the country (Lau et al., 2017; Raza et al., 2017).

The tourism sector can boost the local economy by generating new business activities within the community, which in turn increases job availability (Haddad et al., 2013). Increased job opportunities will lead to increased income, thereby narrowing income inequality within the community (Kamal et al., 2015 and Andras & Goncalves, 2015).

Based on the description above, it is clear that Bali Province is a province with economic growth dominated by the tourism sector. Income inequality between North and South Bali is related to the distribution of tourism infrastructure development within a district/city. This condition ultimately widens the gap between relatively well-off and low-income communities. Therefore, this study aims to analyze the influence of the tourism sector, supplemented by variables such as business capital credit, consumer credit, and infrastructure, on income inequality in Bali Province.

THEORETICAL REVIEW

According to Bank Indonesia (2019), income inequality is one indicator for determining the welfare of a region's population. Income inequality and economic growth depend on the dynamic development and tangible contribution of the banking sector. Bank credit distributed to the public is considered to stimulate economic activity (Greenwood & Javanovic, 2010). Credit provided serves as a source of business capital and can increase production capacity, create more jobs, and impact community income (Priyono et al., 2019).

On the other hand, credit will impact businesses, increasing input purchases or the use of new technologies that can increase output, thereby increasing sales and income. Thus, additional capital sourced from credit can

increase employment. Therefore, credit has a significant impact on community welfare and income equality (Balaka, 2007). Madajewicz (2003) suggests that credit has a significant impact on income equality, and credit also makes a positive contribution to the rural economy.

An empirical study by Beck & Levine (2007) shows that business capital loans have a negative relationship with income inequality. Greater credit distribution will stimulate economic activity in a region and ultimately equalize income. Iacoviello (2013) states that household consumer credit has a positive effect on income inequality, with increased consumer credit being granted only to high-income earners, further increasing income inequality. Greenwood & Javanovic (2010) found that consumer credit only benefits the wealthy because it is only granted to high-income earners. Consumer credit is not used for productive activities, thus not creating broader economic activity in society (Bezemer, 2014).

In addition, infrastructure plays a crucial role in a regional economy (Sumadiasa, 2016). Several previous findings indicate that infrastructure development is a key factor in a region's economic success, contributing to a reduction in income inequality within the community (Calderón & Servén, 2004 and Bajar & Rajeev, 2015). Soenandar's (2005) empirical study shows that infrastructure development in a region is in line with its economic development. This finding is also supported by Maryaningsih et al.'s (2014) statement that infrastructure development can increase the productivity of production factors, thereby generating investment and economic growth. Increased investment and economic growth will lead to increased job availability. Therefore, increased infrastructure development and employment will increase income within the community and contribute to a reduction in income inequality.

METHODOLOGY

The data collection method used in this study was a structured interview, which involved a pre-prepared questionnaire containing the data needed to answer the research questions. In-depth interviews were also conducted with tourism practitioners in Bali.

RESEARCH RESULTS

Based on the background of the problem and the research objectives in analyzing the inequality of tourism in North and South Bali by analyzing the growth of business capital credit, consumer credit and infrastructure.

Table 2. Focus of Regency/City Infrastructure Development in Bali

No	Regency/City	Infrastructure Development
1.	Denpasar	As the provincial capital, Denpasar focuses on urban infrastructure development, such as roads, public transportation, drainage, and waste management. Infrastructure development in Denpasar is also geared towards supporting the tourism and creative economy sectors.

2.	Badung	Known as a tourism hub, Badung focuses on developing tourism infrastructure such as road access to tourist areas, developing accommodation facilities, and environmental management.
3.	Gianyar	Gianyar, which also boasts tourism potential, prioritizes the development of supporting infrastructure such as roads, bridges, and other public facilities. Furthermore, Gianyar is also focusing on agricultural infrastructure development to support the agricultural sector, which is the primary source of income for the local population.
4.	Tabanan	Tabanan is currently focusing on connectivity between districts to support the economy, especially tourism, namely the construction of the Gilimanuk-Mengwi Toll Road which will also pass through Tabanan.
5.	Jembrana	Jembrana focuses on developing port, road, and bridge infrastructure to support connectivity and economic activity. Furthermore, Jembrana is developing infrastructure to support the fisheries and agriculture sectors.
6.	Buleleng	Buleleng focuses on developing port, road, and airport infrastructure to support connectivity and tourism potential. Infrastructure development is also geared towards supporting the agriculture and fisheries sectors.
7.	Bangli	Bangli focuses on the development of roads, bridges, and other public facilities to support connectivity and tourism development. Infrastructure development is also geared towards supporting the agricultural and livestock sectors.
8.	Karangasem	Karangasem focuses on the development of roads, bridges, and other public facilities to support tourism and economic activity. Infrastructure development is also geared towards supporting the agriculture and fisheries sectors.
9.	Klungkung	Klungkung focuses on building roads, bridges, and other public facilities to support tourism and economic activity. Infrastructure development is also geared towards supporting the agriculture and fisheries sectors.

Data source: Primary (interview)

Based on Table 2, it is clear that infrastructure development in South Bali and North Bali differs significantly. South Bali (Denpasar, Badung, Tabanan, and Gianyar) focuses on infrastructure development to support existing facilities. This means that infrastructure development is directed towards supporting

existing tourism destinations. This contrasts with North Bali (Buleleng), which focuses on infrastructure development for connectivity, which drives tourism potential. Infrastructure development still prioritizes basic economic sectors such as fisheries and agriculture. Therefore, infrastructure development in North Bali focuses on meeting the economic needs of the community, rather than supporting the existing tourism sector. Similar conditions are also experienced by other regencies in East, West, and Central Bali. This can also be seen in the number of tourism infrastructure developments in each regency/city.

Table 3. Number of Tourism Infrastructure Developments in Bali in 2024

No	Regency/City	Number of restaurants and eateries	Number of Star Hotels	Number of Non-Star Hotels
1.	Denpasar	1,447	48	172
2.	Badung	4,928	413	1,182
3.	Gianyar	393	35	809
4.	Jembrana	192	0	122
5.	Tabanan	115	0	212
6.	Buleleng	498	0	315
7.	Bangli	52	2	106
8.	Karangasem	58	0	381
9.	Klungkung	468	0	283
	Total	8,152	550	3,582

Secondary data source: Central Statistics Agency (2025)

Table 3. shows that tourism infrastructure development in South Bali is dominated by the availability of restaurants, star-rated, and non-star-rated hotels, with an average of over 70% of the total tourism infrastructure in Bali. This situation demonstrates the disparity in tourism infrastructure development between North and South Bali.

Tourism development in Bali is also demonstrated by the growth of working capital and consumer loans, which serve as measurable indicators for assessing the level of economic growth in each region. The Financial Services Authority (2025) report stated that credit growth in Bali in 2024 showed a slowdown in credit distribution. According to the Bali Provincial Economic Report of February 2025, several factors influencing credit growth in Bali include slowing credit growth in line with national economic growth and increasing credit risk. Another issue is that credit distribution remains concentrated in tourism centers such as Denpasar, Badung, Gianyar, and Tabanan. In the context of working capital loans, credit growth for the consumer sector and working capital loans in Indonesia has generally slowed. In 2024, working capital credit growth was recorded at 4.62%, lower than the previous period of 6.51%.

DISCUSSION

Analysis of Tourism Revenue Disparity in Bali

The tourism sector, particularly accommodation and food services, contributes significantly to Bali's GRDP per regency/city. The Central Statistics Agency (BPS) (2025) reported that Badung and Gianyar Regencies are the two regencies that contribute the most to Bali's GRDP, primarily due to the tourism sector. Gross Regional Domestic Product (GRDP) is an important indicator for measuring the performance of a region's economic development. In Bali, the tourism sector, particularly accommodation and food services, contributes the most to GRDP. Badung Regency has the largest contribution to Bali's GRDP, and this is closely related to the rapidly growing tourism sector in this area.

Gianyar Regency is also a major contributor to Bali's GRDP, with significant contributions from the tourism sector. Other Regencies: Other regencies such as Klungkung and Bangli also contribute to Bali's GRDP, although on a smaller scale compared to Badung and Gianyar. In 2024, the accommodation and food services sector had the highest share of Bali's total GRDP, reaching more than 21 percent according to In addition to tourism, other factors such as PAD, DAU, DBH, inflation, PMA, PMDN, local government spending, and labor also influence GRDP growth.

Based on the Central Statistics Agency's report, it is clear that infrastructure growth, working capital credit, and consumer loans are directly proportional to tourism revenue, as measured by Gross Regional Domestic Product. Therefore, concrete steps are needed to reduce the disparity in tourism revenue in Bali.

Strategies to Reduce Tourism Revenue Dispartancies in Bali

Strategies to reduce tourism revenue disparities in Bali include equitable infrastructure development, tourism development outside South Bali, economic diversification, human resource development, and local community empowerment. These strategies are explained in more detail below:

1. Equitable Infrastructure Development:

The government needs to focus on equitable infrastructure development across Bali, including roads, airports, ports, and other public facilities. This infrastructure development will open access to previously remote areas and improve connectivity between regions, allowing them to tap into and develop their tourism potential.

2. Development of New Tourist Destinations Outside South Bali:

Tourism in Bali has been concentrated in South Bali. To reduce this disparity, new tourist destinations need to be developed in other regions, such as North, East, and West Bali. This can be achieved by identifying unique tourism potential in each region and investing in the development of supporting facilities and infrastructure.

3. Economic Diversification:

Dependence on a single sector (tourism) can create vulnerabilities. Therefore, economic diversification is necessary by developing other sectors such as agriculture, fisheries, and the creative industry. Economic

diversification can create new jobs and increase incomes outside the tourism sector, thereby reducing inequality.

4. Improving the Quality of Human Resources:

Vocational training and education need to be improved to equip people with the skills needed in various economic sectors, including tourism. Improving the quality of human resources will better prepare people to face challenges and opportunities in various fields, including the increasingly competitive tourism industry.

5. Local Community Empowerment:

Empowering local communities through training programs, business capital assistance, and market access will help them actively participate in tourism activities and achieve greater economic benefits. Community empowerment can also be achieved through the development of local products and handicrafts that can be marketed to tourists.

6. Sustainable Tourism Development:

Sustainable tourism is an approach that considers the economic, social, and environmental impacts of tourism activities. By implementing sustainable tourism principles, Bali can ensure that tourism growth provides long-term benefits to the community and the environment.

By implementing these strategies in a comprehensive and sustainable manner, it is hoped that the disparity in tourism revenue in Bali can be reduced, and the welfare of the Balinese people as a whole can be improved.

CONCLUSIONS AND RECOMMENDATIONS

The research results show that it is clear that infrastructure growth, working capital credit, and consumer loans are directly proportional to tourism revenue, as measured by Gross Regional Domestic Product. Therefore, concrete steps are needed to reduce the disparity in tourism revenue in Bali.

FURTHER STUDY

This study only focuses infrastructure growth, working capital credit, and consumer loans, further research can examine other principles as an indicator.

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