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ANALYSIS OF BALI'S ECONOMIC RESILIENCE THROUGH SECTORAL DIVERSIFICATION BEYOND TOURISM

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Abstract

This study aims to analyze the effects of leading sectors and economic diversification on the economic resilience of Bali Province. The study employs secondary data on the Gross Regional Domestic Product (GRDP) of nine regencies/municipalities in Bali Province for the 2015–2025 period, comprising a total of 99 observations. The analysis was conducted using the Location Quotient (LQ), the Herfindahl-Hirschman Index (HHI), and panel data regression. The results indicate that leading sectors and economic diversification have significant effects on Bali Province's economic resilience, both partially and simultaneously. These findings demonstrate that strengthening leading non-tourism sectors and effectively managing the economic structure are important components of enhancing Bali's economic resilience in the face of economic shocks.
Keywords: economic resilience, economic diversification, leading sectors, LQ, HHI

INTRODUCTION

Bali Province is highly dependent on the tourism sector as a source of income and employment, particularly through the Accommodation and Food Service Activities category, which is used as a primary indicator of tourism activity within the GRDP structure (Badan Pusat Statistik, 2025). This dependence increases Bali's economic vulnerability to external shocks, as demonstrated by the 2002 and 2005 Bali bombings and the COVID-19 pandemic, which resulted in declining tourist arrivals, rising unemployment, and a weakening of the regional economy (Pratiwi & Purwanti, 2024). Economic diversification is an important strategy for strengthening economic resilience and growth, as demonstrated by the experiences of Singapore and Malaysia in developing more diversified economic structures through the expansion of services, manufacturing, and other industries (Tan & Chen, 2016; Soesanto et al., 2024; Blankenship, 2024). Therefore, diversifying economic sectors beyond activities directly related to tourism is relevant to reducing Bali's dependence on tourism while simultaneously strengthening the resilience of the regional economy in the face of various economic shocks.