

Localizing the Global and Globalizing the Local: Opportunities and Challenges in Bali Island Tourism Development¹

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Abstract

In September and October 2013, only one week apart, Bali hosted two global events in the upper class market tourism resort Nusa Dua. The first event was the Miss World beauty pageant, and the other one was the APEC Summit. Thousands of journalists from all over the world covered these events. From a tourism marketing point of view, these two prestigious events helped Bali boost its popularity through global mass media. Historically, since the early phase of its development, Bali's tourism industry has received many benefits from global forces initially channeled out through the Dutch colonial power in the first decade of the twentieth century and later through national and multinational corporations. The recent enlisting by UNESCO of Bali's cultural landscape as a world heritage site (2012) provides yet another great example of how Bali continues to receive global endorsement by world institutions

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as a unique tourism destination. This paper discusses opportunities and challenges caused by globalization and localization phenomena in the management of Bali's tourism island destination. Bali's experiences provide an interesting example of how global and local stakeholders develop the island tourism in a sustainable manner while at the same time continuing to preserve its local arts and culture as one of its main attractions. While there are many examples how both forces contribute to numerous opportunities toward the development of Bali's tourism, it is also true to state that impacts of globalization causes various forms of distraction for the island's ability to take full control of its vast move of development.

Key words: Bali, globalization, localization, tourism development, Balinese culture

Localizing the global and globalizing the local is what international tourism is all about (Salazar 2010: 195).

Introduction

In September and October 2013, only one week apart, Bali hosted two global events in the upper class market tourism resort Nusa Dua. The first event was the Miss World beauty pageant, and the other one was the APEC Summit. Thousands of journalists from all over the world covered these events. From a tourism marketing point of view, these two prestigious events helped Bali boost its popularity through global mass media. Historically, since the early phase of its development, Bali's tourism industry has received many benefits from global forces initially channeled out through colonial power in the first decade of the twentieth century and later through national and multinational corporations. The recent enlisting by UNESCO of Bali's cultural landscape as a world heritage site (2012) provides yet another great example of how Bali continues to receive global endorsement by world institutions as a unique tourism destination (Lansing and Watson 2012; Lan-

sing 2013).²

This paper discusses opportunities and challenges caused by globalization and localization phenomena in the management of Bali's tourism island destination. Bali's experiences provide an interesting example of how global and local stakeholders develop the island tourism in a sustainable manner while at the same time continuing to preserve its local arts and culture as one of its main attractions. While there are many examples of how both forces contribute to numerous opportunities toward the development of Bali's tourism, it is also true to state that impacts of globalization causes various forms of distraction for the island's ability to take full control of its vast move of development (Schulte Nordholt 2007; Yamashita 2010; Vickers 2012).

The focus of this paper is how Bali copes with globalization processes while at the same time promoting its local cultural distinction in the context of tourism development and management. It does so by providing specific yet significant examples that show the dynamic dialogue between what appear to be two contradicting yet inseparable tendencies, the globalization and localization phenomena.

Globalization, as it is generally defined, 'involves the exchange and flow of economic and intellectual items in terms of goods, knowledge, values and images, as well as people, on a global scale' (Featherstone in Macleod 2004:4). Tourism itself is a form of globalization process (Macleod 2004:4), as it encourages the circulation of people, goods, as well as cultural items and values throughout the globe. Tourism connects places on earth as well as people and cultures where influences are inevitable. Scholars of globalization imagine that this process opens up ways of global or external culture into a region and

2 <http://whc.unesco.org/en/list/1194>

dominate local culture.

By contrast, localization is a process of how local cultures negotiate their existence against external or global dominant culture. The process of this meeting between external and local culture has been taking place since a long time and has intensified during the modern and global era in which the meeting between the two undergoes a much more complex process, a process of negotiation, as Salazar (2010) points out, where the local undergoes the process of globalization and the global undergoes the process of localization.

The history of Bali's tourism provides an interesting example of how the two forces work collaboratively to create cultural hibridity. Robertson (1995) introduced the term glocalization as a framework to better understand the nexus between globalization and localization (Salazar 2010:190). The term glocalization implies the dynamic negotiation between the two realms in which tourism provide an interesting arena of investigation.

Bali Tourism Milestones from a Glocalization Point of View

Tourism development of Bali Island indicates a collaborative effort between external and local stakeholders. It provides an interesting example of processes of glocalization in the sense that both parties played their specific role in making tourism get started and developing. This can be clearly seen through milestones of stages of Bali tourism development.

The first milestone of Bali's tourism development took place during the second decade of the twentieth century when the Dutch colonial government through its private shipping company KPM (*Koninklijke Pakketvaart-Maatschappij*) started to bring tourists to the island. Initially, KPM ran inter-island cargo ships to transport export commodities including pigs and copra. But by the early 1920s, it transformed parts of its decks to accommodate passengers, and started to take tourists to Bali

(Picard 1996; Vickers 2012). At the same time, Dutch colonial government promoted Balinese culture and tradition by introducing *Baliseering* as part of their ethical policy. They built a museum in Denpasar, both as a way to protect local cultural identity as well as to provide a tourist attraction. Although in the early stages colonial government played a dominant role, the share of local people cannot be underestimated, especially that of artists who provided their talent in the visual and performing arts to support the birth of Bali as tourist destination (Hitchcock and Putra 2007).

The next milestone of Bali's tourism development was the establishment of the Bali Hotel, in Denpasar in 1928, by the KPM. The hotel is located less than 500 meters from the Bali Museum, suggesting that both properties were intentionally developed to meet tourism interests. Up until the 1970s, Bali Hotel remained one of the most popular accommodations in Bali. Later on, when new resort hotels began mushrooming along the beach of Sanur, Kuta, and Nusa Dua, this historic city hotel found it hard to maintain its position as a magnet to tourists. The hotel is still in operation today, but financial shortages and improper sensitivity in keeping the original architecture has made the hotel unable to maintain its unique characteristic of its localized Dutch-style architecture. Currently, the hotel has undergone a renovation process, which will determine what its future operation will look like. Since its early period and up until the 1970s, local artist regularly made performances in the Bali Hotel as well as in the nearby community hall to entertain guests. Local entrepreneurs began to take part in this hospitality industry by becoming tours guides, offering taxi services, opening art shops, and establishing their own accommodation facilities in Denpasar and Sanur beach (Putra 2012).

After independence in 1945, the development of tourism in Bali as well as in Indonesia as a whole also benefited from

collaborative efforts between local, national, and global forces. The first international class hotel established in Bali was The Grand Bali Beach Hotel, opened in 1966. Located on Sanur beach, approximately 15 minutes from the city centre, the hotel was built using Japanese war reparation money. The hotel was first managed by the Intercontinental Chain hotel, thus making it the first international hotel in Bali after Indonesian independence to be placed on the Intercontinental marketing map. At the same time, the central government also expanded the Bali Airport to become an international one, thus being able to welcome the arrival of jumbo jets, which were supposed to bring in tourists to fill the new and already existing hotel rooms on the island. Among the first international airlines that flew into Bali were Qantas, Thai Airways, and Pan American. These connected Bali with the outside world through Asia, Australia, and America.

Significant developments toward Bali's tourism sector took place in late 1969 or the early 1970s when the central government through its first five year development plan (*Pelita*) decided to build Nusa Dua as an upper class tourist resort. Supported by international financial institutions including the World Bank and the Asian Development Bank, and helped by the French based consultant SCETO, the barren area of Nusa Dua was transformed into an upper class resort. The project started in the 1970s by opening infrastructure and by preparing land blocks for investors to build hotels. The resort was owned and managed by a government body called Bali Tourism Development Corporation (BTDC). The first hotel to operate there was the Nusa Dua Beach Hotel, initially owned and managed by Garuda Indonesia, but later sold to a Brunei Darruslam-based investor. By 2013, there are 4566 rooms in the resort managed by international chain hotels such as Westin and Hyatt, two convention centers each with 2500 and 5000 seats that have hosted a number of international meetings and

conferences including Miss World 2013 and APEC Summit.

Encouraged by the development of the Nusa Dua resort, other tourist destinations, mainly Kuta, Sanur, and the hinterland of Ubud, also attracted investors to develop better tourism facilities to meet the tourist demand. International and national chain hotels such as Four Seasons, Ramada, Oberoi, Novotel, and Best Western each managed properties in these areas, thus opening the way for Bali destinations in the global market. Bali has received a number of awards as the best destination in the Asia Pacific or the world, including the world's top island destination for four years in a row by readers of the American magazine *Travel and Leisure* (*The Bali Times* 15–21 July, 2005; Hitchcock and Putra 2007), and has recently been selected as the Island Destination of the Year by China's prominent travel magazines *Travel Weekly and Events*.³ The announcement was made during the China Travel and Meeting Industry Awards 2013 in Beijing. The voting was conducted online through the magazines' websites. All of these achievements, which reinforced Bali's reputation as a tourist paradise, have been the collaborative works of various tourism stakeholders including community, local government, and international tourism-related business operated here in Bali.

In terms of their contributions to making Bali a tourist paradise, it is equally important to note as well the collaborative efforts made by Western artists, writers and scholars who came and stayed in Bali for a long period of time and worked hand in hand with their local counterparts. German born painter, Walter Spies who stayed in Ubud, Bali, in the 1930s not only carried out research for his important book on *Dance and Drama in Bali* (co-authored by Berry de Zoete, first edition 1938), but also promoted Balinese visual and performing arts. With local dancer I Wayan Limbak, Spies re-choreographed the

3 <http://www.thejakartapost.com/bali-daily/2013-09-09/bali-picked-china-s-top-destination.html>

traditional *kècak* dance into one that matched the visitors' taste. Since then, *kècak* dance has become one of the icons for Bali's cultural tourism, performed almost every day for tourists in a number of different places. *Kecak* dance was performed during the grand opening of Miss World 2013.

Collaborative efforts between the likes of Spies, Dutch painter Rudolf Bonnet and local traditional leader Tjokorde Gde Agung Sukawati (former king of Ubud) and artists also manifested and became an important cultural legacy. In the 1930s, they formed an artists' organization Pitamaha (Great Shining), which collected fine arts for future museums and only allowed their members to sell market quality paintings and handicrafts to help artists earn their living. In the 1950s, long after the death of Spies, Pitamaha was able to build the Museum Puri Lukisan in Ubud, the home of collection of Balinese paintings collected by Spies and others since the 1930s. This is the first private museum in Bali that is worth noting not only because it has become a famous tourist attraction but also because it has motivated other artists or arts collectors to build their museums in Ubud. Currently in Ubud there are a number of museums including the Neka Museum, the Antonio Blanco Museum, the Agung Rai Museum of Arts (ARMA), the Rudana Museum, and the Sculpture Museum of Pendet.

In 2011, the Museum Puri Lukisan marked another international collaboration when world famous marketing guru, Phillip Kotler and his Indonesian counterpart Hermawan Kartajaya and the descendents of the Ubud Palace, the three brothers Tjokorda Putra Sukawati, Tjokorda Oka Sukawati, and Tjokorda Gede Sukawati, built the Museum of Marketing 3.0 on the same location as the arts museum. Proud of the success of Ubud as a world tourism destination, Kotler handed his museum as a gift to Ubud village. The Museum or Marketing exhibits dozens of world companies whose marketing basis have been the spirit of humankind including Walt Disney, The

Body Shop, and Ubud Palace itself.⁴

The list of the collaborations between outsiders and local stakeholders in Bali's tourism development can be extended, but what has been shown so far clearly indicates how global influences have penetrated Bali and how Balinese localized the global and globalized their culture including by making museums, a form of cultural elements not known in Bali before.

Globalizing the Local through Two Global Events

Bali had the honor of hosting two global events in September and October 2013, namely the Miss World beauty contest and the APEC Meeting. These are worth noting not only because they were held in Bali for the first time ever (even in Indonesia for the Miss World event), but also because they provide a good example how Bali negotiates its local values to be important parts of these events. If we agree to see both as global events, we can see through them of how the Balinese introduced their local cultures into global stages.

The Miss World Contest

The Miss World beauty pageant received mixed responses in Indonesia. The negative responses came from groups of extremist Muslims, like the Islamic Defender Front (FPI), which refused it to be held in the land of Indonesia. They asked Bali to refuse to be the venue of the contest. They argued that the contest was identical to a bikini contest, disrespected Indonesian culture, and wasted money. Other groups of Muslims supported the refusal, which led to the Minister of Religion also refusing the Miss World contest to be held in Indonesia. Miss World was planned to be held in Bali (for the Grand opening ceremony) and in Jakarta for the Grand Final. Between the two programs,

4 <http://travel.kompas.com/read/2011/05/28/03053023/Kotler.Prakarsai.Museum.Marketing.3.0.di.Ubud>

participants of the Miss World planned to be taken to other part of Indonesia including to the UNESCO Cultural heritage list, Borobudur in Central Java. Many tourism entrepreneurs from Central Java complained about this cancellation by saying that they failed to get some business out of it and failed to get their destination promoted for free. All of the programs outside Bali were cancelled. The committee had no choice but to hold all Miss World programs in Bali, including the Grand Final on 28 September 2013.

Being dominated by Hindu adherents, Bali welcomed the events, and expressed its strong support to helping the security apparatus to ensure the safety and security of the event. All programs (from opening to final) were successful, and gave strong pride among the Balinese because the contest was able to introduce a number of elements of local culture into the Miss World program. Since the program was covered widely by many international media institutions the popularity of Bali has been boosted by their reports. The opening, broadcasted live by national TV, was marked by the performance of *kecak* dance. The Miss World participants were wearing attires from the different ethnic groups of Indonesia (*Bhinneka Tunggal Ika*). The pageant also featured a medley of Indonesian folk songs including Bali's. Each contestant wore a frangipani flower in their ears, and by doing this created another image of Balinese identity. Such dominant elements of Indonesian and mostly Balinese cultural influences made it possible to say that Miss World 2013 in Bali opened up ways for local culture to be seen in a global spotlight.

More than that, the winner of the Miss World contest, Ms Megan Young from the Philippines, paid tribute to the work of the Balinese designer Ayu Mirah. She specifically designed for Megan Young dresses made of Balinese specific woven-fabric, called *endek*. Thus, Miss World 2013, not only boosted the fame of Bali as the provider of the venue of the contest but it also



Participants of Miss World 2013 prayed at Besakih Temple. Photo *Pikiran Rakyat*

made a local designer the focus of world fashion enthusiasts.

While protesters worried about the negative impacts of a Miss World bikini contest, for the Balinese this global event became a venue for introducing Balinese arts and culture on a global stage, which then increased the popularity of the island as tourist destination.

The APEC Summit Meeting

Unlike the Miss World 2013, the APEC Summit Meeting received no protest regarding its being held in Bali. This was the second APEC Meeting Indonesia has hosted since the first one in Jakarta in 1994. It concluded with great success and without problems, and will be remembered not only for its success but also for the absence of President Barack Obama. The success of this meeting and of the Miss World gave Bali a reputation of being a safe island. In addition, it allowed Bali to re-introduce its local values to enrich the world-renowned concept of sustainable development.

One aspect of the APEC Meeting worth noting from the



APEC Leaders in Nusa Dua. Photo apec2013.or.id

point of view of Bali as the island that provided the venue is the introduction of *Tri Hita Karana*, Balinese philosophy, underpinning the three relationships on which harmony must be maintained: the relationship between humans and the environment, the relationship between humans, and the relationship between humans and God. In short, it is a concept that aims to balance humans with other humans, nature and their creations. It was brought up as a key theme in an international conference, on the Tri Hita Karana of Sustainable Development focusing on tourism, as a part of a series of APEC 2013 fora, in Nusa Dua. The inaugural Tri Hita Karana International Conference on Sustainable Development (ICSD) was co-hosted by the Ministry of Tourism and Creative Economy (MOTCE) and the UN Sustainable Development Solutions Network (UN SDSN).

In his opening address, Indonesian President Susilo Bambang Yudhoyono pointed out that “if the harmony of these



A tourist in Bali. Photo Widnyana Sudibya

three relationships is maintained, prosperity will be achieved". Issues on sustainable development have become international concerns and are discussed from time to time including during the APEC Meeting in Bali. In this international attempt to implement sustainable development, Bali offers its local values to the international community.

In Bali, the philosophy of Tri Hita Karana has recently been brought into real action by introducing The Tri Hita Karana tourism award. Initiated by a collaborative effort between local scholars and a Bali-based tourism newspaper *Bali Travel News*, the award has been annually awarded. Established in 2000, the Tri Hita Karana Award has been endorsed by the United Nations' World Tourism Organization since 2004.⁵ It has become one of the local initiatives among a couple that have been awarded within international systems of

5 <http://www.thejakartapost.com/bali-daily/2012-12-15/the-breezes-sweeps-2012-tri-hita-karana-awards-tourism-services.html>

accreditation. Hotels, restaurants, and other tourist attractions including museums are accredited every year based on their performance on implementing Tri Hita Karana values, for example whether there is a shrine or temple in the property, which provides employees and guest with the opportunity to perform their religious obligations; whether the properties manage their sewage in accordance with environmentally friendly systems; whether the company has strategic plans on energy use and savings; and whether the company employs local people proportionately. Assessment and accreditation processes involve site visits and interviews with the company.

Local hospitality and tourism industries support this initiative, and like other awards, when they receive the Tri Hita Karanan Award they proudly include their award into their marketing programs. Tri Hita Karana has been introduced in the 2009 law No. 10 on tourism. In 2010, the tourism award was promoted as part of the implementation of Bali Province's Green and Clean program.⁶ The conference on Tri Hita Karana as a side event of APEC Summit suggests that Bali has definitely not been a passive party in hosting the events but has actively promoted their local values. Bali's Governor Made Pastika was reported to have been proud to see the adoption by the United Nations of the Balinese Hindu Tri Hita Karana philosophy as a basis for sustainable development.⁷

lace, Bali has always used its beneficial position to introduce its local wisdom on concepts such as sustainable development that the world requires.

6 <http://www.thejakartapost.com/bali-daily/2012-11-16/tri-hita-karana-award-expected-become-compulsory.html>

7 <http://www.thejakartapost.com/bali-daily/2013-10-11/after-apec-bali-prepares-more-meetings.html>

Challenges of Globalization and Localization in Tourism Development

Globalization has not only become an engine of growth for tourism, but it has also spread out ideas of democratization. After three decades in power, the New Order regime in Indonesia was ousted by the Reformation movement led by students. The post-reformation period saw Indonesia adopt new political and government systems by granting more power to the local government at district level. The centralistic style of government was replaced by a decentralized system. The power of control of development shifted from central government and the governor to the district head or mayor. At the same time in political practice, the new system granted citizen with direct votes and made their votes highly demanded by politicians. For wider consideration, however, this new system has divided Indonesia into what is known as 'little kingdoms' with 'little powerful kings' on their territory. In the end, it gives negative impacts to local development including tourism. In the era of regional autonomy, regional administrations have the power to enforce policies regarding tourism development programs in their regencies, which often runs contrary to those applied by the central and provincial governments.⁸

The province of Bali is divided into eight districts and one city. The full control of development is in the hands of district heads and the mayor. Each district head/mayor tends to increase their tax revenue by allowing investors to invest their money despite risking the island's total carrying capacity. Most of the tourism development took place in South Bali, in the Badung District and city of Denpasar. Meanwhile most other regions in the north, west, and east are almost empty, creating a sharp gap between south and north. Data from the Bali chapter of the Indonesian Association of Hotels and Restaurants (PHRI)

8 <http://www.thejakartapost.com/bali-daily/2013-10-12/tourism-board-work-with-regional-governments.html>

shows Bali has a total of 2,260 star-rated and non-star rated hotels providing 56,971 rooms. Most of them are located in the south of Bali. This not only makes the areas oversupplied but also creates fierce competition.

When the Governor of Bali made a call for a hotel moratorium for South Bali, with the support of the Central Government, especially the Minister of Tourism and Creative Economy (was Minister of Culture and Tourism), in order to direct investors to other parts of Bali, the district heads of the regions did not have to comply with it. They kept issuing permits to investors wanting to build hotels and other tourism facilities in their regions. In contrast, when the Central Government and Governor need to open conference facilities in their regions, they can refuse it by not providing a permit. Two years prior the APEC Meeting, when an investor had been granted support by Central Government and Bali Governor to build a convention centre complete with an APEC leaders' pavilion in South Bali, the investment plan was blocked by the Badung Regency. The investor and Central Government failed to convince them, therefore the APEC meeting was then held in Nusa Dua, not in the specifically planned venue.

The regional autonomy government system also weakens the power of the island marketing and promotional efforts. Each district promotes their tourism facilities. Often they have less skill to do so, but they have every right to allocate and use their promotional fund without intention to put this together under the name of Bali as an island. Calls to unify Bali as one island management system of development and tourism promotion have been made several times, but the system of regional autonomy does not support this system. Unless the regional law is changed, the challenge to manage Bali tourism under one island management system remains a problem.

However, sharing experiences between members of the Inter-Island Tourism Policy Forum (ITOP) may open more

ideas, not so much on how to solve local problems but more on how each member can take best practices from other ones in coping with the strong trend of globalization. As this paper has outlined from the outset, the island has actively faced globalization as well as processes of localization by which global influences are localized and local values are promoted on a global stage.

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