

**Research Article**

# Through Local Wisdom: A Policy Road for Bali's Post Pandemic Economic Recovery

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**Abstract.**

As a tourist area where most of its income comes from the tourism sector, Bali is the worst hit area as a result of Covid-19 pandemic. Mobilization restrictions eliminate tourists who come to Bali, both domestic and foreign. Bali's economy declined drastically, and its government inevitably tried to adapt through leading sectors other than tourism. Economic strengthening is then carried out through a number of policies that prioritize local wisdom in managing regionally superior products in various sectors, especially in the local industrial sector and the creative economy. Endek's traditional fabric industry is considered the 'savior' of Bali's economy in the pandemic era. Those who lost their jobs in the tourism sector turned into craftsmen or marketers of Endek products. This research analyzes the efforts of Balinese Government in revitalizing the economy after Covid-19 pandemic. This research uses a qualitative approach with descriptive data obtained from statements, written words, and observed behavior. The data used consist of primary and secondary data obtained through research in the field. The result of the study shows that Bali's economic recovery policy by highlighting Endek cloth is in line with the Bali Government's vision. Through "*Nanung Sat Kerthi Loka Bali*" all policies should maintain the sanctity and harmony of Bali's nature. The vision focuses on three main aspects, namely nature, manners, and culture, which implement the value of *Tri Hita Karana* (three causes of prosperity). It consists of six pillars of leading sectors targeting the industrial sector, SME sector, the creative and digital economy sector and also the tourism sector. The Balinese Government has also succeeded in creating an ecosystem that supports the Endek fabric industry. Bali is expected to be economically independent by utilizing its local potential. This is shown by the policy on the use of traditional cloth and the IKM Bali Bangkit Expo, which was held this year. The recommendation offered is the implementation of priority development programs carried out by the Balinese Government based on the concept of custom-based on local wisdom, tradition, and cultural arts. In addition, there is a need for further policy strengthening by involving the Bali Provincial Government, Dekranasda Bali, relevant ministries, the private sector, and Endek actors/craftsmen.

**Keywords:** Local wisdom, Endek, economy recovery, economy policy, sustainable communities

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## 1. INTRODUCTION

Bali is one of the areas that depend on the tourism sector for its income. The covid-19 pandemic has eliminated most of the region's income. Both the local government and the community are very dependent on the benefits brought by both local and international tourists. The covid pandemic that started at the end of 2019 made Bali tourism sector decline, tourists stopped arriving, travel and guide services became quiet, hotels were closed due to the impact of the policy of limiting mobilization. Although the situation has gradually improved, it does not necessarily improve the economic situation in Bali, which must endure a long two-year pandemic from 2020-2022. This situation forced the government to innovate and change to restore the situation and restore the economic condition of Bali. Through Dekranasda Bali, the government, assisted by relevant stakeholders, is trying to restore economic stability in stages, starting from empowering the community with economic activities using the concept of local wisdom that is easier to apply by the local community. In accordance with the vision of the Province of Bali "*Nanung Sat Kerthi Loka Bali*" means maintaining the sanctity and harmony of Bali's nature. The vision focuses on three main aspects, nature, manners, and culture which align in the value of *Tri Hita Karana* (Three Causes of Prosperity).

Starting from this local vision and values, the Balinese government builds an ecosystem that supports local industries. One of the industries that the government needs to guard and align with this concept is the Endek fabric industry. Balinese Endek Woven Fabrics/ Balinese Traditional Woven Fabrics is the original Balinese woven fabric. To support this, the Bali provincial government made a policy of using traditional fabrics in conjunction with the establishment of the *IKM Bali Bangkit* which was initiated by the Bali Dekranasda together with relevant ministries, the private sector and Endek fabric craftsmen. It is also supported by a number of policies issued by the Bali provincial government, including the Bali Provincial Regulation No. 4 of 2020 concerning the Strengthening and Advancement of Balinese Culture, Bali Governor Regulation Number 79 of 2018 concerning the Day of Using Balinese traditional Clothing, Bali Governor Regulation Number 99 2018 concerning the Marketing and Utilization of Balinese Agricultural, Fishery, and Local Industrial Products, and the Circular Letter of the Governor of Bali Number 4 of 2021 concerning the Use of Balinese Endek Woven Fabrics/ Balinese Traditional Woven Fabrics.

## 2. THEORY

### 2.1. Local Wisdom

There are several understandings of local wisdom, including mentioning that local wisdom is the cement that binds in the form of an existing culture so that it is based on existence. Local wisdom is a culture created by local actors through an iterative process, through internalization of religious and cultural teaching that are socialized in the form of norms and used as guidelines in everyday life for the community (Ratna, 2011). There are also those who argue that local wisdom is a view of life and knowledge as well as various life strategies in the form of activities carried out by local communities in answering various problems in meeting their needs. In a foreign language, it is often conceptualized as a local policy of local wisdom or “local knowledge” or genius (Fajarini, 2014). The values in local wisdom always survive because these values grow and are present together with cultural value that are applied in everyday life so that the values of local wisdom can be very attached and have meaning in social life.

Local wisdom is the identity or cultural personality of a nation that causes the nation to be able to absorb, even process 31 cultures originating from outside/other nations into their own character and abilities (Wibowo, 2015). Therefore, it is not uncommon for the values contained in local wisdom to be adopted into culture and even laws or regulations that apply in some areas, the fusion of local wisdom values in culture and local regulations is a manifestation of the inherent cultural values in people’s daily lives. Local wisdom sourced from cultured and maintained by local communities has various forms. Unayah and Sabarisman (2016) explain several forms of local wisdom that exist in the community.

The principal of local wisdom in society, the value of local wisdom also has several principles (Prastowo and Budiana, 2016), namely:

1. The principle of responsibility is that this responsibility is not only individual but also collective
2. Respect for nature is respect and maintaining its sustainability
3. The principle of solidarity is a feeling of sharing with nature and with other living things
4. The principle of love and care is not based on personal interest but solely for nature

5. The principle of not harming or damaging is because humans have a moral obligation to nature
6. The principle of simple life and in harmony with nature, namely the consumption and production patterns of modern humans must be limited.
7. The principle of justice is equal access for all groups and community members in determining policies for natural resource management and nature conservation, and in participating in enjoying the benefits
8. The principle of democracy is joint policy making in determining the good or bad, whether or not a natural resource is damaged. The principle of moral integrity, this principle demands to have moral attitudes and behaviour to secure the public interest.

Local wisdom can take the form of tangible (textual, architectural, traditional artwork) and intangible (value system, songs, advice), and in terms of local wisdom it consists of governance, value systems, procedures, and special provisions such as sensitive areas and areas/sacred buildings. In the Province of Bali, the local wisdom that is applied is the concept of “*Nanung Sat Kerthi Loka Bali*” which means maintaining the sanctity and harmony of Bali’s nature, where the concept focuses on three main aspects, namely nature, manners, and culture which is rich in the value of *Tri Hita Karana* (Three Causes of Welfare). In line with the concept promoted by the provincial government of Bali in its efforts to improve economic conditions after the Covid-19 pandemic, the government certainly cannot make it happen alone but with the support of various parties including the private sector, academics, and of course the community who are also business actors.

## 2.2. Stakeholder Theory

In the industrial context, stakeholders have an important role and power in controlling resources in industrial operational activities. Therefore the company/industry must maintain relationships with stakeholders by accommodating existing wants and needs, especially stakeholders who have power over the availability of resources used for the operational activities of the company/industry, such as workers, customers and owners (Chariri & Ghazali, 2007). Stakeholders theory interprets organizations as part of a complex socio-economic community, not entities that only operate for their own interest, but must provide benefits to stakeholders. Stakeholders in this case include creditors, suppliers, shareholders, consumers, the public, the government and other

interested parties. Stakeholder theory is a strategic management concept that can help companies/industry strengthen relationships with external parties and develop competitive advantage. In this study, stakeholders theory becomes one of the analytical tools to identify the types of stakeholders, relationship, roles and influences of each. The stakeholders mapping in this study was carried out in an integrated manner with the helix model analysis. Stakeholders theory is also the basis for determining each other and their contribution in economic, social, and environmental aspects.

The triple helix relies on 3 main stakeholders, namely the government, industry and academia (universities) (Widjajani, Fajarwati, Hidayat, & Haryadi, 2018). Each stakeholder has a complementary role, the government carries out its role and function as a policy maker that has the authority and power in policy formulation, regulation (law), and financial resources. Industry plays a role as a provider of needs, owners of innovation production machines, technology, skilled labor as well as financial resources. Finally, academics, in this case universities, are also known as pro-public innovators (Sulaksono, 2018) acting as centers for the development of research-based science and information.

More complex than the triple helix and quadruple helix, there are additional stakeholders in the quintuple helix pioneered by Carayannis & Campbell. The quintuple helix completes the quadruple helix by adding a fifth helix, which is the natural environment. This last helix has natural capital as an innovation driver. In addition to government, industry, universities, and civil society, the natural environment has an important role in the innovation and knowledge production process to realize sustainable development. In the perspective of Carayanis et al (2012). The natural environment contributes to maintaining the balance between the helix and ensuring the internalization of sustainability principles in industry/development. The quintuple helix drives improvements to knowledge structures and innovations; emphasizes the socio-ecological transitions that societies and economic sectors require in the 21<sup>st</sup> century. Therefore, the quintuple helix can be said to be very sensitive ecologically (Praswati, 2017).

### 3. RESEARCH METHOD

This study uses a qualitative research approach with descriptive methods through literature study and secondary data collection. In general, this scientific paper provides a descriptive or description of the economic recovery in the province of Bali after the covid-19 pandemic. The selection of research methods and approaches is based on the type of data used and the research objectives, namely to analyze, interpret, and present data and information (Ahmadi & Narbuko, 2004). This research uses a case

study approach which was chosen because the research is casuistic in nature. The author makes in-depth observations about the economic recovery of Bali Province which is carried out with the concept of local wisdom. Particularly for primary data obtained, the writer conducted in-depth interviews with key informants and participants observation.

Interviews were conducted with the government, in this case Dekranasda Bali, in collaboration with the private sector and community representatives who produce Endek woven fabrics. Primary data was obtained through direct interviews with key informants, secondary data was obtained through literature study and related primary data, results of previous research, and regulatory documents related to sustainable development, sustainable communities, local wisdom, economic recovery and economic policy. The location was chosen on the grounds that Bali Province is a tourism area that experienced an economic downturn due to restrictions on the number of tourists due to covid-19 pandemic during 2020-2022.

## 4. RESULTS

The Regional National Crafts Council or Dekranasda is a non-profit organization established with the aim of covering and developing handicraft product businesses and trying to improve the lives of its business people. It consists of various groups of Small and Medium Enterprises (UKM) and government sectors. Dekranasda was formed based on a joint decree of 6 Ministers namely the Minister of Industry, Minister of Trade, Minister of Home Affairs, Minister of Culture and Tourism, Minister of Cooperative and SME, and Minister of State Enterprises. There are several objectives and functions of Dekranasda, namely:

1. Exploring, developing and preserving the nation's cultural heritage as well as fostering the discovery and use of new technology to improve quality in order to strengthen the nation's cultural identity.
2. Instilling public awareness of the importance of arts and crafts for the daily life of Indonesian citizens that can increase human dignity.
3. Paying attention and fighting for the interest of craftsmen and enthusiasts by encouraging their entrepreneurial spirit.
4. Assist the government in formulating policies in the handicraft industry and program the quality of human resources.

## 5. Expand the market share of handicrafts

One of Dekranasda's goals is to empower local SME, not only opening opportunities for local industries to grow bigger but also encouraging and helping to expand market access for local industries to reach global markets. To make this happen, Dekranasda created a cooperation program for SME and the local digital e-commerce, BaliMall.id. *The Bali Bangkit* program is carried out throughout the year that also holds the Bali Designpreneur Fashion Show where the clothes on display are not only intended for exhibition models but can still be used in general. The Bali Designpreneur Fashion Show was also attended by various talented designers from Bali. In addition to introducing local Balinese woven/fabric products (Tenun Endek), it also opens opportunities for work and innovations from craftsmen who work together with talented young local designers. The *Bali Bangkit* program, which is carried out by Dekranasda Bali Province, also directly helps the artist and SMEs owners to understand business management, both financial management, product distribution and other important matters related to running a business so that SMEs owners have a good knowledge about business and can always develop and maintain the business.

The Bali Government's effort to internalize the "*Nanung Sat Kerthi Loka Bali*" are described in six main pillars of leading sectors which target the industrial sector, UMKM sector, the creative and digital economy sector as well as the tourism sector. There are at least 4 stakeholders/helix who are part of the creative industry including government, private/business, community/media, academics and the natural environment helix. The first helix/stakeholder is the joint of local governments in Bali such as district/city government and regional national craft council (Dekranasda). This helix has the authority/resources in the form of political capital. The second helix is the industry, such as small and medium enterprises, Local Development Bank (BPD), and digital platform Bali Mall with economic and technology capital resources. The third helix/stakeholders are academics who have human capital resources. The fourth helix is IKM and UMKM with social capital resources, and the last helix/stakeholder is the natural environment with natural capital resources. In general, the description of stakeholder identification can be described through helix innovation as shown below.

### 4.1. Local wisdom-based policies

The direction of policies and programs of the Bali Provincial government is carried out based on the vision of "*Nanung Sat Kerthi Loka Bali*" which means maintaining the sanctity and harmony of Bali's nature and its contents. This is in accordance with



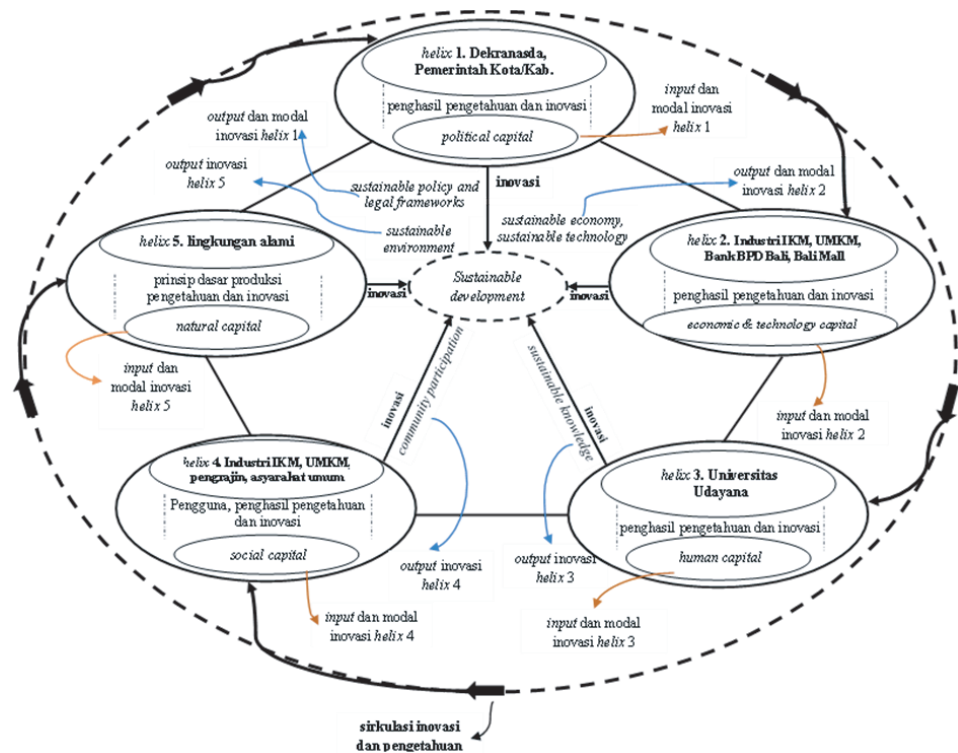


Figure 1

Bung Karno’s Trisakti principles, namely political sovereignty, economic independence, and cultural personality. The vision is intended to lead to the *Bali Era Baru* where the roadmap of Bali’s development is concentrated on three main aspects, nature, manners and culture which are rich in the value of *Tri Hita Karana* (Three Causes of Prosperity). The derivative of this vision is in line with the economic principles named *Bali Kerthi* launched by Presiden Joko Widodo. *Bali Kerthi* means maintaining and making the best use of Bali’s potential to the fullest for the benefit of the Balinese people. This principle consists of six pillars of the leading sector, (1) agricultural sector (organic), (2) marine and fishery sector, (3) industrial sector, (4) small and medium enterprise (SME) sectors, (5) creative and digital economy sector and (6) the tourism sector.

Bali is an area that experienced a downturn when the covid-19 pandemic hit. The tourism sector has largely shut down due to restrictions on mobilization and restriction on visitors coming from abroad. Domestic and foreign tourists visiting Bali have experienced a drastic decline, the tourism sector used to be Bali’s highest potential. Restriction on activities causes the economy to stop, that’s when a lot of adaptation takes places in Bali’s leading sectors so that they can survive. The *Bali Bangkit* Exhibition was initiated by the chairman of the Bali Provincial Dekranasda, Mrs. Putri Koster since mid-2020. The *Bali Bangkit* exhibition is a synergy of the Provincial Dekranasda, Regency/City



Dekranasda and BPD Bali and Balimall.id. The purpose of holding this exhibition is one of the efforts to preserve ancestral cultural heritage. Most of the SME that joined were from the fabric, craft, and gold and silver jewelry craftsmen. The *Bali Bangkit* exhibition is divided into 4 periods and takes place throughout the year with around 70 tenants participating in each period. The location of this exhibition is at the Bali Provincial Cultural Park Art Center. The average sales at the exhibition were IDR 1.8 billion/month or IDR 2.9 billion a year and went straight into the craftsmen.

Tenants who joined this exhibition were curated for their craft products before joining. In 1 stage of the exhibition, each tenant will get a capacity building program consisting of guidelines to set the prices, how to market products, making reports, managing money in and out, and managing the business as a whole. All tenants who join are expected to be able to run a sustainable business after joining this exhibition. Tenants who joined this exhibition marketed Balinese products, such as Gringsing, Endek, and other craft material with Balinese identical patterns. This is an appeal from the Governor of Bali, Wayan Koster, so that all regional organizations and the Balinese people maintain their ancestral heritage, especially traditional Balinese fabrics/ Balinese Endek woven fabrics. Balinese Endek have experienced a period of being produced outside Bali and brought back to Bali for sale. This makes Bali lose a lot of things. Bali has lost its cultural heritage and is only enjoyed by business actors. Then there was improvement and rearrangement in the fabric and craft industry.

Endek is the cultural identity of the Balinese people and is commonly used in the interest of custom and religious rituals. This cloth is produced using Non-Machine Weaving Tools (*Alat Tenun Bukan Mesin/ATBM*) which are done in their own homes and have been developing since the early 20th century. Endek craftsmen in Bali are generally still based in villages and people's homes. Endek craftsmen are experiencing challenges when dealing with digitalization and the new era due to the pandemic. However, support from Dekranasda and the Bali Provincial Government of Bali have been able to manage and support the Endek cloth industry until now. Among the many foreign tourists visiting Bali, the Provincial Government of Bali and its subordinates' effort to maintain local cultural values should be highly appreciated. This is also inseparable from the role of traditional stakeholders (such as *Pecalang*) who participate in reminding their people to stick to tradition and preserve their ancestral cultural heritage. Another follow-up effort was the issuance of regulations in the form of Governor of Bali Regulation Number 79 of 2018 concerning Days for the use of 46 Balinese Traditional clothing, governor of Bali Regulation Number 99 of 2018 concerning marketing and utilization of Balai agricultural, fishery and local industry products, as well as Bali Governor circular

letter Number 4 of 2021 concerning the use of Balinese Endek Woven Fabrics/Balinese people wearing Endek or traditional woven fabrics to go to the office every tuesday. This is a form of internalization so that the Balinese people have a sense of belonging so that the Balinese people have a sense of belonging so that cultural values are maintained. Balinese Endek came under the spotlight when the fashion house, Christian Dior included Bali's Endek fabric in its Spring/Summer 2021 collection at Paris Fashion Week. The process of using Endek cloth for the Dior collection does not run in one step. Several virtual meetings took place between Dior accompanied by the Dekranasda and the Bali Provincial Government is very consistent in maintaining the use of Endek because it is a cultural and ancestral heritage that has been passed down from generation to generation so its use and selection of pattern cannot be arbitrary. The pattern proposed by Dior must be curated carefully at first so it can be used in accordance with the traditional norms and standard. The design and the use of cloth for Dior's fashion products using Endek is also conditioned so that it does not conflict with Balinese customs. There are approximately 3 kinds of Endek pattern used by Dior in the collection.

## 5. CONCLUSIONS

Governor of Bali has carried out some efforts to strengthen sustainable fashion in Bali through several policy innovations, namely, (1) Governor of Bali Regulation Number 79 of 2018 concerning Days of Wearing Balinese Traditional Clothing, (2) Governor of Bali Regulation Number 99 of 2018 concerning Marketing and Utilization Balinese Agricultural, Fishery and Local Industrial Products, and (3) Bali Governor Letter Number 4 of 2021 concerning the Use of Balinese Endek/Balinese Traditional Woven Fabrics. The Governor of Bali appealed to leaders of vertical agencies, leaders of higher education institutions, regents/mayors, heads of regional apparatuses, heads of state and local owned enterprise (BUMN and BUMD), heads of private companies, and heads of organizations/community institutions throughout Bali, to always respect and appreciate Balinese Endek/Balinese Traditional Woven Fabrics as a creative cultural heritage of the Balinese people. The stipulations for Balinese Endek/Balinese Traditional Woven Fabrics used are those which are Balinese handicrafts and are based on local Balinese culture. This is done to support the continuity/sustainability of local Balinese fashion, Balinese Endek/Balinese Traditional Woven Fabrics.

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