Government Capacity in Recovering Tourism Sector in the Pandemic Period: Comparison between Indonesia and Thailand

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Abstract

The Covid-19 pandemic reduced national income in the tourism sector. Government capacity is needed to overcome these problems. Using comparisons between Indonesia and Thailand, this study aims to test the government’s capacity to restore the tourism sector during a pandemic. This comparison is necessary in order to obtain an in-depth analysis of the capacity of governments representing ASEAN in the recovery of the tourism sector. The literature study method and secondary data were used in this research. The data analysis used a qualitative descriptive approach. The results of the study found that the governments in both countries had sufficient capacity to restore the tourism sector due to the Covid-19 outbreak. However, the capacity of the Thai government is somewhat better in integrating tourism recovery efforts and preventing the transmission of Covid-19. However, bribery and corruption are found in Thailand. This study concludes that the recovery of the tourism sector during a pandemic requires the capacity of the government to provide a number of economic stimulus packages that are integrated with regulatory health and quarantine protocols.

Keywords: covid-19, government capacity, pandemic period, tourism sector

INTRODUCTION

According to WHO, the Covid-19 pandemic cannot be predicted when it will end (Kurniawan, 2020). Despite various efforts to control the transmission of the virus including vaccines, positive cases and fatalities are still increasing. At the world level, positive cases of Covid-19 have touched 97.3 million people and claimed 2.08 million deaths (World O Meters, 2021). For the ASEAN region, Indonesia occupies the highest position in positive cases of Covid-19, which reached 940,000 cases. Meanwhile, the death rate due to Covid-19 in Indonesia reached 26,857 people (World O Meters, 2021). Thus, Indonesia is experiencing a more difficult situation than other ASEAN countries. The impact on the economy can be felt, one of
which is the tourism sector.

As a result of the Covid-19 outbreak, the tourism sector in Indonesia has suffered a very significant loss. From the indicators of foreign tourist visits, national statistical data shows that there has been a decrease in foreign tourist visits to 1.37 million visits in 2020 (Sugihamretha, 2020).

The impact of the Covid-19 pandemic on the tourism sector globally can also be seen from data from the World Tourism Organization (UNWTO). According to UNWTO, due to the global pandemic Covid-19 has reduced international tourist traffic by 60-80 percent by the end of 2020 (UNWTO, 2020).

Not only Indonesia, one ASEAN country that relies on its national income from the tourism sector is Thailand. The Covid-19 pandemic has also had a negative impact on tourism in Thailand. Although not as bad as Indonesia, the positive number of Covid-19 in Thailand has fluctuated. In early December 2020 positive cases only showed an average of 16 cases per day, but in early January it had jumped to 258 cases per day (World O Meters, 2021).

As a result of the Covid-19 pandemic, international tourist visits to Thailand have also experienced a very significant decline. According to Jiabao (2020), in October 2020 Thailand was only visited by 1,201 foreign tourists. This situation is in stark contrast compared to last year which reached 3.07 million foreign tourists in the same month.

Various studies have highlighted the impact of the covid-19 pandemic on the tourism sector (Sigala, 2020; Riadil, 2020; Candra & Rekha, 2020), not many studies have paid attention to the government’s capacity to recover the tourism sector during a pandemic. The role of the government is very important during a pandemic because the government through its public policies can increase market confidence and reduce the risk of spreading the virus (Assaf & Scuderi, 2020).

This study aims to review the government’s capacity to restore tourism sector during a pandemic. By comparing Indonesia and Thailand, this study is expected to provide a better and broader understanding of the government’s role in overcoming the socio-economic crisis, especially in the tourism sector.

Literature Review

Capacity means the ability to do a job (Meriam-Webste.com, 2021). In an organizational context, organizational capacity becomes very vital, especially in the organization’s efforts to realize its goals. Without adequate capacity, an organization will not develop and be able to answer the challenges of its environment.

Capacity also reflects “the ability to implement better” (Morgan, 2006:5). This definition expands the meaning of capacity which is generally understood only as an ability that is generated through training activities.

Government capacity during a pandemic according to Mazzucato and Kattel (2020) is often inadequate. Even though the government is required to be able to provide solutions to the public. Therefore, there are several capacities needed in the public sector, namely (1) capacity to adapt and learn; (2) the capacity to integrate public services and citizen needs; (3) the capacity to manage a robust production system; and (4) capacity to manage digital data and platforms (Mazzucato and Kattel, 2020).

In the context of a pandemic, the role of the government in controlling and restoring the situation is vital. The government must be able to overcome the negative impact of the covid-19 outbreak with various effective and efficient measures. In addition, the government must act quickly and appropriately in overcoming health crises that have multidimensional impacts.

Some of the actions that are ideally
taken by the government to restore the tourism sector during a pandemic are mentioned by Assaf and Scuderi (2020: 732-733) as follows: (1) providing economic stimulus for tourism actors through interest-free loan packages, postponement of loan repayments, and subsidies; (2) providing budget support to promote tourist destinations. For example, giving flight discounts to local tourists to boost demand to various tourist locations; (3) providing easy management for tourists from countries that have recovered from the Covid pandemic; (4) providing opportunities for local governments to develop regulations in accordance with regional needs; (5) relaxing the tax burden during the pandemic period for tourist actors; and (6) controlling predatory investors who can threaten local entrepreneurs.

Government capacity is also related to policy capacity. By taking the case of the Singapore government in overcoming the impact of the Covid-19 pandemic, Woo (2020) found that the government capacity in managing fiscal, implementation, data analysis and politics made a significant contribution in efforts to overcome the Covid-19 transmission. Thus, understanding government capacity can be understood by how the government is able to implement public policy with its fiscal, data and political power.

Research Methods
This study uses literature study and secondary data to answer research questions. Data collected for analysis was sourced from March to December 2020 to identify the two government capacity to recover tourism sector in pandemic time. Data were analyzed using a qualitative descriptive approach. Thailand was chosen as the comparison because it has the same character as Indonesia in the tourism sector. The two countries rely on one of their national reserves from the tourism sector.

RESULTS AND DISCUSSION
According to UNCTAD, ASEAN countries that lost the most revenue from the tourism sector due to the Covid-19 pandemic were Thailand and Indonesia. In 2020 Thailand experienced a loss of US $47.7 billion, while Indonesia amounted to US $20.7 billion (UN Thailand, 2020).

However, there are differences in the capacities of the two governments in dealing with the impact of the pandemic on the tourism sector. At the beginning of the pandemic, the Thai government firmly locked down the territory, thus blocking access for the mobility of foreigners to enter Thailand. The policy of closing access to foreigners was carried out by Thailand due to an increase in positive cases of Covid-19, which reached 1,000 cases and 4 deaths in March 2020. To prevent the increasingly widespread transmission of Covid-19, the Thai government closed its territory and restricted various socio-economic activities until April 2020.

By implementing a regional lockdown policy, the covid-19 case can be controlled. This can be seen during May to November where the statistical curve slopes gently. Thus, the lockdown policy shows its effectiveness in reducing transmission rates.

Unlike Thailand, the Indonesian government did not choose a regional lockdown policy. This is based on the reason that the impact of the lockdown policy will only have a more labor impact on the economy. Moreover, workers in Indonesia are mostly in the informal sector.

In addition, the consequence of the lockdown policy is that the government must prepare a social safety net scheme for the community. This burden is considered to be very large for the government. So that the government prefers to implement large-scale social restriction policies and the movement to implement health protocols.

However, Indonesia failed to follow
Thailand in handling Covid-19. During May to December 2020, the Covid-19 numbers showed a very high increase. Even in January 2021, there were an additional 11,703 new cases infected with Covid-19. Unlike Thailand, in January 2021 there were no new cases found.

To restore the tourism sector during a pandemic, both Indonesia and Thailand have provided economic stimulus. Indonesia provides a budget of IDR 1 trillion to restore the tourism sector from the impact of the Covid-19 pandemic. Meanwhile, Thailand has provided a budget of US $718 million or IDR 10.08 trillion to restore their tourism sector (Aseanbriefing, 2020).

The different budgets of the two countries in recovering the tourism sector during a pandemic indicate two things: (1) Tourism in Thailand has fallen so badly that it has caused a very significant loss of income so that efforts are needed to boost demand for the international and domestic tourism market; and (2) Even though tourism in Indonesia has experienced a drastic decline, the lockdown policy is not implemented so that the mobility of international tourists is still open to entering Indonesia.

Interestingly, the economic stimulus in the tourism sector in the two countries is aimed at subsidizing tourists through discounted hotel prices and flight ticket prices. Even in Indonesia, every domestic tourist is provided with a maximum incentive of IDR 2.35 million per person. With this incentive, it is hoped that it can restore the national economy.

Thailand itself provides very diverse incentives. Through the “We Travel Together” policy package, not only discounted accommodation prices for tourists, but also subsidized airline tickets, car and bus rental, as well as food and facilities at destination locations. Meanwhile, in the second package to facilitate health workers and volunteers, the government provides a package of "Moral Support" policies in the form of domestic travel subsidies which are also provided to volunteers and health workers working in the fight against Covid-19 (Aseanbriefing, 2020).

Compared to Indonesia, Thailand seems to be more careful in opening access to international tourists. In Thailand, international tourists who are traveling must join a 14-day quarantine program. This is to ensure that foreign tourists have health conditions that are not harmful to local residents.

The effect of the economic stimulus package policy on the economic sector had a positive effect. In Thailand, hotel occupancy rates reached 34 percent, up one digit in just one month. In Indonesia, the effect of the economic stimulus is mostly aimed at saving the tourism sector bankruptcy due to the pandemic.

However, the two countries experienced serious problems in implementing the stimulus policy package. In Indonesia, the policy stimulus package in the form of a subsidy for airplane tickets is considered not timely because it is provided during the low season or when the community is not on holiday (CNN, 2020). Meanwhile in Thailand, the “We Travel Together” policy package is under surveillance due to indications of bribery and corruption (Lestari, 2020).

The economic stimulus is not only aimed at tourism actors and tourists. The government also provides tax relaxation to entrepreneurs in the tourism sector. In Indonesia, the government has set tax exemption incentives for hotel and restaurant entrepreneurs in 10 tourist destinations (Kompas, 2020). In Thailand, the government also provides tax breaks in several sectors such as goods and services, and the tourism industry. In addition, the government also provides soft loans to the tourism industry to prevent layoffs (The Star, 2020).

Another policy to encourage international tourist visits was carried out
by the Thai government by exempting visas for 56 countries. However, this visa exemption is still followed by health protocols. Tourists from 56 countries including Australia, France, Sweden, Switzerland, United Kingdom, and United States of America who will visit Thailand are required to take part in the quarantine program for 14 days before visiting tourist destinations.

Unlike Thailand, the Indonesian government does not make strict rules against foreign tourists. The government only requires foreign tourists to show a swab test. If the result of the swab test is negative, tourists can enter Indonesia. On the other hand, if the swab test shows a positive indication, then foreign tourists must carry out self-quarantine at their own expense (Hidayat, 2020).

In an effort to restore the tourism sector during a pandemic, the two countries have similarities and differences in policies. The two countries have the same in providing economic stimulus policies to save the tourism industry from bankruptcy. A very large budget was spent in an effort to save the tourism industry. The result, although the effect has been slow, the tourism industry is still running.

The two governments also carried out the same policy in an effort to reduce taxes in the tourism sector. Indonesia provides a tax relaxation policy for tourism actors. Meanwhile, Thailand is broader in providing tax relief. The Thai government has provided tax cuts for goods and services as well as soft loans to ease the economic burden on the tourism industry.

The capacity of the government during a pandemic is very much needed to restore the local and national economy. A number of impacts arising from the pandemic are increasing unemployment and the threat of bankruptcy for various businesses that need to be saved through government policies. According to Alam (2020), an economic stimulus package to save the economy has short-term solutions that have long-term impacts. The existence of an economic stimulus package serves as a "safety valve" to prevent mass layoffs and also to ensure liquidity for businesses to keep producing. In the long term, economic stimulus packages can restore stability to the local and national economy.

Besides the economic stimulus policy, the government’s capacity to restore the tourism sector during a pandemic is tax relaxation. With the tax relaxation, tourism industry players are exempt from paying taxes for a certain period. This policy is considered effective because it can maintain economic stability. Although in terms of tax revenue it has decreased significantly, the government has been able to save business activities that support many workers. In the tourism sector itself, the number of workers that can be saved is enormous. In Thailand, the number of workers in the tourism sector is 4.5 million workers. Meanwhile in Indonesia 408.6 thousand people rely on their lives in the tourism sector.

A study conducted by Munandar (2020) reports that the tax relaxation policy during a pandemic is effective in maintaining economic stability. However, the tax relaxation policy needs to be followed by a reduction in interest rates. Bank Indonesia and the Financial Services Authority (OJK) can help the industry from financial burdens by reducing interest rates. With this effort, the financial burden of tourism industry actors will decrease.

The government’s capacity to restore the tourism sector during a pandemic also requires the ability to integrate the tourism sector with the health sector. This is at the same time to measure long-term adaptive capacity to control Covid as well as increase tourist visits.

The pandemic period is different from the previous normal period. Therefore, the management of the tourism sector needs to be linked to the health sector. The Thai government in this study shows adequate capacity by still requiring quarantine for
tourists who will travel. However, the government also provides visa facilities for 56 countries traveling to Thailand. This policy was carried out to prevent the increasingly widespread spread of Covid-19 while still opening access to international tourists. The bureaucracy was also responsive by waiving visa regulations for 56 countries. With this policy strategy, Thailand has proven to have sufficient government capacity to restore tourism during a global pandemic.

A different situation is found in Indonesia. The government has provided concessions for international tourists throughout 2020. The quarantine policy for foreign tourists has not been established as implemented by the Thai government. However, the local government was given the authority by the central government to prevent a spike in Covid-19 cases. In Bali, for example, the Bali Governor Regulation requires foreign tourists to show PCR test results before entering Bali. However, this policy has an impact on the cancellation of a number of foreign tourists to Bali. As a result, a number of hotels lose the opportunity to get guests (SuaraBalI, 2020).

The absence of quarantine obligations for foreign tourists carries a high risk of the increasingly widespread transmission of Covid-19. The case in Padang, for example, was that foreign tourists from Ireland tested positive for Covid-19 (CNN, 2020).

A lack of sensitivity to health crises was also found in Central Java. Even though the Covid-19 case is still high in Central Java, the Central Java provincial government still opens access to foreign tourists (Budi, 2020). The visit of foreign tourists is not regulated by the quarantine policy as in Thailand. In Central Java foreign tourists and travel agents are only required to adhere to health protocols.

However, the disbursement of the tourism sector recovery budget in Thailand which reached Rp 10 trillion did not go well. Bribery and corruption were found in the process of implementing the We Travel Together package policy. As a result, the Thai government will stop the subsidy program from bribery and corruption.

The practice of corruption and bribery in the tourism sector during the pandemic in Indonesia was not found as happened in Thailand. Interestingly, Indonesia's tourism and creative economy minister is committed to preventing corruption during a pandemic. By cooperating with the anti-corruption commission, the tourism and creative economy minister asked the KPK to participate in overseeing the ministry's programs (Fikri, 2021).

The issue of bribery and corruption in the tourism sector during the pandemic that was found in Thailand shows that the bureaucracy and tourism industry players are trying to take advantage of the pandemic situation for their personal and group interests. The opening of opportunities for corruption during the pandemic includes various forms such as resource abuse, nepotism, and favoritism (Teremestsky et al., 2020).

The fertile practices of corruption and bribery during the pandemic cannot be separated from the weak system of accountability and transparency (Teremestsky et al., 2020). Developing countries such as Indonesia and Thailand are examples of cases of countries that have not been able to create a strong accountability and transparency system. The commitment to preventing corruption is still weak, so the temptation to take advantage of the large budget during the pandemic has prompted bureaucracy, politicians, and tourism industry players to exploit the system's weaknesses.

CONCLUSION

The government's capacity to restore the tourism sector during a pandemic is shown in several measures, namely providing economic stimulus, implementing health protocols and self-quarantine. This study found that the
capacity of the Thai government is slightly better than Indonesia’s. The Thai government seems more prepared in efforts to restore the tourism sector which has experienced significant negative growth due to the Covid-19 outbreak. Various economic and non-economic policies were carried out by Thailand and Indonesia. However, Thailand has implemented a stricter policy on foreign tourist access through self-quarantine. Thus, foreign tourists who will enter tourist destinations in Thailand are in good health. Unlike Indonesia, the tourism sector recovery policy during the pandemic has not fully guaranteed the control of the Covid-19 transmission. Although there are regulations requiring negative PCR test results for foreign tourists, in most other areas this is limited to the application of health protocols.

This study also found that during the pandemic, it was prone to bribery and corruption. The state budget aimed at restoring the tourism sector are prone to abuse by bureaucracy and politicians. The case in Thailand represents a practice of corruption and bribery against the tourism sector recovery budget. In Indonesia, the government has partnered with the anti-corruption commission to guard government funds from potential corrupt practices. Thus, efforts to build a budget management system in a transparent and accountable manner should be continued in order to minimize corrupt practices during the pandemic. This research suggests that future studies can add other ASEAN countries as a comparison. This is intended to obtain other interesting findings related to the government’s capacity to restore the tourism sector during a pandemic.

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