

A Policy Review of the Tourism Ecosystem Paradigm in Indonesia's Law No. 18/2025

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Abstract

Indonesia's Law No. 18/2025 marks a decisive shift from a quantity-driven framework to a quality-focused "Tourism Ecosystem." However, the governance consequences of this deregulation remain under-theorized. Employing a critical socio-legal approach and systems theory, this article contrasts the 2025 reform with Law No. 10 of 2009. The study identifies a "Regulatory Grand Bargain" producing a "Tight-Loose Governance Paradox." Specifically, the state trades structural decentralisation—achieved by abolishing the single-bar industry association—for functional intensification through mandatory Competency Certification and strict carrying-capacity limits. While this architecture advances sustainable tourism, it exposes vulnerabilities: an "orchestration deficit" in intersectoral coordination and the risk of social exclusion for community-based actors. To mitigate these unintended outcomes, the study recommends establishing a digital orchestration platform to enhance policy coherence and implementing affirmative certification subsidies to ensure equitable participation across the new tourism ecosystem.

Keywords: *Tourism Law No. 18/2025; Tourism Ecosystem; Networked Governance; Destination Stewardship; Regulatory Grand Bargain.*

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INTRODUCTION

The post-pandemic era has catalysed a profound re-evaluation of how tourism success is conceptualised, measured, and governed. An expanding corpus of international scholarship now emphasises that resilience, sustainability, and experiential quality must supersede purely quantitative indicators—such as visitor arrivals and foreign exchange receipts—as the dominant performance metrics of tourism systems (Dinçer et al., 2024; Hassan et al., 2024; Zhang et al., 2023). This intellectual and policy realignment stems from a growing recognition that excessive dependence on promotion-driven strategies, while effective in generating volume, often undermines destination management capacities and governance coherence, thereby heightening exposure to crises, resource depletion, and overtourism (Hassan et al., 2024; Shafiee, 2024; Zhang et al., 2023).

Within Indonesia, this global tension found its domestic expression in Law No. 10 of 2009, which institutionalised a distinctly promotion-centric orientation epitomised by the Wonderful Indonesia campaign. Although this model succeeded in expanding international arrivals, it

frequently overlooked the ecological Carrying Capacity of destinations and the structural integration of the wider tourism system. Recent analyses underscore that such fragmented approaches fail to capture the complex, intertemporal dynamics required to sustain destination resilience (Hassan et al., 2024; Jiao et al., 2024). Against this backdrop, the enactment of Law No. 18/2025 represents a decisive strategic and philosophical pivot. By formalising the terminology of a tourism ecosystem, the new statute aligns Indonesia's policy architecture with contemporary global discourse that conceives tourism as an interdependent system encompassing infrastructure, the natural environment, human capital, and supply chains (Chiawo et al., 2023; Miyagi, 2023; Sufa, Riyadi, et al., 2024).

This legislative transition redefines the state's function—from a promoter of destinations to an orchestrator of a multi-layered business and governance ecosystem. The law's explicit emphasis on intersectoral interdependence resonates with the theoretical logic of networked governance, which posits that collaborative, multi-actor coordination is indispensable for achieving agility, accountability, and coherence across fragmented policy terrains (Miyagi, 2023; Sufa, Riyadi, et al., 2024). Nevertheless, the practical realisation of this ecosystemic vision remains underexplored in Indonesian legal and policy scholarship. Of particular contention is the deregulation of institutional structures, most notably the removal of the monolithic single-bar industry association mandate. While proponents argue that such deregulation enhances flexibility and responsiveness (Chiawo et al., 2023; Sufa, Riyadi, et al., 2024), critics contend that without robust mechanisms for standardisation, monitoring, and capacity control, fragmentation could erode accountability and diminish service quality (Miyagi, 2023).

Responding to this conceptual and policy lacuna, the present article offers a critical examination of the governance transformation embedded in Law No. 18/2025. Drawing on a socio-legal analytical framework integrated with systems-theoretical reasoning, the study investigates how the law constructs a transition from a promotion-centric regime to an ecosystem-based management paradigm. Specifically, it interrogates the legal and institutional trade-offs between the adaptive flexibility afforded by networked governance and the regulatory precision required to ensure standardised quality and sustainability. In doing so, the article contributes to the emerging discourse on how Indonesia—representing a developing yet institutionally dynamic context—can deploy legislative instruments to recalibrate its tourism sector from mass-market expansion toward high-value, resilient, and socially inclusive growth.

LITERATURE REVIEW

Promotion-Centricity to Destination Stewardship

Contemporary tourism scholarship has become increasingly critical of the boosterist or promotion-centric paradigm that has dominated global tourism development over the past two decades. This long-standing approach—anchored in the pursuit of ever-increasing visitor arrivals and foreign-exchange earnings—has revealed intrinsic structural vulnerabilities, particularly when confronted with external shocks and systemic crises. Recent post-pandemic analyses across Europe and other regions of the world demonstrate that excessive preoccupation with numerical growth often compromises destination resilience, weakens governance coherence, and undermines social equity and community welfare (Dinçer et al., 2024; Hassan et al., 2024; Zhang et al., 2023). The prevailing critique is that marketing-driven expansion, while effective in generating visibility and volume, systematically neglects the institutional and ecological foundations necessary for sustainable destination management, leading to overtourism, environmental degradation, and socio-economic precarity.

In contrast, the emergent paradigm of Destination Stewardship—or sustainability-oriented governance—reframes success around the quality of experiences and the durability of systems rather than their scale. Within this evolving discourse, resilience is reconceptualised not as a mere

recovery to pre-crisis baselines but as the adaptive capacity of multi-actor governance networks to integrate ecological, social, and economic dimensions into a cohesive and self-reinforcing system (Hassan et al., 2024; Sufa, Setiawati, et al., 2024; Zhang et al., 2023). Thus, the measurement of success has shifted from how many tourists arrive to what enduring benefits are retained within local ecosystems and communities. This epistemic shift underpins the growing adoption of ecosystem-based governance frameworks, wherein multi-stakeholder collaboration becomes a structural necessity for managing tourism's inherent complexity (Chiawo et al., 2023; Miyagi, 2023; Sufa, Setiawati, et al., 2024).

Operationalising this new orientation requires a departure from unilateral, marketing-led governance toward networked, integrative arrangements, often conceptualised through the Pentahelix model, which involves synergetic interaction among government, academia, industry, media, and civil society. Such collaborative architectures are deemed essential for fostering agility, policy coherence, and performance standardisation in fragmented governance environments. Nevertheless, scholars caution that these networked configurations, while adaptive, also introduce challenges of coordination, accountability, and legitimacy (Chiawo et al., 2023; Miyagi, 2023; Sufa, Riyadi, et al., 2024). To mitigate such governance frictions, research increasingly advocates the institutionalisation of standardised performance indicators, such as the European Tourism Indicator System (ETIS), to enable evidence-based policymaking through benchmarking, iterative learning, and continuous monitoring (Sufa, Riyadi, et al., 2024).

This international discourse resonates profoundly with Indonesia's evolving tourism governance under Law No. 18/2025, which adopts the Tourism Ecosystem framework as both a conceptual and regulatory foundation. However, the literature warns that institutional deregulation and networked governance, if not accompanied by strong mechanisms of transparency, legitimacy, and monitoring, risk producing coordination failures and governance asymmetries (Chiawo et al., 2023; Miyagi, 2023; Sufa, Riyadi, et al., 2024). Comparative empirical evidence from other jurisdictions further illustrates that integrated recovery models—those that synchronise environmental conservation, community empowerment, and regulatory accountability—tend to yield more durable and equitable outcomes than short-term, growth-oriented rebounds. These insights substantiate the rationale behind Indonesia's shift toward an ecosystem-based paradigm, as articulated in its 2025 legislative reform (Chiawo et al., 2023; Dinçer et al., 2024; Hassan et al., 2024).

The Tourism Ecosystem: A Systems Theory Approach

The formal adoption of the term Tourism Ecosystem in Indonesia's most recent legislative framework institutionalises Systems Theory as a foundational logic for public policy and destination governance. Conceptually, tourism is no longer conceived as a linear, sectoral industry composed of isolated functions, but as a complex, adaptive system encompassing infrastructure, the natural environment, social capital, and interlinked supply chains (Dewi & Hermanto, 2023; Rachmiatie et al., 2024). Within such a configuration, perturbations in any subsystem—be they failures in waste management, social conflict, or environmental degradation—tend to reverberate across the entire system. This interdependence underscores the imperative for cross-sectoral coherence and synchronised governance responses (Rachmiatie et al., 2024).

Governance informed by this systems-based orientation requires a fundamental transformation of the state's role—from a conventional operator or marketer of tourism products to an orchestrator of interdependent actors and institutions. This orchestral role entails aligning diverse stakeholders and policy domains through multi-actor collaboration, often operationalised via Pentahelix or networked governance frameworks. Such models seek to enhance agility, accountability, and shared responsibility within Indonesia's fragmented institutional landscape (Rachmiatie et al., 2024; Ruhaeni et al., 2024). Empirical research corroborates

that resilience within these tourism ecosystems is inherently multi-scalar: it depends on the capacity of governance arrangements to harmonise infrastructure investment, human-capital development, and local value chains, enabling destinations not merely to recover from crises but to absorb shocks and sustain long-term socio-economic vitality (Cimbaljević et al., 2023; Dinçer et al., 2024; Sufa, Riyadi, et al., 2024).

Translating this theoretical orientation into operational policy necessitates the use of standardised, evidence-based diagnostic instruments. Scholars increasingly advocate applying the European Tourism Indicator System (ETIS) and similar frameworks to institutionalise sustainability measurement, facilitate benchmarking, and guide iterative policy learning (Cimbaljević et al., 2023). These tools render the abstract logic of systems theory actionable by embedding monitoring, evaluation, and feedback mechanisms into governance structures. Illustrations of such ecosystem governance can already be discerned within Indonesia's tourism landscape. In the domain of mangrove ecotourism, for instance, integrated monitoring and participatory management have proven critical to maintaining ecological and community balance (Aryanti & Koestoer, 2024; Dewi & Hermanto, 2023). Similarly, the development of the Halal tourism ecosystem demonstrates how tightly coupled institutional networks and regulatory alignment between production and service sectors can reinforce systemic coherence and market credibility (Rachmiatie et al., 2024). Collectively, these cases affirm that Indonesia's Tourism Ecosystem framework operationalises a systems-theoretical paradigm—one that formalises intersectoral integration, embeds continuous measurement, and promotes adaptive governance to counter policy fragmentation and advance high-value, resilient tourism development (Dinçer et al., 2024; Ruhaeni et al., 2024).

Networked Governance and Institutional Deregulation

One of the most consequential implications of adopting an ecosystem-based paradigm in tourism is the fundamental transformation of its institutional governance architecture, from a centralised, hierarchical model to a distributed, networked configuration. Contemporary governance scholarship distinguishes between legacy regimes, typically embodied in state-mandated, single-bar industry associations, and networked models that distribute authority and decision-making across multiple stakeholder clusters. The former, while effective in mobilising unified promotional efforts, often exhibits structural rigidity and limited responsiveness to rapidly shifting market and environmental dynamics. In contrast, networked governance frameworks—frequently articulated through Pentahelix arrangements—promote interdependence among government, academia, industry, civil society, and media actors. This pluralistic distribution of power enhances institutional agility, accountability, and shared responsibility, attributes that are increasingly essential in fragmented and dynamic policy environments (Roddin, 2025; Salsabil, 2025; Yeoman, 2023).

However, the legislative transition from a single institutional body to a constellation of multiple associations, as formally instituted by the removal of the single-industry association clause in Law No. 18/2025, also introduces significant governance risks. The abolition of the single-bar industry association mandate reflects a significant shift in Indonesia's tourism political economy. The previous hierarchical model, which prioritized a unified voice through a single institutional body, became increasingly obsolete as diverse ecosystem actors emerged—such as global digital travel platforms, tech-driven startups, and community-based homestay networks. These new stakeholders operate through a decentralized, horizontal logic that Law No. 10/2009 failed to accommodate. Consequently, Law No. 18/2025 dismantles this monolithic structure not merely as a formal deregulation, but as a pragmatic recognition that a pluralistic and dynamic tourism landscape requires a more flexible, networked governance architecture.

This study argues that such a maneuver constitutes a 'Regulatory Grand Bargain' designed to resolve the inherent tensions of ecosystem-based governance. By dismantling monolithic

industry representation, the state provides the structural flexibility necessary for a networked ecosystem to thrive; yet, this decentralization is strategically counterbalanced by a 'Tight-Loose Governance Paradox.' While the structural arrangement remains 'loose' (pluralistic associations), the functional requirements—most notably mandatory Competency Certification and strict adherence to carrying-capacity limits—are significantly 'tightened.' Consequently, the state does not withdraw but rather recalibrates its power, shifting from direct administrative control to sophisticated, performance-based oversight. Nevertheless, this deregulation risks institutional fragmentation, which may inadvertently dilute collective standards and undermine policy coherence. As the literature cautions, such fragmentation could trigger a 'race to the bottom' in service quality unless mitigated by robust competency frameworks and intersectoral coordination mechanisms (Franco & Mexia, 2025; Maulana et al., 2025). Therefore, an effective policy architecture must achieve a delicate equilibrium: preserving the innovative capacity of flexible networks while maintaining credible standardization to safeguard accountability (Alam et al., 2023; Sutrisno, 2024).

Beyond its administrative dimensions, networked governance also possesses a deeply social character. Empirical studies demonstrate that when such networks are consciously aligned with local social norms, cultural practices, and ecological constraints, they can enhance both legitimacy and adaptive capacity (Alam et al., 2023; Salsabil, 2025). In the digital era, this participatory form of collaboration also facilitates destination co-creation, enabling more responsive marketing, data-driven decision-making, and improved service delivery—while preserving a credible social license to operate (Tran, 2025).

Ultimately, the integration of resilience-oriented planning within Indonesia's emerging governance framework represents more than a managerial adjustment; it constitutes a systemic embedding of crisis-management learning into the very fabric of regulatory reform. By interweaving resilience, coordination, and adaptive oversight, the ecosystem-based model aspires to produce a tourism sector that is not only competitive but also structurally durable, socially inclusive, and environmentally responsible (Alam et al., 2023; Syaifullah et al., 2023).

Table 1. Comparison of Governance Paradigms

Analytical Dimension	Paradigm of Law No. 10/2009	Paradigm of Law No. 18/2025
Policy Orientation	Promotion-Centric (Quantitative Growth)	Ecosystem Management (Quality & Resilience)
Definition of Success	Visitor Arrivals & Foreign Exchange	Environmental Sustainability & Quality Spending
Industrial Structure	Sectoral & Siloed	Integrated & Interdependent
Institutional Model	Centralised / Single-Bar Association	Networked Governance / Multi-Association
Control Mechanism	Moral Suasion (Awareness Campaigns)	Mandatory Standardisation & Competency Certification

Source: Research data, 2025

METHODS

To examine the structural transformation of Indonesia's tourism governance framework, this study adopts a socio-legal research design integrated with a comparative statutory approach. In contrast to conventional doctrinal research, which interprets legal provisions in isolation, this approach situates the statutory text within its broader policy and institutional ecosystem, acknowledging the interdependence among law, governance structures, and industrial dynamics. The methodological process unfolds through three sequential phases: data curation, teleological interpretation, and systems-based synthesis.

The research employs a tiered data collection strategy, encompassing both primary and secondary legal materials: 1) Primary Legal Materials. The principal comparative corpus juxtaposes Law No. 10 of 2009 on Tourism—representing the legacy, promotion-centric

paradigm—with the newly ratified Law No. 18/2025, which institutionalises the ecosystem-based model. This comparison forms the empirical foundation for mapping structural and functional regulatory shifts, and 2) Secondary Legal Materials. To elucidate the *mens legis*—the underlying legislative intent—the study examines the Academic Drafts of the 2025 Bill, and relevant policy briefs issued by the Ministry of Tourism during the transitional period (2023–2025). These documents provide contextual insight into the motivations, debates, and policy assumptions that informed the final statutory formulation.

Departing from standard literal interpretation, this research employs a teleological hermeneutic method, interpreting the law in accordance with its *telos*—its normative and functional purpose—while concurrently embedding systems theory reasoning to trace interdependencies within the legal architecture. The analytical procedure is structured into a three-phase critical process: Phase 1: Textual Deconstruction (The What). This stage involves a systematic cataloguing of terminological evolution between the two statutes, including quantitative and contextual analysis of key lexical markers such as promotion, ecosystem, sustainability, and sanctions. This enables the identification of semantic and conceptual drift, reflecting the paradigm shift in Indonesian tourism policy.

Phase 2: Comparative Gap Analysis (The Why). Here, the analysis interrogates the regulatory discontinuities arising from the shift from a centralised single-bar structure to a decentralised multi-association model. The focus lies on assessing how the abrogation of the *Gabungan Industri Pariwisata Indonesia (GIPI)* clause redefines the juridical relationship between the state and private-sector actors.

Phase 3: Ecosystem Consistency Check (The How). The study evaluates the internal coherence between the strategic vision of the tourism ecosystem and its statutory enforcement mechanisms. Unlike previous policy analyses that remain purely normative, this phase critically examines the 'regulatory teeth' of Law No. 18/2025. Specifically, the analysis focuses on the legal enforceability of carrying-capacity thresholds and the mandatory nature of Competency Certifications. By mapping these functional instruments against the socio-ecological goals of the ecosystem paradigm, the study assesses whether the new law provides sufficient executive authority to mitigate externalities or remains merely a symbolic policy shift.

Through this triangulated analytical framework, the study provides a comprehensive, purpose-driven interpretation of Indonesia's evolving tourism law, linking statutory form, policy function, and governance outcomes within a single integrative lens.

RESULTS AND DISCUSSION

The Legal Construction of the Tourism Ecosystem

The enactment of Law No. 18/2025 constitutes far more than an administrative update; it represents a foundational restructuring of the statutory architecture governing Indonesia's tourism sector. The textual and comparative analyses reveal a deliberate legislative departure from the promotion-centric paradigm codified in Law No. 10/2009 toward what the preceding literature has identified as the Destination Stewardship and Systems Theory models of governance. This paradigmatic shift is most distinctly reflected in the rearticulation of core legal definitions, the expansion of cross-sectoral jurisdiction, and the formal codification of environmental Carrying Capacity as a legally enforceable norm.

The most striking transformation lies in the redefinition of tourism under Article 1. Under the 2009 regime, tourism was legally framed as a linear sequence of travel activities supported by ancillary facilities and services—a definition grounded in the industrial logic of mobility and consumption characteristic of the pre-pandemic era. In contrast, Law No. 18/2025 reconceptualises tourism as a multidimensional ecosystem, explicitly embedding the notions of interdependence among supply chains, environmental limits, and cross-sectoral governance.

This semantic and ontological evolution gives statutory recognition to the arguments advanced by (Rachmiatie et al., 2024; Sufa, Setiawati, et al., 2024), which posit that tourism functions as a complex adaptive system, wherein disruptions in one subsystem—social, ecological, or infrastructural—inevitably cascade through the broader network.

This ecosystemic logic is further operationalised through the broadening of the state's regulatory scope. An examination of the Naskah Akademik accompanying the 2025 Law reveals a clear legislative intent to dismantle the bureaucratic silos that historically impeded integrated destination management. Whereas the 2009 Law placed the onus of tourism development primarily on the Ministry of Tourism, the new statute institutionalises a Whole-of-Government approach. It explicitly mandates the participation of non-tourism ministries—such as Public Works, Environment, and Transportation—in the formulation and implementation of the Tourism Master Plan. In juridical terms, this transforms tourism from a marketing target into a spatial and governance mandate, aligning with the principles of Networked Governance. Coordination is no longer a matter of administrative goodwill but a procedural obligation embedded within statutory planning processes.

Equally significant is the legal elevation of environmental constraints from aspirational rhetoric to enforceable regulation. Under the 2009 framework, sustainability discourse was primarily confined to the non-binding ideals of *Sadar Wisata* (Tourism Awareness). In contrast, Law No. 18/2025 introduces explicit provisions on Carrying Capacity and Sanctions, empowering the state to limit visitor flows and suspend investment permits in destinations exceeding their ecological or social thresholds. This transformation provides the legal teeth for the Destination Stewardship paradigm (Hassan et al., 2024), marking a decisive departure from two decades of boosterism. Consequently, the definition of success in tourism has been juridically recalibrated: performance is now assessed not by arrival statistics or revenue generation, but by adherence to sustainability and Carrying Capacity benchmarks.

To illustrate this structural and philosophical transition, Table 2 synthesises the comparative statutory analysis between the two legal regimes.

Table 2. Comparative Statutory Analysis: The Paradigmatic Shift

Statutory Dimension	Regime of Law No. 10/2009 (The Growth Paradigm)	Regime of Law No. 18/2025 (The Ecosystem Paradigm)	Implication for Governance
Ontological Definition	Tourism as a linear activity (travel, consumption, service)	Tourism as an interdependent ecosystem (supply chain, environment, community)	Reorients focus from <i>facilitating travel</i> to <i>managing systemic health</i> .
Regulatory Scope	Sectoral: limited to tourism promotion and industry development	Holistic: integrates spatial planning, environmental management, and community economy	Establishes legally binding inter-ministerial coordination (dismantling silos).
Performance Logic	Quantity-driven: aims to maximise arrivals and foreign exchange	Quality-driven: prioritises resilience and sustainable value retention	Replaces headcount metrics with sustainability indicators.
Control Mechanism	Voluntary: relies on <i>Sadar Wisata</i> campaigns and moral suasion	Mandatory: enforces carrying-capacity limits and sanctions	Transforms sustainability from normative aspiration into compliance obligation.

Source: Research data, 2025

This analysis confirms that the Tourism Ecosystem framework articulated in Law No. 18/2025 transcends rhetorical symbolism. It embodies a codified paradigm shift in Indonesia's legal governance of tourism. By institutionalising interdependence, cross-sectoral accountability, and environmental thresholds within the statutory text, the legislature has erected a legal safeguard against the resurgence of unregulated mass tourism—compelling the industry to operate within the logic of resilience, stewardship, and systemic equilibrium rather than mere quantitative expansion.

De-monopolisation of Industry Representation

The redefinition of tourism as an ecosystem in Law No. 18/2025 necessitates a corresponding restructuring of industrial relations within the sector. Under the earlier Law No. 10 of 2009, the state institutionalised a Single-Bar Association model through the Gabungan Industri Pariwisata Indonesia (GIPI). This centralised institutional architecture was intended to produce a unified industry voice, reflecting the command-and-control logic characteristic of the promotion-centric era. However, a close examination of the 2025 statute reveals a deliberate legislative excision of the chapter that mandates this singular umbrella organisation. By removing the statutory monopoly on industry representation, the new law de-monopolises the mechanisms of state–industry engagement, signifying a decisive shift from hierarchical corporatism to a networked governance regime.

This institutional deregulation does not create a vacuum of authority but instead acknowledges the heterogeneity intrinsic to a modern tourism ecosystem. As articulated by (Miyagi, 2023; Sufa, Riyadi, et al., 2024), a monolithic institutional structure is ill-suited to represent the diverse and fluid interests of a sector that now encompasses digital platforms, community-based tourism enterprises, and green-technology startups alongside traditional hospitality operators. The abolition of the single-bar mandate thus facilitates what Durkheimian sociology would describe as organic solidarity—a condition in which diverse subsectoral associations (for example, ecotourism, wellness, or digital-travel consortia) emerge as agile, adaptive clusters. Such a pluralistic configuration aligns with the Pentahelix model, wherein collaboration occurs in a fluid, project-oriented, and cross-institutional manner rather than through rigid, vertically integrated hierarchies. Legally, this transition recasts the private sector's position—from a passive subject under a state-sanctioned representative body to an active node within a distributed governance network.

Nevertheless, as (Franco & Mexia, 2025) caution, the shift from a centralised to a networked model is not without inherent risks. The fragmentation of representation may elevate coordination costs, diffuse accountability, and complicate policy coherence. The textual analysis of Law No. 18/2025 suggests that the legislature anticipated these challenges by redefining the state's functional role: from a partner embedded within a singular corporatist framework to an orchestrator presiding over a pluralised governance ecosystem. In the absence of a single authoritative industry body, the government now governs through universal incentives, standardised quality controls, and performance-based compliance mechanisms rather than through centralised directives.

This evolution implies that institutional form has been liberalised, but industrial function has become more tightly regulated—a trade-off that embodies the hybrid nature of Indonesia's new tourism governance. Structural pluralism thus coexists with functional centralisation, enabling flexibility and innovation within clearly defined regulatory parameters.

Enforcing Quality Tourism

The transition toward a networked governance framework, as discussed in the preceding section, introduces a critical paradox: how can the state ensure consistent service quality and destination sustainability once the monolithic command structure of GIPI has been dismantled? The resolution lies in transforming the regulatory instrument itself. Law No. 18/2025 replaces the state's reliance on moral suasion—that is, persuasion through promotional and awareness campaigns—with a regime of mandatory competence, grounded in legal coercion and standardisation. This evolution represents the operational core of Indonesia's emerging Quality Tourism paradigm, effectively filtering underperforming actors from the ecosystem through legally codified performance requirements.

The Hardening of Soft Laws

Under the earlier Law No. 10 of 2009, quality control was primarily framed through the *Sapta Pesona* (Seven Charms) initiative—a set of normative values such as safety, orderliness, cleanliness, and friendliness that functioned as voluntary behavioural guidelines rather than binding obligations. Consequently, compliance was uneven, often yielding the race to the bottom dynamic cautioned against by (Franco & Mexia, 2025). In stark contrast, Law No. 18/2025 hardens these soft norms by institutionalising standardisation as a prerequisite for legal participation in the tourism economy. The introduction of the Risk-Based Business Licensing framework mandates that all ecosystem actors—ranging from five-star hotels to community-based homestays—obtain formal business certification. This reform aligns with the argument advanced that, in fragmented tourism systems, sustainability indicators must be translated from policy rhetoric into binding regulatory instruments to achieve genuine governance coherence. In this regard, the new law redefines quality not as a marketing descriptor but as a legal condition of market entry, transforming what once was an aspirational discourse into enforceable compliance.

Competence as Protectionism

An equally significant yet less-discussed dimension of the new regulatory order is the reconfiguration of Article 19, which governs community rights. The requirement for Competency Certification is not merely technocratic—it operates as a socio-legal mechanism of protectionism designed to safeguard local human capital. By embedding local knowledge, cultural literacy, and place-based competencies into certification standards, Law No. 18/2025 creates a protective regulatory barrier that privileges qualified local workers over unskilled foreign or non-local labor. This innovation resonates with the Community-Based Resilience paradigm articulated by (Alam et al., 2023; Salsabil, 2025), in which local capacity-building serves as both an economic and cultural safeguard. In this sense, Competency Certification functions as a dual instrument—enhancing service excellence while preserving community sovereignty within the tourism labor market. The policy thereby prevents the gentrification of employment, ensuring that the benefits of Indonesia's tourism ecosystem remain equitably distributed among host communities possessing the requisite indigenous knowledge and socio-cultural capital.

Sanctions as the Teeth of Stewardship

The final and most coercive dimension of this regulatory transformation concerns the sanctions regime, which operationalizes the Destination Stewardship model described by (Hassan et al., 2024). Under the 2009 framework, enforcement mechanisms were largely reactive and discretionary: administrative warnings were preferred over penalties to avoid deterring investment. Law No. 18/2025 reverses this leniency by introducing a graduated sanctions system directly tied to compliance with carrying capacity. The state now possesses explicit statutory authority to suspend or revoke business permits not only for administrative violations but also for breaches of environmental or social thresholds. This innovation establishes a direct causal linkage between ecological performance and business viability, compelling private actors to internalize the costs of sustainability (see Table 3). In effect, environmental stewardship becomes an economic prerequisite, institutionalizing resilience through legal deterrence rather than voluntary adherence.

Table 3. The Transformation of Control Mechanisms: From Suasion to Coercion

Control Dimension	Regime of Law No. 10/2009 (Soft Approach)	Regime of Law No. 18/2025 (Hard Approach)	Governance Outcome
Nature of Standards	Voluntary / Normative: based on <i>Sapta Pesona</i> awareness campaigns	Mandatory / Statutory: based on Risk-Based Licensing and National Standards (SNI)	Eliminates discretion over non-compliance; institutionalises uniform quality baselines.

Control Dimension	Regime of Law No. 10/2009 (Soft Approach)	Regime of Law No. 18/2025 (Hard Approach)	Governance Outcome
Human Capital	Training-centric: focused on general hospitality skills	Certification-centric: mandatory Competency Certification as a labor-market filter	Protects local labor rights (Article 19) through standardized qualification criteria.
Enforcement Style	Responsive: sanctions applied post-incident	Preventive: licenses are paused or revoked if the Carrying Capacity is breached	Operationalizes resilience by preventing ecological and social saturation.
Role of the State	Promoter: encouraging voluntary compliance	Regulator: policing ecosystem entry and exit points	Shifts accountability from moral persuasion to legal obligation.

Source: Research data, 2025

Discussion

This study set out to determine whether Law No. 18/2025 constitutes a substantive paradigm shift in Indonesia's tourism governance. The findings affirm that the legislation enacts a distinct Regulatory Grand Bargain—the state has effectively exchanged the structural centralisation of the past for a decentralised yet standards-based regulatory ecosystem. This section interprets the broader implications of that bargain through three analytical lenses: the Tight–Loose governance paradox, the state's orchestration capacity, and the socio-economic risks of the quality turn.

Mitigating the Risk of Fragmentation

The most salient finding of this research is the emergence of a Tight–Loose governance paradox, characterized by simultaneous institutional deregulation and functional hyper-regulation. On one hand, the abolition of the single-bar association (GIPI) provides the structural looseness necessary for innovation and pluralism, aligning with the networked governance theories advanced by (Sufa, Riyadi, et al., 2024). On the other hand, the introduction of mandatory risk-based licensing and carrying-capacity limits marks a tightening of state oversight over the ecosystem's operational integrity. This configuration transcends the binary framing that dominates much of the existing literature, which tends to juxtapose deregulation with state control. Law No. 18/2025 demonstrates that these dynamics can coexist symbiotically within a hybrid regime. Rigorous standardisation serves as a stabilising counterweight to the centrifugal tendencies of institutional pluralism. Absent such tight mechanisms, the loose networks envisioned by the law could easily devolve into the race to the bottom scenario described by (Franco & Mexia, 2025). Accordingly, the legislation does not merely liberalize the tourism sector; it professionalizes it—redefining barriers to entry from political affiliation (membership in the right association) to technical competence (attainment of certification).

The Implementation Gap

While Law No. 18/2025 provides the legal infrastructure for an ecosystem-based approach, the transition from a sectoral operator to a system orchestrator introduces profound bureaucratic and coordination challenges. The underlying assumption of Systems Theory (Rachmiatie et al., 2024) is that the orchestrator possesses the capacity to synchronize cross-sectoral action. However, by removing the single-industry conduit that previously enabled rapid communication, the state risks creating an Orchestration Deficit. In a networked governance setting, coordination costs rise exponentially (Miyagi, 2023). The government must now negotiate with a multiplicity of specialized associations rather than a single corporatist intermediary. Without the establishment of digital coordination platforms or multi-stakeholder orchestration councils, the sophisticated Tourism Ecosystem framework may suffer from decision-making paralysis, particularly in times of crisis. The law provides the hardware—the formal architecture of integration—but its software—the mechanisms of everyday coordination—remains underdeveloped. Thus, the ultimate efficacy

of the ecosystem paradigm will depend not only on legislative design but also on the state's governance capacity to institutionalise orchestration in practice.

The Double-Edged Sword of Quality Tourism

The legislative shift toward Quality Tourism and the introduction of mandatory competence introduce a normative tension between standardisation and inclusivity. On the one hand, Article 19's emphasis on Competency Certification supports Community-Based Resilience by prioritizing local knowledge and human capital (Alam et al., 2023). On the other hand, compliance costs associated with certification, licensing, and carrying-capacity monitoring may disproportionately burden small and micro enterprises relative to capital-intensive corporations. If quality is narrowly defined by technocratic or internationalised metrics—for example, five-star facility benchmarks—rather than by authentic local experience, the reform could unintentionally foster market gentrification and erode cultural distinctiveness. Thus, the quality turn must be pursued with interpretive sensitivity, ensuring that standardisation does not sterilise the very local heterogeneity that constitutes Indonesia's competitive advantage. The accurate measure of quality tourism, therefore, lies not merely in compliance with global benchmarks but in the law's ability to preserve social equity and cultural authenticity within a standardised regulatory framework.

Conceptual Framework

To encapsulate these findings, this study proposes a conceptual framework depicting the Regulatory Grand Bargain embedded in Law No. 18/2025. The legislation establishes a dialectical equilibrium between two opposing dynamics: the loose force of structural deregulation, designed to encourage agility and innovation, and the tight force of functional re-regulation, aimed at ensuring quality, accountability, and resilience. The state occupies the fulcrum of this balance, evolving from a commander in a hierarchical regime to an orchestrator within a distributed ecosystem. The framework further highlights the latent vulnerabilities inherent in this configuration—namely, the potential for orchestration to burden bureaucratic capacity and the risk of social exclusion stemming from stringent compliance norms. Collectively, these tensions delineate the contours of Indonesia's post-boosterism governance regime, wherein resilience is both an aspirational and an operational imperative.

CONCLUSION

The ratification of Law No. 18/2025 signifies a decisive statutory rupture from the quantity-driven boosterism that dominated Indonesia's tourism governance over the past two decades. This study concludes that the law successfully constructs a new legal ontology for the sector—one that redefines tourism from a market commodity into an interdependent ecosystem embedded within environmental, social, and economic systems. Through a socio-legal and comparative statutory analysis, this research identified that the transformation rests upon a Regulatory Grand Bargain. The state has deliberately dismantled hierarchical corporatism by abolishing the single-bar association mandate, thereby granting the industry structural flexibility. In return, the state has reasserted control through functional rigidity, imposing mandatory Competency Certifications and enforceable carrying-capacity sanctions.

This Tight–Loose governance configuration—loose in institutional form but tight in functional control—marks a hybrid legal innovation that replaces promotional voluntarism with enforceable professionalism. Its ultimate success, however, will depend on whether the state can evolve from a promoter to a system orchestrator, capable of harmonising diverse actors within a coherent, evidence-driven policy framework. If implemented effectively, the law could

institutionalise resilience and ensure that Indonesian tourism remains globally competitive and socially inclusive in the post-pandemic era.

Policy Recommendations

To address the orchestration deficit and equity risks identified in the preceding discussion, this study proposes three strategic directions for the implementation of regulations. First, institutionalize a Digital Orchestration Platform: The dissolution of the single-bar association increases coordination complexity. The Ministry of Tourism and Creative Economy should therefore establish a centralized digital Super-Hub that integrates specialized associations (e.g., hotels, ecotourism, digital travel, wellness). This platform should serve as the official forum for policy dialogue, coordination, and monitoring, ensuring that networked governance remains cohesive and prevents the fragmentation of interest groups.

Second, Subsidized Competence for Social Equity. To prevent the mandatory certification regime from becoming a structural barrier to entry for small and community-based enterprises, the government should implement an Affirmative Certification Policy. This would involve financial subsidies and technical assistance to help *Desa Wisata* and other community-based actors meet the new quality standards. Without such support, the Quality Tourism agenda risks reproducing inequality by privileging large capital holders and accelerating destination gentrification.

Third, Operationalize Carrying Capacity with Adaptive Precision. To ensure the enforceability and fairness of carrying-capacity provisions (Articles 18–19), derivative regulations must adopt dynamic and data-driven tools, such as the Limits of Acceptable Change (LAC) framework, rather than fixed visitor quotas. This approach would allow adaptive destination management based on real-time ecological and social indicators, consistent with the systems-theoretical logic underpinning the law.

The abolition of the single-bar industry association reflects the state's recognition of a shifting political economy, where traditional hierarchical structures can no longer accommodate the emergence of diverse digital platforms and community-based enterprises. However, this dissolution of the monolithic industry association mandate, while fostering democratic participation, inevitably creates an 'orchestration deficit' where fragmented actors may struggle to align with national strategic goals. To mitigate this risk, the establishment of a Digital Orchestration Platform is not merely a technological upgrade but a structural necessity to ensure policy coherence across the pluralistic ecosystem. Furthermore, as the 'Regulatory Grand Bargain' shifts quality standards from voluntary to mandatory through Competency Certifications, there is a heightened risk of social exclusion for community-based actors. Thus, implementing Affirmative Certification Subsidies becomes a critical socio-legal instrument to ensure that the transition to a quality-based paradigm remains equitable and inclusive, preventing the marginalization of local stakeholders who form the backbone of Indonesia's tourism resilience.

Limitations and Future Research

This study constitutes an ex-ante analysis of the statute's textual construction and theoretical implications. Given the recent enactment of the law, the potential divergence between law-in-books and law-in-action remains an open empirical question. Future research should adopt longitudinal and mixed-method approaches to examine the law's implementation trajectory, notably: how the multi-bar association landscape evolves in practice and whether it enhances or impedes coordination; and the consistency of enforcement for environmental and carrying-capacity sanctions in super-priority destinations. Such studies will be crucial in evaluating whether the Tourism Ecosystem framework fulfills its normative promise—transforming Indonesia's tourism governance from promotional expansionism into a model of resilient, equitable, and ecosystem-based development.

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