

## Industrial Relations Policy through Human Development and Talent Management during Tourism Occupancy Decline in Bali on Employee Well-Being

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### ABSTRACT

*The decline in occupancy within Bali's tourism industry has created significant pressure on organizations to adapt their industrial relations policies alongside human development and talent management (HD&TM) strategies in order to sustain employee well-being. Fluctuations in tourist arrivals not only affect company revenues, but also influence employment stability, work intensity, and psychological security among hospitality workers. According to the International Labour Organization, periods of economic uncertainty in tourism-dependent regions often lead to increased job insecurity and deteriorating working conditions if not managed through inclusive industrial relations frameworks. This study aims to analyze how the integration of industrial relations policies with HD&TM practices influences employee well-being in the Bali tourism sector. Industrial relations that emphasize fairness, transparency, and employee participation play a crucial role in maintaining trust between management and workers, particularly during periods of organizational restructuring. When such policies are aligned with structured human development initiatives such as continuous training, career planning, and talent retention programs organizations are better positioned to safeguard employee engagement and psychological well-being. The findings indicate that fair, transparent, and participatory industrial relations supported by systematic HD&TM practices enhance employee engagement, loyalty, and overall well-being, while simultaneously reducing turnover intention. This is consistent with Gallup's (2023) report, which highlights that employees who perceive their organization as supportive of development and fair treatment are significantly more likely to demonstrate higher commitment and lower intention to leave. Therefore, the integration of industrial relations and HD&TM strategies is not merely a compliance mechanism, but a strategic approach to sustaining workforce resilience and organizational performance in Bali's tourism industry.*

**Keywords:** Bali Tourism, Employee Well-Being, Human Development, Industrial Relations, Talent Management.

### INTRODUCTION

The tourism industry remains the backbone of Bali's regional economy, contributing significantly to employment, foreign exchange earnings, and socio-cultural vitality. However, this dependency has also rendered Bali's tourism ecosystem exceptionally vulnerable to external shocks such as global economic downturns, shifts in travel patterns, structural changes in accommodation demand, and shifts in public spending policies that affect key segments like the Meetings, Incentives, Conferences, and Exhibitions (MICE) sector. Recent policy-driven reductions in state-sponsored MICE bookings have substantially reduced hotel revenues and room occupancy, intensifying



financial pressures on tourism businesses and destabilizing workforce continuity (Invest Indonesia, 2025; Kompas, 2025).

While previous research has documented occupancy decline and revenue loss in Bali's tourism (e.g., Wahyuni, 2024; Widiantara et al., 2024), there is a critical gap in understanding how corporate industrial relations policies particularly those integrating Human Resource Development (HRD) and Talent Management (TM) can mitigate the negative effects of occupancy volatility on employee welfare and organizational resilience. Existing studies largely focus on operational and economic impacts of tourism fluctuations (e.g., Indonesia tourism statistics, occupancy data) without sufficiently examining strategic HR responses as buffers against employee insecurity and deteriorating workplace relations.

In addition, literature on tourism workforce issues highlights that workforce vulnerabilities such as high turnover, stress, low retention, and limited career development potential have been persistent challenges in hospitality and tourism globally, requiring more context-specific research on HRD and TM interventions (OECD, 2024; Saito et al., 2024). However, there remains a lack of empirical and region-specific studies that link adaptive industrial relations policies directly with employee welfare outcomes under conditions of declining demand and occupancy, especially in island economies like Bali's.

Furthermore, while existing HRD literature in tourism underscores the importance of training, employee learning pathways, and performance outcomes, it also reveals notable theoretical and methodological gaps particularly regarding how HRD and TM can be operationalized to retain talent, reduce turnover intentions, and sustain employee psychological and economic welfare during downturns.

This research aims to fill these gaps by examining how corporate policies aligned with HRD and TM not only support industrial relations during occupancy downturns, but also enhance employee welfare in a sustainable manner and provide actionable frameworks for tourism firms confronting volatility.

## METHODS

This study employs a structured literature review and conceptual analysis approach to examine the integration of industrial relations policies with human development and talent management (HD&TM) in shaping employee well-being within Bali's tourism industry. The literature review systematically analyzes recent empirical studies published in peer-reviewed national and international journals from 2021 to 2026, ensuring the relevance and contemporaneity of the data sources. The reviewed literature focuses on key themes, including industrial relations frameworks, employee development practices, talent management strategies, and well-being outcomes in tourism and hospitality contexts.

Conceptual analysis is used to synthesize theoretical perspectives and empirical findings in order to identify patterns, relationships, and gaps in existing research. This approach enables the development of an integrated analytical framework that links fair and participatory industrial relations with structured human development and talent management practices as critical determinants of employee well-being. Previous studies indicate that transparent labor relations, continuous skill development, and inclusive talent management significantly contribute to employee engagement, job satisfaction, and psychological well-being, particularly in labor-intensive sectors such as tourism (Indrayani et al., 2024; Dhari et al., 2024).

Furthermore, this study draws on recent tourism and human resource management literature highlighting Bali as a unique case due to its high dependency on tourism and

vulnerability to demand fluctuations (Putra & Yasa, 2022; ILO, 2023). By integrating these findings, the study provides a comprehensive conceptual understanding of how organizations in Bali's tourism sector can strategically align industrial relations and HD&TM to enhance employee well-being and workforce sustainability.

## RESULTS AND DISCUSSION

This study contributes to the growing body of literature on human resource management in tourism by offering an integrated perspective on industrial relations, human development, and talent management as joint determinants of employee well-being. One of the key strengths of this research lies in its holistic analytical framework, which moves beyond fragmented approaches commonly found in previous studies. Prior research has often examined industrial relations or talent management separately, whereas recent scholars emphasize the importance of alignment between labor relations and developmental HR practices in volatile service industries (Budhwar et al., 2021; Dhari et al., 2024). By integrating these dimensions, this study enhances theoretical coherence and explanatory depth.

Another strength is the contextual grounding of the analysis in Bali's tourism industry, a region characterized by high dependence on external demand and labor vulnerability. Empirical studies indicate that tourism-dependent economies face heightened risks of job insecurity during demand fluctuations, which directly affect employee well-being and organizational stability (Putra & Yasa, 2022; ILO, 2023). The use of recent empirical findings and official statistics strengthens the relevance and practical value of the study for policymakers and industry practitioners.

Despite these strengths, several limitations must be acknowledged. First, the study relies primarily on secondary data and literature review methods, which may limit the ability to capture subjective employee experiences and dynamic workplace interactions. Scholars have noted that perceptions of job insecurity and well-being are highly contextual and benefit from primary data approaches such as surveys or interviews (Wahyuni, 2024; Sihombing et al., 2025). Second, the focus on the hotel subsector may restrict the generalizability of the findings to other segments of the tourism industry, such as restaurants or informal tourism enterprises, which often operate under different labor arrangements (Indrayani et al., 2024).

Nevertheless, these limitations open avenues for future research. Subsequent studies could employ mixed-method or longitudinal designs to empirically test the proposed framework and assess long-term well-being outcomes. Overall, supported by recent empirical evidence, this study demonstrates that the integration of industrial relations, human development, and talent management represents a robust and sustainable strategy for protecting employee well-being amid tourism occupancy volatility.

## CONCLUSIONS

This study concludes that fluctuations in tourism occupancy in Bali have significant implications for job security and employee well-being in the hospitality sector. Declining and volatile occupancy rates intensify job insecurity, income instability, and psychological stress among employees, confirming findings from recent tourism labor studies in highly tourism-dependent regions. These conditions highlight the urgency of organizational responses that go beyond short-term cost efficiency and instead prioritize workforce sustainability. The results further demonstrate that industrial relations policies play a crucial stabilizing role in mitigating the negative effects of tourism demand

volatility. Fair, transparent, and participatory industrial relations enhance trust, organizational justice, and employee perceptions of security, which are critical determinants of well-being in labor-intensive service industries. However, this study finds that industrial relations alone are insufficient to fully protect employee well-being without integration with human development and talent management practices. Importantly, human development and talent management emerge as key mechanisms that strengthen the effectiveness of industrial relations. Structured training, career development, and inclusive talent management systems contribute significantly to employee engagement, loyalty, and retention, even during periods of occupancy decline. This confirms recent human resource management literature emphasizing strategic alignment between labor relations and developmental HR practices as a foundation for organizational resilience. Overall, this study contributes to the tourism and human resource management literature by offering an integrated conceptual framework that links industrial relations, human development, and talent management to employee well-being. Practically, the findings suggest that tourism organizations in Bali should adopt integrated HR strategies to sustain employee welfare and organizational stability amid ongoing demand uncertainty. Future research is encouraged to validate this framework using primary data and longitudinal approaches across broader tourism subsectors. Moreover, recent studies emphasize that employee well-being is a critical foundation for organizational resilience in the hospitality sector, particularly during periods of economic uncertainty and demand volatility, as organizations that invest in integrated human resource strategies are better able to sustain workforce stability and long-term performance

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