



Adaptation Strategy of Hotel Management to Face National Financial Efficiency Policy: Evidence Based from Lombok, Indonesia

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ABSTRACT

This study examines the impact of national financial efficiency policies on the performance of the hospitality industry in Lombok and explores how hotel management adapts to these fiscal pressures. It also analyzes regional variations and identifies strategic responses to sustain business performance. A qualitative approach with a multiple case study design was employed across Mataram City, West Lombok, North Lombok, East Lombok, and Central Lombok. Data were collected through in-depth interviews, field observations, and analysis of operational and marketing documents, and were analyzed using thematic and cross-regional comparative techniques. The findings reveal that financial efficiency policies significantly affect hotels highly dependent on the government Meetings, Incentives, Conferences, and Exhibitions (MICE) segment, particularly in administrative areas such as Mataram City. In contrast, hotels oriented toward leisure markets, international tourists, and experience-based models demonstrate greater resilience. The study highlights that market diversification, marketing repositioning, digitalization, operational efficiency, and adaptive revenue management are critical strategies for enhancing resilience. These results suggest the need for a paradigm shift from reliance on public spending toward more flexible, market-oriented, and sustainable business models in response to evolving national economic policies.

Keywords: Financial Efficiency Policy; Hospitality Industry; MICE; Adaptation Strategy; Business Resilience

ABSTRAK

Artikel ini bertujuan untuk menganalisis dampak kebijakan efisiensi keuangan nasional terhadap kinerja industri perhotelan di Pulau Lombok serta mengkaji kemampuan adaptasi manajemen hotel dalam merespons tekanan fiskal tersebut. Penelitian ini juga menelaah variasi dampak

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antarwilayah dan mengidentifikasi strategi yang relevan untuk menjaga keberlanjutan bisnis. Metode yang digunakan adalah pendekatan kualitatif dengan desain studi kasus multipel yang mencakup wilayah Kota Mataram, Lombok Barat, Lombok Utara, Lombok Timur, dan Lombok Tengah. Data dikumpulkan melalui wawancara mendalam, observasi lapangan, serta analisis dokumen operasional dan pemasaran, kemudian dianalisis menggunakan teknik tematik dan komparatif lintas wilayah. Hasil penelitian menunjukkan bahwa kebijakan efisiensi keuangan nasional berdampak signifikan terhadap hotel yang memiliki ketergantungan tinggi pada segmen Meetings, Incentives, Conferences, and Exhibitions (MICE) pemerintahan, terutama di wilayah administratif seperti Kota Mataram. Sebaliknya, hotel yang berorientasi pada segmen leisure, wisatawan mancanegara, dan model bisnis berbasis pengalaman menunjukkan tingkat resiliensi yang lebih tinggi. Penelitian ini menegaskan bahwa diversifikasi pasar, reposisi pemasaran, pemanfaatan digitalisasi, efisiensi operasional, serta revenue management adaptif menjadi faktor kunci dalam meningkatkan ketahanan industri perhotelan. Temuan ini mengindikasikan perlunya pergeseran menuju model bisnis yang lebih fleksibel, berorientasi pasar, dan berkelanjutan.

Kata Kunci: Kebijakan Efisiensi Keuangan; Industri Perhotelan; MICE; Strategi Adaptasi; Resiliensi Bisnis

1. Introduction

The hospitality industry is one of the strategic sectors supporting the economy of Lombok Island, West Nusa Tenggara Province (NTB), particularly through its contribution to tourism, employment, and local economic circulation (Jones & Lockwood, 2021). As a leading national tourist destination, Lombok has experienced rapid growth in tourist arrivals and accommodation development in recent years (Buhalis and Vocek, 2021). However, the dynamics of the hospitality industry are influenced not only by tourism factors but also by macroeconomic policies established by the central government (Ivanov and Webster, 2019).

Previous studies have extensively examined the impact of external shocks on the hospitality industry, particularly in the context of economic crises, pandemics, and tourism demand fluctuations. For instance, Lesfandra (2024) highlight how macroeconomic instability affects tourism demand and hotel performance, while Putra and Mayowan (2026) emphasize the vulnerability of hotel revenues to fluctuations in Meetings, Incentives, Conventions, and Exhibitions (MICE) activities. Similarly, Liu and Ma (2024) demonstrate that hotels with high dependence on specific market segments are more exposed to demand volatility. In the Indonesian context, several studies have focused on post-disaster recovery strategies and marketing adaptation in the hospitality sector (Kurniasari and Haloho, 2019; Karomi et al., 2020).

However, despite these contributions, limited attention has been given to the impact of national fiscal or financial efficiency policies on the hospitality industry, particularly in emerging tourism destinations such as Lombok. Existing literature tends to focus more on market-driven shocks rather than policy-driven demand contraction. Moreover, empirical studies that specifically examine how government expenditure control such as restrictions on official travel and MICE activities affects hotel performance and managerial adaptation remain scarce. This gap indicates the need for a more context-specific and policy-oriented analysis to better understand the structural implications of fiscal efficiency measures on the hospitality sector.

One policy that has significantly affected the hospitality sector is the national financial efficiency policy implemented by the Indonesian government (Jones and Lockwood, 2021). This policy aims to optimize state budget management through expenditure control, reduction of inefficiencies, and prioritization of essential spending (Cross, 1997) Its implementation has led to reduced government spending on non-priority activities, including limitations on official travel, events, and Meetings, Incentives, Conventions, and Exhibitions (MICE) activities (Huyton and

Bennett, 2020). Consequently, this condition directly impacts the hospitality industry, particularly hotels that rely heavily on corporate and government market segments (Beal et al., 2013).

Pressure on the hospitality sector is reflected in declining demand for hotel rooms and reduced business performance (Ivanov & Webster, 2019). This decline is particularly evident in regions highly dependent on MICE activities, where cancellations significantly affect hotel revenues (Huyton and Bennett, 2020). The reduction in occupancy rates also illustrates broader structural challenges within the industry, requiring adaptive strategies to maintain competitiveness (Cross, 1997).

This performance decline is further associated with reduced guest numbers and weakened market demand, which directly influence hotel profitability and operational sustainability (Jones and Lockwood, 2021). In addition, regional disparities highlight that urban areas with strong dependence on government activities are more vulnerable to policy changes (Beal et al., 2013). This condition is reinforced by industry observations indicating that many hotels, including upscale properties, experience financial losses due to decreased MICE activities (Huyton and Bennett, 2020).

The decline in MICE activities has a substantial impact, given that this segment is a primary revenue source for many urban hotels (Cross, 1997). As a result, national financial efficiency policies not only affect occupancy and revenue but also influence cost management, marketing strategies, and human resource practices (Ivanov and Webster, 2019). In this context, hotels in Lombok are required to develop adaptive and innovative strategies to remain competitive amid declining demand and economic pressures (Alrawadieh et al., 2021).

Therefore, this study is essential to examine how hotel business strategies in Lombok respond to national financial efficiency policies (Kelsey et al., 2024). The research focuses on analyzing the impact of these policies on hotel performance, particularly in terms of revenue and labor, as well as management adaptability in responding to environmental changes (Alrawadieh et al., 2021). The findings are expected to provide strategic insights and contribute to the development of adaptive and sustainable business models for the hospitality industry in Lombok amid evolving economic policies (Aaker and Joachimsthaler, 2020; Anggara et al., 2024).

2. Literature Review

2.1. The Concept of Efficiency

Efficiency is generally defined as the ability to achieve optimal outcomes with minimal resource utilization. From an economic perspective, efficiency refers to the allocation of resources in a way that maximizes output while minimizing waste (Mankiw, 2019). In the context of fiscal policy, efficiency relates to how governments manage public resources to ensure that each unit of expenditure generates the greatest possible benefit for society. Blanchard (2019) and Anggara et al. (2024) argues that fiscal efficiency should not be limited to short-term expenditure control but must also consider its implications for long-term economic stability and sustainable growth. Furthermore, Joseph E. Stiglitz emphasizes that fiscal efficiency is not solely about reducing spending but also about ensuring that public expenditures are allocated productively and equitably.

Efficiency is understood as a firm's ability to optimize internal processes, capabilities, and resource allocation to achieve strategic objectives with minimal cost and maximum output. In the hospitality industry, this perspective emphasizes the integration of operational efficiency, service quality, and value creation, where efficiency is not merely about cost reduction but also about maintaining competitive advantage and customer satisfaction. According to the Resource-Based View (RBV), efficiency is closely linked to how organizations manage their unique resources and capabilities to generate sustainable performance. Therefore, efficiency from a managerial POV reflects a balance between cost control, service excellence, and strategic positioning, enabling firms to remain resilient in the face of external pressures such as fiscal policy changes.

2.2. Operational efficiency-based adaptation strategies

Operational efficiency-based adaptation strategies are critical in responding to economic uncertainty and shifts in fiscal policy. Sigala (2018) highlights that hotels adopting automation and integrated management systems are better positioned to reduce operational inefficiencies and optimize resource utilization. This includes improvements in energy efficiency, labor productivity, and asset management. Jones and Lockwood (2021) further argue that the integration of technology and adaptive human resource management practices are essential for sustaining operational performance in the hospitality sector. In line with this, Michael E. Porter, through his theory of competitive advantage, identifies cost leadership and differentiation as two fundamental strategies for achieving competitiveness. In the hospitality context, operational efficiency serves as the foundation of cost leadership, enabling hotels to remain competitive despite declining demand and increasing cost pressures.

Additionally, Jay Barney, through the Resource Based View (RBV), posits that sustainable competitive advantage arises from a firm's ability to effectively manage valuable, rare, and inimitable resources. This perspective suggests that operational efficiency is not merely a short-term response mechanism but a strategic capability that enhances long-term organizational resilience.

2.3. Revenue Management in the Hotel Industry

Revenue Management is a strategic discipline aimed at maximizing revenue through the optimal management of pricing, capacity, and market segmentation. Cross (1997) defines it as the process of selling the right product to the right customer, at the right time, and at the right price. As the hospitality industry evolves, Revenue Management has expanded from a room pricing tool into a comprehensive, data-driven strategic function. According to Sheryl E. Kimes, modern Revenue Management encompasses demand forecasting, customer behavior analysis, and the integration of multiple revenue streams. This broader perspective is supported by (Roberts, 2022), who argues that effective revenue optimization must include all hotel revenue sources, such as rooms, food and beverage (F&B), and Meetings, Incentives, Conventions, and Exhibitions (MICE).

Moreover, Alrawadieh (2021) emphasize that digital transformation plays a pivotal role in enhancing Revenue Management capabilities. This view is consistent with Erik Brynjolfsson, who highlights that digital technologies enable real-time, data-driven decision-making, thereby improving both efficiency and strategic responsiveness. Revenue diversification also emerges as a crucial strategy for reducing dependence on specific market segments (Syafi'i in Martina et al., 2025). In the context of fiscal policy constraints and declining government-driven demand, an agile and data-driven Revenue Management approach becomes essential. It not only supports revenue optimization but also strengthens the hotel's ability to adapt to changing market conditions and policy environments. Consequently, Revenue Management should be viewed as a strategic instrument for building resilience and ensuring long-term sustainability in the hospitality industry

2.4. Business Resilience and Efficiency in the Hospitality Industry

Business resilience and efficiency are closely interconnected in determining the sustainability of hotel performance under external pressures such as fiscal policy changes. Efficiency enables hotels to optimize resource utilization, reduce operational costs, and maintain profitability, while resilience reflects the ability to adapt, recover, and transform in response to disruptions. In the hospitality industry, the integration of these two concepts is essential, as operational efficiency supports short-term stability, whereas resilience ensures long-term competitiveness. Hotels that successfully combine efficient resource management with adaptive strategies such as market diversification, digitalization, and flexible revenue management are better positioned to withstand demand fluctuations and policy-driven shocks. Therefore, the synergy between

efficiency and resilience forms a critical foundation for sustainable business performance in a dynamic and uncertain environment.

3. Method

This study employs a qualitative descriptive approach aimed at gaining an in-depth understanding of the impact of national financial efficiency policies on the performance and business strategies of the hospitality industry on Lombok Island. This approach is chosen to explore the dynamics, perceptions, and managerial experiences of hotel practitioners in responding to changes in the policy environment. The research is designed as a case study and is conducted in three- to five-star hotels located in Mataram City, West Lombok Regency, North Lombok, and East Lombok, West Nusa Tenggara Province. The study period spans from May to October 2025, covering the stages of preparation, data collection, analysis, and report writing. The research focuses on three main aspects: (1) the impact of national financial efficiency policies on hotel operations, (2) the adaptive capacity of management in responding to these policy pressures, and (3) business adaptation strategies implemented to maintain sustainability.

The data sources in this study consist of primary and secondary data. Primary data are obtained through in-depth interviews with 15 informants drawn from several hotels in West Nusa Tenggara (NTB), representing various departments, including management, front office, marketing, finance, and operations. These informants include hotel managers, department heads, and operational staff who are directly involved in strategic decision-making and daily operations. Data collection is conducted using three main techniques: observation, interviews, and documentation. Field observations are carried out directly at selected research sites across Lombok Island from March to September 2025, involving seven hotels representing diverse market segments and locations, namely The Lombok Lodge, Katamaran Hotel & Resort, Sheraton Senggigi Beach Resort, Holiday Resort Lombok, Golden Palace Hotel Lombok, Lombok Astoria Hotel, and Novotel Lombok Resort & Villas. Observations are conducted systematically using observation sheets to capture operational activities, occupancy levels, guest services, and managerial responses to financial efficiency policies.

In addition, semi-structured in-depth interviews are conducted to obtain relevant and detailed information aligned with the research objectives. Interview guidelines are used as research instruments to ensure consistency while allowing flexibility for deeper exploration. Documentation techniques are also employed to collect supporting materials such as internal hotel reports, statistical data, government policy documents, and relevant industry publications. These instruments include interview guides, observation sheets, and documentation formats to systematically organize the collected data. Secondary data are gathered from credible sources, including hospitality statistics, publications from the Central Statistics Agency (BPS), government documents, and reports from hospitality associations, to complement and strengthen the primary findings.

To ensure data validity, several verification techniques are applied. Source triangulation is conducted by comparing information from informants with different backgrounds to assess consistency. Technique triangulation is also applied by integrating findings from interviews, observations, and documentation. Furthermore, member checking is carried out by confirming the researcher's interpretations with informants to ensure accuracy of meaning. An audit trail and iterative data analysis are also employed to enhance transparency, minimize bias, and ensure that the conclusions are well-supported, valid, and scientifically accountable.

4. Results

4.1. Impact of National Financial Efficiency Policies on Hotel Performance in Lombok

The empirical findings indicate that the implementation of national financial efficiency policies has had a significant impact on hotel performance in Lombok. Data collected from seven hotels

across different regions show a consistent decline in demand, particularly from the government and MICE segments. This decline has directly influenced occupancy rates, revenue streams, and operational activities in most hotels.

However, the extent of the impact varies depending on each hotel's market segmentation and level of dependence on government-related business. Hotels that rely heavily on MICE activities experienced a sharper decline, while those oriented toward leisure and individual travelers demonstrated relatively stable performance. This variation suggests that market structure plays a crucial role in determining the level of vulnerability and resilience in the hospitality industry.

The data presented in Table 1 clearly show that the impact of national financial efficiency policies varies significantly across regions and hotel segments. Hotels located in Mataram City and East Lombok exhibit the highest level of impact, primarily due to their strong dependence on government-related MICE activities. The sharp decline in this segment has led to substantial reductions in occupancy rates and revenue streams, indicating high vulnerability to policy changes.

In contrast, hotels in North Lombok and some parts of West Lombok demonstrate relatively low impact levels. These hotels are characterized by their focus on leisure and international markets, which are less affected by government expenditure policies. Meanwhile, hotels with mixed market segmentation, such as Merumatta Senggigi and Pullman Mandalika, show moderate impact levels, as they are able to partially offset the decline in MICE demand through market diversification strategies.

Table 1. Impact of Financial Efficiency Policy on Hotel Performance in Lombok

Region	Hotel Name	Main Segment	Market	Impact Level	Key Impact Identified
Mataram City	Aston Inn Mataram	MICE & Government		High	60% decline in MICE, revenue drop
Mataram City	Puri Indah Hotel	Government & Corporate		High	Event cancellations, occupancy decrease
West Lombok	Merumatta Senggigi	Mixed (MICE & Leisure)		Moderate	MICE decline but stable occupancy
West Lombok	Sudamala Resort Senggigi	Leisure		Low	Stable performance, leisure-driven demand
North Lombok	Hotel Tugu Lombok	Premium Leisure		Low	Minimal impact
North Lombok	The Sire Lombok	Premium Leisure		Low	Stable occupancy
East Lombok	Hotel Nusantara Sembalun	MICE		High	Near-total loss of MICE demand
East Lombok	Bobocabin Sembalun	Experience-based tourism		Low	Stable individual traveler demand
Central Lombok	Pullman Mandalika	MICE & Corporate		Moderate	Market shift to private sector

Source: Research Findings

4.2. Impact of National Financial Efficiency Policies on the Hotel Industry

Empirical findings indicate that the implementation of national financial efficiency policies has led to varying impacts across hotel segments and regions in Lombok. Based on field data collected from seven hotels, the impacts can be grouped into four main categories: (1) demand contraction, (2) revenue structure disruption, (3) operational adjustment, and (4) strategic response. From a spatial perspective, Lombok Island can be divided into five analytical zones: Mataram City, West Lombok, North Lombok, East Lombok, and Central Lombok. Each zone exhibits distinct characteristics in terms of market structure and resilience. Mataram City, as the administrative center of West Nusa Tenggara, demonstrates the highest vulnerability due to its strong reliance on government-driven MICE demand. In contrast, regions oriented toward leisure tourism and international markets show significantly higher resilience. These findings confirm that the impact of national financial efficiency policies is primarily determined by market

configuration rather than hotel scale or classification, highlighting the importance of structural and spatial analysis in assessing industry resilience.

In Mataram City, the dominant impact falls under demand contraction and revenue disruption. The reduction in government travel and event budgets has led to a sharp decline in meeting room bookings, directly affecting core revenue streams and indirectly reducing income from food and beverage, banquets, and supporting services. For instance, Aston Inn Mataram experienced an approximate 60 percent contraction in the MICE segment, forcing management to implement strategic adaptation measures such as market diversification toward local communities and non-government events. Similarly, Puri Indah Hotel faced a drastic decline in MICE contributions but managed to sustain operations through operational adjustments, including temporary labor efficiency and aggressive pricing strategies. These cases indicate that while Mataram is structurally vulnerable, short-term adaptive capacity plays a critical role in sustaining business continuity.

In West Lombok and North Lombok, the dominant impacts are relatively moderate and fall primarily within revenue restructuring and adaptive substitution mechanisms. In West Lombok, particularly Senggigi, a more balanced market composition between MICE, domestic leisure, and international tourists enables hotels to offset declining government demand. For example, Merumatta Hotel Senggigi experienced a decline in the MICE segment; however, occupancy levels remained relatively stable due to support from leisure and private corporate markets. Similarly, Sudamala Resort Senggigi demonstrated strong resilience through its focus on differentiated, value-based leisure experiences targeting mid- to high-end tourists.

In North Lombok, the impact is categorized as minimal direct exposure to fiscal policy shocks, as hotels such as Hotel Tugu Lombok and The Sire Lombok operate within a niche, premium leisure market with limited reliance on government activities. Their business models centered on exclusivity, cultural experiences, and international clientele function as structural buffers, maintaining stable occupancy and revenue levels despite national policy changes. In East Lombok, the impacts reveal a dualistic pattern. Hotels with high dependence on MICE, such as Hotel Nusantara Sembalun, experienced severe demand collapse, losing nearly all government-related business. Conversely, eco-leisure accommodations such as Bobocabin Sembalun and HK Villa's fall into the category of resilient performance through market specialization, as they target individual travelers and experience-based tourism segments. This contrast underscores that experience-based business models are inherently more resilient than those dependent on government-driven events.

Meanwhile, Central Lombok illustrates a case of strategic transformation and market repositioning. Pullman Lombok Mandalika, despite losing its government MICE segment entirely, successfully shifted toward private sector and professional association markets. This repositioning enabled the hotel to maintain financial performance and even host large-scale national events. The case highlights that market flexibility, strong institutional networks, and adaptive revenue strategies are critical in mitigating the negative impacts of fiscal policy changes. Additionally, selective operational efficiency—implemented without reducing permanent staff demonstrates a balanced approach between cost control and service quality maintenance. Overall, these findings indicate that the impact of national financial efficiency policies on the hospitality sector can be systematically understood through categorized effects and spatial variation. More importantly, hotel resilience is determined by the ability to diversify markets, adapt revenue structures, and implement flexible operational strategies, rather than by size or classification alone.

4.3. Adaptability of National Hotel Efficiency Policies in Lombok

The data reveal that hotel management in Lombok demonstrates varying levels of adaptability in responding to the decline in demand caused by national financial efficiency policies. This

adaptability is reflected in differences in market orientation, operational strategies, and resource utilization. Empirical findings indicate that regional differences play a critical role in shaping resilience, particularly when external shocks originate from fiscal policy changes. A comparison between North Lombok and East Lombok highlights contrasting adaptive capacities. Hotels in North Lombok exhibit stronger resilience due to their prior strategic positioning in international leisure markets. This reflects a proactive strategic orientation, consistent with the Resource-Based View (RBV) of Jay Barney, where competitive advantage is built through unique and valuable resources, such as brand positioning and experiential offerings. Conversely, hotels in East Lombok that depend on government-driven MICE demand demonstrate a more reactive adaptation pattern, indicating limited strategic flexibility and higher vulnerability to policy shocks.

Hotels such as Hotel Tugu Lombok and The Sire Lombok illustrate the application of differentiation strategy, as conceptualized by Michael E. Porter, by focusing on exclusive cultural and experiential tourism. Their stable performance reflects the effectiveness of differentiation in reducing exposure to demand volatility. In contrast, Hotel Nusantara Sembalun experienced severe disruption due to its dependence on government MICE activities, confirming that reliance on a single market segment increases systemic risk. Meanwhile, Bobocabin and HK Villa's demonstrate market-driven adaptability, supported by niche segmentation and experience-based tourism, which aligns with the concept of experiential value creation in hospitality marketing. These findings reinforce the argument that market diversification and product differentiation are critical resilience strategies. From a theoretical standpoint, diversification reduces risk exposure, while differentiation enhances perceived value and customer loyalty. (Beal et al., 2013) argue that sustainable competitive advantage in hospitality is achieved not only through cost efficiency but also through the creation of unique and inimitable value propositions. This is evident in North Lombok hotels that leverage local culture and exclusivity as strategic assets.

In addition, adaptability is increasingly influenced by digital transformation and operational efficiency. The adoption of digital platforms in accommodations such as Bobocabin Sembalun reflects the concept of technology-enabled dynamic capabilities, where digital tools enhance responsiveness to market changes. Erik Brynjolfsson emphasizes that digitalization enables real-time decision-making and improves operational agility. On the other hand, hotels affected by MICE decline, such as Hotel Nusantara, rely on cost leadership strategies and yield management practices to stabilize financial performance. This aligns with revenue management theory (Ivanov & Webster, 2019), which highlights the integration of pricing, demand forecasting, and cost control as key determinants of profitability. Central Lombok presents a distinct case of strategic reconfiguration, where Pullman Lombok Mandalika successfully shifted its target market from government to private and professional sectors. This reflects the "seizing" and "reconfiguring" phases in dynamic capabilities theory (Teece), demonstrating how organizations can realign their business models under external pressure. The successful hosting of large-scale events indicates that network capability and institutional relationships are also critical intangible assets in adapting to macroeconomic change. Operationally, the hotel's selective efficiency measures without reducing permanent staff illustrate the application of adaptive efficiency, balancing cost control with service quality.

The findings suggest that hotel resilience in Lombok is best understood through an integrated theoretical lens combining dynamic capabilities, resource-based view, and competitive strategy theory. Hotels with strong market positioning, diversified demand sources, and the ability to reconfigure resources demonstrate higher resilience than those relying on rigid, single-segment models. Therefore, adaptability in the hospitality industry should be viewed not merely as a short-term reaction but as a strategic capability embedded in organizational structure, market orientation, and managerial decision-making processes

4.4. Relevant Adaptation Strategies for the Hospitality Industry in NTB

The data show that hotels in Lombok implement several key adaptation strategies in response to national financial efficiency policies. The most dominant strategy is market diversification, particularly shifting from government-dependent MICE segments to leisure, corporate, and individual travelers. Empirical findings show that diversification and market repositioning are dominant strategies, which can be interpreted through brand repositioning theory (Aaker and Joachimsthaler, 2000). For example, Merumatta Senggigi's shift from MICE to leisure markets reflects a strategic redefinition of its value proposition, while Aston Inn Mataram's focus on lifestyle and younger segments illustrates adaptive positioning based on emerging demand trends. These strategies confirm that market flexibility enhances resilience, consistent with (Kotler and Keller, 2016) Kotler and Keller (2016).

Furthermore, the adoption of digital technology supports the concept of smart hospitality ecosystems (Buhalis & Volchek, 2021), where digital platforms enable efficient distribution, personalized marketing, and customer engagement. Hotels such as Sudamala Resort and HK Villa's demonstrate how digital channels and experiential marketing create competitive differentiation. This reflects the transition from product-based competition to experience-based competition, a key paradigm in modern tourism theory.

From a revenue management perspective, adaptation strategies align with the theory proposed by Sheryl E. Kimes, which emphasizes profit optimization through integrated pricing, cost control, and demand management. Operational efficiency practices observed in Lombok hotels reflect lean management principles, where waste reduction improves financial sustainability. At the same time, human resource flexibility supports the concept of human capital optimization, ensuring alignment between labor costs and demand fluctuations (Huyton and Bennett, 2020). Finally, the integration of yield management and cost-based strategies demonstrates that value preservation is more sustainable than aggressive price discounting, as highlighted by (Noone and McGuire, 2014). Hotels such as Aston Inn and Sudamala Resort maintain premium positioning by achieving efficiency in internal operations rather than reducing prices, thereby protecting long-term brand equity

5. Discussion

The results of the study indicate that national fiscal efficiency policies exert a differential and asymmetric impact on the hospitality industry in Lombok, depending on the underlying market configuration of each hotel. From a theoretical perspective, this phenomenon can be explained through the lens of industrial organization and demand structure theory, which suggests that firm performance is shaped more by market composition than by firm size or classification. In this context, the findings also align with the Resource-Based View (RBV) proposed by Jay Barney, where dependence on a single demand source such as government MICE represents a strategic weakness due to the lack of resource diversification. Thus, fiscal policy acts as an external shock that reveals structural vulnerabilities in hotel business models.

Mataram City emerged as the most vulnerable region, which can be interpreted through the framework of demand dependency theory. High reliance on government-driven MICE demand creates a form of structural rigidity, limiting the ability of hotels to respond flexibly to policy changes. The decline in demand and its spillover effects on ancillary services confirm the concept of revenue interdependency in hospitality operations. Although hotels implemented adaptive responses through short-term market diversification, this reflects what David defines as "sensing" and "seizing" capabilities, which are necessary but insufficient without deeper "reconfiguring" of the business model. Therefore, Mataram represents a case of reactive adaptation, where managerial actions mitigate immediate impacts but do not fundamentally reduce structural vulnerability.

In contrast, West Lombok and North Lombok demonstrate higher resilience, which can be explained through portfolio diversification theory and Porter's competitive strategy framework. Michael E. Porter emphasizes that firms achieve sustainable advantage through differentiation and diversified market positioning. West Lombok's balanced demand structure enables a substitution effect, where declining MICE demand is offset by leisure and international segments. Meanwhile, North Lombok reflects a proactive strategic positioning, where its focus on premium leisure and international tourist functions as a structural buffer against domestic fiscal shocks. This aligns with RBV logic, where unique market positioning and experiential offerings become valuable and inimitable resources that enhance resilience.

East Lombok presents a contrasting dual structure that can be interpreted through the lens of business model theory. Hotels relying on event-based demand, such as Hotel Nusantara Sembalun, exhibit high vulnerability due to their dependence on institutional contracts. Conversely, accommodations such as Bobocabin and HK Villa's demonstrate the strength of an experience-based business model, which aligns with the concept of experience economy proposed by B. Joseph Pine II. This model emphasizes personalized and memorable experiences that are less dependent on government policy and more driven by individual consumer preferences. As a result, demand in this segment is more fragmented and resilient to fiscal shocks.

Central Lombok illustrates a case of strategic transformation, which can be understood through the dynamic capabilities framework (Tece). The ability of large-scale hotels to shift from government to private and professional markets reflects strong reconfiguration capability, supported by institutional networks and organizational scale. This also aligns with market orientation theory, as emphasized by Philip Kotler, where firms continuously adapt their target markets in response to environmental changes. Furthermore, the implementation of selective operational efficiency without reducing core human resources reflects the principle of adaptive efficiency, where firms balance cost control with service quality sustainability.

The findings demonstrate that the impact of national financial efficiency policies is mediated by market structure, business model configuration, and managerial capabilities. The study confirms that high dependence on government MICE demand increases systemic vulnerability, while diversification, differentiation, and experience-based strategies enhance resilience. Theoretically, these results integrate RBV, dynamic capabilities, and competitive strategy perspectives, emphasizing that resilience is not merely a function of external conditions but of internal strategic capacity. The conceptual implication is the need for a paradigm shift in hospitality management from a contract-based, government dependent model toward an adaptive, market-oriented, and entrepreneurial approach. In this regard, resilience should be understood as a strategic capability embedded in organizational design, resource configuration, and market orientation, rather than as a short-term response to external shocks.

6. Conclusions

This study concludes that national fiscal efficiency policies have a significant but non-homogeneous impact on the hospitality industry in Lombok Island, with the level of vulnerability mainly determined by market segmentation structure, dependence on the government MICE segment, and the strategic adaptation capacity of each hotel. Hotels that operate with a narrow market orientation and rely heavily on public spending have proven to be more vulnerable to fiscal contraction, particularly in administrative areas such as Mataram City. In contrast, hotels that depend on leisure markets, international tourists, and experience-based business models demonstrate higher levels of resilience, as observed in West Lombok, North Lombok, and parts of Central Lombok.

These findings confirm that the resilience of the hospitality industry is not determined by scale or service classification, but rather by management's ability to diversify markets, differentiate products, reposition marketing strategies, and implement adaptive operational

efficiency without compromising long-term brand value. In this context, national financial efficiency policies act not only as external pressure but also as a catalyst for structural transformation, encouraging a shift from a government-dependent business model toward a more flexible, market-oriented, and sustainable entrepreneurial approach.

However, this study has several limitations. First, the research is limited to selected hotels in Lombok Island, which may not fully represent the broader hospitality industry in Indonesia or other tourism destinations. Second, the use of a qualitative approach, while providing in-depth insights, limits the generalizability of the findings. Third, the study focuses primarily on managerial perspectives, which may not fully capture the perspectives of other stakeholders such as tourists, policymakers, or local communities.

Therefore, future research is recommended to expand the scope by incorporating a larger sample size across multiple regions to enable comparative analysis. Quantitative approaches can also be employed to measure the magnitude of policy impacts on hotel performance more precisely. In addition, future studies may explore the role of digital transformation, innovation, and stakeholder collaboration in strengthening hospitality resilience under policy-driven economic pressures. Such efforts will contribute to a more comprehensive understanding of adaptive strategies and support the development of sustainable business models in the hospitality industry.

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9. Conflict of Interest

The authors declare that there is no conflict of interest in this research.

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