

# An Exploratory Study on the Distributions of Hotels' CSR Funds in Bali

Trianasari and Gede A. Yuniarta

**Abstract**—This paper reports on the results of a study exploring the distributions of hotels' CSR funds in Bali. Unclear or no guidance on how to spend CSR funds may result in gaps between excessively supported objects and insufficiently supported ones. The importance of this study lays on the identification of items on which funds were distributed. The findings help guide which objects require more CSR support, thus, reduce the gaps. Data were collected from 62 hotels across regions in Bali. Analysis was conducted on the financial reports of the participating hotels. The results showed that the distributions of hotel CSR funds fell into seven categories which have not addressed the needs for preserving tourist objects. In fact, the tourist objects were one of the most appealing tourist attractions. As such, the study further explored which tourist objects in Bali required priority help from hotels' CSR in order to sustain. Results identified five groups of tourist objects. Implications and directions for future research are discussed.

**Index Terms**—CSR, fund, tourist object

## I. INTRODUCTION

Bali is one of the tourist destinations in Indonesia that is located in the middle part of the country. This island is famous for its panoramic views found in almost all parts of the island and, the uniqueness of the traditional culture of its people who are mostly Hindu. One of the most interesting tourist objects is the religious and historical Hindu temples that offer the combination of beautiful panorama and culture. In additions, the creativities and skills of local people to produce arts and crafts have also become one of the selling points of tourism in Bali. Thereby, it is not surprising that many traditional villages have turned into tourism villages [1] and provide many interesting products and packages for tourists.

Tourism sector has become one of the primary sources of economic development in Bali island. However, the continuous exposure of the resources may bring consequences to the island and its people. For example, hotels built in hidden areas disturbed the locals and ecological system. If the tourism development continues to occur without proper management thus, tends to bring negative influences on nature, culture, and community, the sustainability of tourism in Bali can be seriously questionable [2]. Thus, while on one side the community enjoy the economic benefit from tourism, on the other side, they may

face negative impacts such as on the environment, social culture, and the community in the destination. The saying of "tourism poisons itself in small doses" [3] may not be neglected. Fortunately, the impacts of tourism have increasingly gained attentions from the stakeholders such as government, tourism s or businesses, community, and tourists. Concerns of these impacts are shown by many tourism s through the so called Corporate Social Responsibility (CSR) program. Examples of CSR activities are visiting orphanage centers, helping and participating in local children education, cleaning activities on the beach or park or other public areas, and many more. In Indonesia, there is a government regulations specifically formulated for CSR. This regulations oblige business s to participate in CSR activities and help the local community and the environment. In fact, having their CSR program run, s can gain positive image from their CSR activities [4] and s' value [5]. Furthermore, s can increase productivity and efficiency [6], performance [7], [8], as well as profitability in the long term [2]. However, the real purpose of CSR may be questionable. That is, whether it is genuine or merely a marketing campaign [3].

CSR has been a central topic in the tourism literature in which the number of research within this area has been increasing. Furthermore, research has shown significant growth of the tourism s who promote their CSR program. However, how s determine allocations for CSR activities and how the funds of CSR are actually distributed have gained little attention. More specifically, previous research has noted that hotels in Bali used their CSR funds for consumptions, society, and society [7]. Further unanswered question is whether there are any considerations to preserve tourist objects through CSR? How can tourist objects get benefit from the funds of CSR? Which tourist objects need specific attention and help from CSR activities? Answering these questions, a study exploring the distributions of hotels' CSR funds, taking a case in Bali was conducted. Furthermore, identifications of the kinds of tourist objects that required priority helps from CSR program so that they can be preserved and managed more properly were also undertaken. The remainings of this paper present the research method, discussion, and conclusion.

## II. RESEARCH METHOD

As explained in the research background section, the purpose of the study was to understand the flow of hotels' CSR funds and how they help preserve the tourist objects in Bali. As such, two stages were undertaken in this study. The first stage focused on how hotels in Bali spend their CSR funds or, how the funds are distributed. The second stage was to identify the tourist objects that need priority helps from

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CSR funds in order to sustain. The first purpose was achieved through analysing secondary type of data that is, the finance report of 62 hotels with 4 – 5 star classification. These hotels operate in several famous tourist destination in Bali such as Kuta, Nusa Dua, Ubud, Sanur, Candidasa, and Lovina. The participating hotels were determined using purposive sample. The second purpose was completed using interview with the management of the tourist objects and observation conducted at the tourist objects.

### III. DISCUSSION

#### A. The Distributions of CSR Funds

Indonesian government regulates business s to do CSR activities (Regulation No 40/2007 about incorporated company and Regulation No. 25/2007 about Capital Investment) [10,11]. In line with this regulations, the majority of tourism s in Bali have participated and implemented their CSR program. The analysis on the hotels' financial reports indicated that all participating hotels have also involved in various CSR activities. However, no data were found to explain how hotels determine the recipient of their CSR program. It seemed that the beneficiaries of the CSR funds were randomly selected. That is, hotels did not specifically put any priority on certain recipients such as tourist objects. As such, data were categorized into seven groups which are: 1) environment (14%), 2) energy (4%), 3) health and safety in the workplace (7%), 4) labour (7%), 5) product (6%), 6) community involvement (48%) and 7) general/miscellaneous (7%), as seen in Table I. These classifications were based on Indonesian regulations of BAPEPAM No. VIII G.2 about annual report and 7 categories of CSR and 78 items applied in Indonesia [12].

TABLE I: THE DISTRIBUTION OF HOTELS' CSR FUND

Categories	Percentage (%)
Environment	14
Energy	4
Health and safety in the workplace	7
Labour	7
Product	6
Community involvement	48
General/miscellaneous	7

The environment category consisted of 3% of research and development on reducing pollution; reboisation, prevention and resolution of environment damages caused by the exploitation of nature resources (7%); improvement of arts for physical evidence (2%); renovation and rejuvenation of historical buildings (2%). Next, the energy (4%) included products that save more energy. Furthermore, the health and safety at the workplace category consisted of two items which are promotions of the importance of safety, physical, and mental health of employees (3%) and research on safety at the workplace and service for employee's health (8%). The labour comprised training and education for employees (4%) and recreations for employees (3%); whereas products involved research and development about environmentally friendly products included research on product improvements, research activities related to product safety, and activities related to improving cleanliness in preparing product. The largest category, that is, involvement to society

consisted of cash donation to society and s managed by society (28%); sponsorships on society health program (7%); sponsorships on art, conferences or exhibition, education program for society(6%); scholarships (2%); facilitating social activities (2%); and supporting local industries (3%). The last category of general/miscellaneous included activities other than the previous categories.

The largest allocation for CSR funds was for activities related to direct involvement to community. This finding is similar to the work conducted by [11]. On contrary, activities related to energy represented the smallest portion of the hotels' CSR funds. These findings indicated that hotels placed their biggest concerns on society development and education. However, very little or almost no attention was paid for preserving tourist objects, one of the most important tourist attractions in Bali. This result led to an attempt to identify tourist objects that need support from hotels through their CSR program in order to sustain as discussed in the next section.

#### B. Tourism Objects that Need Priority Help from CSR Funds

Observations on tourist objects found that there are some tourist objects that should be put on priority to receive CSR funds or activities. The tourist objects were classified into five categories: 1) religious objects, 2) historical object, 3) cultural tourism villages, 4) nature, and 5) community economic activities. Each category is explained below.

The first category includes Hindu temples in Bali. As an island consists of mostly Hindu people, it can be expected that there are many temples in Bali. In fact, Bali is also called an "island of thousand temples". Although the functions of temples are for Hindu people to pray, they are also tourist objects. Tourists are mainly interested in the architecture of the temple and the activities local people do in the temples. These activities at some points develop a beautiful culture. Furthermore, Balinese wear unique traditional costume while in the temples. Balinese man wear the so called "udeng" on the head and normally white shirts as well as sarong. On the other side, Balinese women wear traditional blouse called "kebaya" and sarong. The beauty of the Balinese costumes in part makes tourist interested in visiting temples to witness both the culture and religious activities. Temples were mostly old and inherited from Balinese ancestors. Accordingly, temples were built in traditional and old architecture. During Hindu festivals or ceremonies, the local people decorate them in a traditional way. Thus, in Bali, it may be difficult to separate between culture and religious activities. Having become a tourist object, do not necessarily mean that temples in Bali are well maintained and preserved. In fact, as they are generally old, it is important to protect as to keep the temples sustained. In addition, temples need to be professionally managed. Several temples that become tourist objects are Batukaru and Besakih temples which are located in mountain, Tanah Lot that is on the sea, Uluwatu that is on top of Uluwatu rock, and Ulundanu that is located by the lake. The visit to these temples have become a must for both domestic and international tourists during their stay in Bali, especially those who come to Bali for the first time.

The next category is cultural village. Some villages in Bali, with their own uniqueness and traditional culture have turned into tourism villages for example, Penglipuran, Baha,

Tenganan, Sudaji, Jatiluwi, and many more. The majority of tourists who visit these villages are amazed by the beauty of the nature (rice field, mountain, and so on), the unique traditions their people consistently live on, and/or the historical temples located in the village. With the continuous growth of tourism in Bali, the transformation of traditional villages into tourism village may not be avoided. Having the potential to play roles in the development of tourism in Bali, it is imperative that government pay special attention to old villages that have turned into tourism villages. This attention should on the form of educating the locals primarily about cleanliness, foreign languages especially English, as well as how to interact with tourists. The next category is the attractions of nature such as: 1) waterfalls in Nungnung, Gitgit, and Munduk; 2) Menjangan Island in the Western part of Bali that is famous for the beauty and richness of sea lives; 3) Sangeh Forest that is famous for the sacred and traditional temple and the monkeys living around it; 4) lakes and mountains located in Beratan, Buyan, Tamblingan, and Batur. These natural attractions require a good management system in order to be accessible for tourists without damaging their natural beauty. Also, the landscape, facilities and amenities in the sites should be considered in the maintenance and development of the sites.

The last category is community economy. That is, the economic activities generated by the local community, especially those operate within tourism sector. Included in this category are Sukawati and Guwang Art Markets where traditional and local goods and souvenirs are sold for tourists; Sebatu and Pujung Villages which are famous for their handy craft and art, and many other traditional art centers and markets in Bali. Souvenirs and merchandises have become parts of the tourism activities. It can be expected that tourists want to bring a tangible products of Bali beside the memory of their holiday experiences stored in their minds. Therefore, souvenirs are part of the tourism products that also need special attention. Bali Government and finance companies should support the home industries related to the production of these souvenirs. Moreover, the locals retailers should be educated to do business in an ethical manner.

The five categories of tourist objects play their roles in the future of Bali as tourist destination. Results indicated that these tourist objects need priority supports in order to preserve and increase the economy of the local community and the workers at the tourist objects. From the interview and observation, it was found that the needs include activities related to: 1) prevention and resolution of waste from tourism activities; 2) physical and aesthetical improvement of the tourist objects; 3) renovation and maintenance of the tourist objects; 4) protection of nature, living beings (animal, plantation), and environment around the tourist object 5) maintenance and improvement of other supporting facilities such as parking area toilets, garden, and so on; 6) improvement of the economy of the workers; 7) training and development for local community; 8) local industries; and 9) scholarship for children of the workers. As such, Bali government together with hotel and tourism organizations should work on tourism development project especially designed for these five categories. A summary of these classifications can be seen in Table II.

Moreover, this study also found that the CSR funds were

not equally distributed across tourist objects or regions. That is, certain regions receive high supports from hotels in the form of CSR funds and activities, while other regions or tourist object receive low supports from hotels. It may become tendency that hotels distribute their CSR funds to only certain tourist objects, based on previous experience and activities. As such, objects that rarely included in the CSR program may continuously be given lack of support and thus, unable to provide good tourist objects or products.

TABLE II: SUMMARY OF ACTIVITIES TO SUPPORT TOURIST OBJECTS

1	prevention and resolution of waste from tourism activities
2	physical and aesthetical improvement of the tourist objects
3	renovation and maintenance of the tourist objects
4	protection of nature, living beings (animal, plantation), and environment around the tourist object
5	maintenance and improvement of other supporting facilities such as parking area toilets, garden, and so on; (6) improvement of the economy of the workers
6	improvement of the economy of the workers
7	training and development for local community
8	local industries
9	scholarship for children of the workers

### C. Research Implications

As presented in the previous section, the largest allocation of the hotels' CSR funds was for direct involvement to community (48%) and the smallest portion was allocated for energy (4%). The community involvement included direct support to some small social group activities such as local youth, farmers, fishers, traditional Balinese dance groups, and other social circles. Almost no attention was given on preserving tourist objects. In fact, being part of the supporting facilities for tourism development, hotels should play their roles in preserving and caring for the tourist objects and their community and environment. This can be done through CSR activities.

The implementation of CSR funds should focus more on: 1) activities aiming at preserving tourist objects, 2) strengthening the economy of the local society, 3) increasing the income and economic activities of the workers at the tourist objects. Hotels should send a more ethically sound message through their participations in the preservation of tourist objects classified in the previous sections. More involvement in these parts as to sustain both the tourist objects in terms of physical building and the workers at the sites. Furthermore, to certain degree, the activities of tourists in the site generate the economics of the local community. As such, in some tourists destinations, the locals' dependence on the tourists have been evident. However, if no attention being given to the preservation of tourists objects, it may be hard to maintain the number of tourists visitation. Physical evidence especially for historical and religious tourist objects requires serious maintenance and preservation to continue attracting visitors. When the number of tourists decline, the workers at the tourists objects may finally decide to find other jobs. In such situation, it is likely that the sites continue to be unmanaged. The workers who were usually locals living within the area of the tourist objects seemed to be concerned about the future of their children. It was apparent that the majority of these workers continued their ancestors to dedicate their lives by working at the tourist objects. However, they seemed dissatisfied with the payment they received. This may be true as the family continuously grew

and in this modern era, the cost of living increased accordingly. Fail to fulfil the needs of these workers may result in the discontinuity of local people's interest in working in such sites or tourist objects. Or, the workers may consider their work at the sites is only a side type of job. Thus, their responsibility and sense of belonging may become low.

A CSR distribution map may be essential to help guide the government, finance s, hotels and tourism companies, and other stakeholders to decide how or where to spend their CSR funds. Accordingly, it can be projected that in the near future, an increase of CSR funds should occur for categories that have received less than 10% supports. Perhaps, more attention should be given to energy, labour, health and safety in the workplace.

Next, in response to the unequal distribution of CSR funds, the study suggests that the local governments should apply more detailed regulations and policies on CSR in order to ensure equal shares. Perhaps, hotels and local government discuss specifically about CSR program. Local government can facilitate and provide information about which aspect hotels should spend their CSR budget on. It may happen that an object receives too much supports from many sources that the support become useless. The most important aspect in the CSR funds and activities is they serve their purposes. That is, they reach the right targets or audiences who are definitely in need. Also, government can conduct an audit of hotels' CSR program and invite those who have not implemented any CSR program to participate. In addition, government should clearly set directions for hotels and other tourism organizations such as tour and travel about how should hotels as well as tours and travel spend their CSR funds. These actions may help minimize the overlapping funds on certain objects while other objects remained unsupported. Besides, by helping and putting attention on tourist objects, hotels can help preserve them. Thus, the tourist object can sustain and remain attractive to both domestic and international tourists while staying in Bali.

#### IV. CONCLUSION

The purpose of the study reported in this paper was to understand how hotels spent their CSR funds. This study helps understand whether CSR funds distributed proportionally to items related to developing tourist objects and local communities in Bali. Also sought in the study was the types tourist objects that need support from CSR activities and funds in order to sustain. As one of the worldy known tourist destination, Bali should continuously maintain its tourism products including tourist objects such as temples, old and historical building. Thus, this study help identify which tourist objects require more support from hotels' CSR. As such, the funds donated by hotels can be more useful. Moreover, beside offering implications particularly for Bali Government such as to formulate CSR policy, this study provides suggestions for future research. For example, further research can develop a model of the distributions of CSR funds. Perhaps, a focus group study can be conducted with respondents consisting of manager of tourism s such as hotel, travel agents, airlines, worker of tourist objects, and local government to obtain information on elicit perceptions and understanding of CSR. Then, a quantitative type of study

can be done to examine factors that affect the implementation of CSR.

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