



Corporate Social Responsibility of Five-Star Hotels in Bali

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Abstract

This study aims at describing the CSR of five-star hotels in Bali, analyze the perceptions of the surrounding community towards hotel CSR and provide recommendations for CSR strategies for hotels based on the GRI Standards and local community perceptions. Respondent samples were selected using purposive sampling and data in the study were collected using interviews, documentation and questionnaires. This study uses an interactive model of qualitative data analysis techniques. The results of the study prove that: for the CSR the five-star hotels in Bali do not have an autonomous sector and do not have their own budgetary authority. Five-star hotels in Bali have also not reported their own CSR activities in the sustainability report. CSR activities of the hotels are mostly in the form of donations (philanthropy). 29% of the CSR activities of the hotels are perceived as low by the surrounding community, and in the end, this research is able to produce several recommendations for CSR management strategies for five-star hotels in Bali.

Keywords: CSR activities; CSR management strategies; local community perceptions;

INTRODUCTION

Tourism is one of the world's major service industries. When used in a responsible way, tourism can be a force for positive growth and economic success (Dodds R & Kuehnel J, 2010). Tourism has become an industry that offers a dominant resource-based

activity. Its success is closely linked to or largely dependent on the environment and communities in which it operates (Abaeian, et al., 2014). Before the Covid-19 pandemic, hotel accommodation, food and beverages were the main components of the tourism sector as well as

contributing to GRDP (Gross Regional Domestic Product) with the largest percentage compared to other sectors, namely 23.34% (BPS, 2019). The number of foreign tourists visiting Bali at the end of 2018 was 6,070,473 people, an increase of 6.54% from that in 2017 (BPS, 2019). The existence of hotels provides livelihoods for residents in Bali by absorbing a lot of manpower. The absorption of labor in the tourism sector from year to year is the largest among other sectors. Based on data from the Badan Pusat Statistika (BPS) for 2018, the trade, restaurant and hotel sectors were able to absorb 760,093 workers in Bali. This number increased by 4.3% compared to that in the previous year, which had been only 728,757 workers.

The sector of tourism is facing increasing pressure to operate in a more environmentally-friendly manner due to its negative impact on the natural environment (Martínez, et al., 2019). Long before, Carroll (1999) emphasized that the role of corporate social responsibility is very important. Changes in environmental functions are unavoidable, for example, the conversion of forests or productive land to hotels or villas (Rini & Hasim, 2021). Issues that have a negative impact on local residents often make residents voice their dissatisfaction by

making complaints directly to the company, or indirectly by raising issues through the media (Takala, 1998). Responsibility for the damage caused by companies to the environment as a result of their activities is an important component of corporate social responsibility (Rodríguez & del Mar Armas Cruz, 2007).

Henderson (2007) and Mattera & Moreno (2012) explained that it is the obligation of companies engaged in the tourism sector to contribute to the environment by implementing Corporate Social Responsibility (CSR) so the tourism industry can operate continually (sustainably). A sustainable business has interdependent economic, social and environmental objectives, and the long-term viability of a company is determined by the integration of these three objectives in decision-making (Dwyer, et al., 2007). In Indonesia, Law no. 40, Article 74 of 2007 concerning Limited Liability Companies obliges every company (Limited Liability Company) to carry out CSR. In addition, Law no. 10, Article 26 of 2009 concerning Tourism also obliges tourism entrepreneurs to be responsible for protecting the environment. Companies are expected to be responsible for the interests of the surrounding community, not only

for owners of capital and consumers/customers.

Traditionally, companies have one responsibility – to make a profit. The concept of corporate social responsibility claims, however, that companies must be responsible for more than just their owners (Arsić, et al., 2017). Commission of the European Communities (2001), defines CSR as corporate responsibility for its impact on society. According to Mardikanto (2014), social responsibility to communities outside the company and involving various (stakeholders), such as business partners, suppliers, customers, public authorities and NGOs (non-governmental organizations) representing local communities and the environment are referred to as external CSR. CSR requires obligations that stem from an implicit “social contract” between business and society in order for the company to be responsive to the long-term needs and desires of the society, optimizing the positive effects and minimizing the negative effects of its actions on society” (Shahin & Zairi, 2007). According to Charlo, et al. (2017) companies should carry out CSR practices, not only for ethical reasons but also for their potential benefits. Thus, the challenges for businesses are to understand how

CSR is socially constructed in specific contexts and how to take this into account when developing business strategies (Dahlsrud, 2008).

CSR has now become a popular corporate practice, as well as being important for stakeholders when assessing activities (Perrini & Minoja, 2007). The main reason underlying why companies/organizations and the accounting profession must concern about social and environmental issues is because many company stakeholders, both internally and externally, show an increased interest in the organization’s social environmental performance (Lubis, 2009). Grounded by this, the focus of accounting also changed. Conventional accounting is known to only provide information about company activities with third parties. Now, accounting also provides information about company activities with third parties and their environment (Luhgiatno, 2007). This is what then has popularized the field of environmental social accounting and environmental management accounting, which is manifested by the implementation of CSR by organizations/companies. The positive or negative roles of the company (Banerjee, 2008) are now assessed from whether the company has fulfilled the needs of their

stakeholders or not, which may mean more than what has been regulated in the law (Duhé, 2009 and Porter & Kramer, 2002), hence, companies should involve their stakeholders in every decision they make. Through stakeholder engagement, companies can anticipate, understand and respond more quickly and more easily to changes in a rapidly changing business environment. Dialogue with stakeholders also presents opportunities to generate new creative solutions that are beneficial to companies and stakeholders (Ayuso, et al., 2011).

According to Astri (2012), the realization of CSR in the surrounding community can be done by making various community development programs. This is a way to provide CSR benefits on an ongoing basis to the community by developing their potential. A company's CSR will only be considered true by the public if its social and environmental value creation is transparent (Graafland, et al., 2004), because a positive CSR reputation can generate goodwill, respect, and support from stakeholders. Such support is essential for the long-term success and prosperity of an organization (Foote, et al., 2010).

The hotel industry is often seen as a provider of social and economic

benefits through job creation and its contribution to the local and global economy, but the hotel industry also has a significant impact on the natural, social and economic environment (de Grosbois, 2012). This research was conducted at five-star hotels in Bali, with the premise that five-star hotels are large hotels. The larger a company, the wider the implications arising from its operation, and thus the greater the corporate social responsibility towards the surrounding community, because hotel activities require large amounts of energy and water resulting in large amounts of waste and emissions (Gray & Bebbington, 2001); (Kirk, 1995).

There are 62 five-star hotels in Bali and all of them have PT (Limited Liability Company) status, so according to Indonesian Law no. 40 of 2007, such hotels are required to carry out CSR. In Indonesia, the publication of Sustainability Reporting (SR) by companies (especially Limited Liability Companies) is mandatory, but based on preliminary interviews with managers of five-star hotels in Bali, almost all of them have not prepared SRs, even on the other hand, listed companies in Indonesia has published their SR. As part of the United Nations environmental program, GRI

(Global Reporting Initiative) provides SR guidelines which can also be used as a guide for companies in implementing CSR. The GRI guidelines cover three elements, such as economic, environmental and social. The GRI's SR sustainability reporting guidelines provide reporting principles, standard disclosures and implementation guidance for the preparation of sustainability reports by organizations, regardless of size, sector or location. Most companies that have prepared SRs refer to this GRI standard (GRI, 2016).

Henderson (2007) declares that the tourism industry has adopted the concept of sustainability development, but there are not many studies on CSR in the tourism industry, so studies on CSR in the tourism industry are very interesting to conduct (Dwyer & Sheldon, 2007). This research was conducted in the Province of Bali with the premise that Bali is an island that has the best tourist destinations and has rapid tourism development, especially in the hospitality sector. The number of star hotels in Bali at the end of 2020 reached 380 hotels (BPS, 2021). Based on data obtained from BPS (2021), there are 62 five-star hotels in the area and most of them are hotels with international standards, so these are hotels of the highest quality.

Several CSR-themed studies in the hotel industry show that CSR activities have a positive impact; unfortunately, its implementation has not been maximized. Research conducted by Bunlueng, et al. (2014) found that CSR activities were considered positive when hotel owners were community-oriented. Research by Florencia (2015), proved that the implementation of CSR programs at five-star hotels in Ubud, Gianyar had not been effective. Research conducted by Sofyanty et al. (2017) proved that the existence of the Ibis Surabaya Hotel did not have an economic impact on the surrounding community. Research by Purwanto et al. (2018) showed that the CSR of star hotels in Surakarta City for local residents was quite good, but the benefits could not be felt evenly. Research by (Rini & Hasim, 2021) proved that the CSR of five-star hotels in Denpasar City was not optimal and most of them were perceived low by the surrounding community.

This study is a continuation of previous studies. The present study uses measurement to describe CSR standards more thoroughly and uses a wider range of research subjects. In this study, the preparation of the research instrument is based on the GRI standard (by focusing on external CSR), so a comprehensive instrument

is obtained because it is prepared based on the GRI standard. Seen from the research subject, compared to previous studies which were mostly only conducted on one subject, the present study uses a wider research subject, that is, in the province of Bali. This study aims to evaluate the effectiveness of the CSR of the five-star hotels in Bali based on a two-pronged approach – the giver and receiver sides. This study is divided into three stages. In the early stage, the CSR carried out by the hotel was elaborated to describe the form, amount and process of the CSR carried out. In the second stage an analysis was carried out on how the CSR of the hotels was perceived by the surrounding community and in the final stage a recommendation on a CSR management strategy that is in accordance with GRI standards and community perceptions was compiled.

LITERATURE REVIEW

Legitimacy theory implies that organizations must constantly seek “to ensure” that “their activities are acceptable” to society (Wilmshurst & Frost, 2000). Legitimacy theory explains that companies can only operate within the limits and values that can be accepted by the community around the company. To gain legitimacy, there is a need for a

social contract between the company and various parties in society. Failure to meet community expectations results in a loss of legitimacy and also impacts the support provided by the community to the company. Therefore, it is essential for corporate businesses to commit to fulfilling legal and ethical responsibilities or moral obligations at the societal level (Papasolomou-Doukakis et al., 2005).

Stakeholder theory is a theory that describes which parties a company should be responsible for (Freeman & Mc Vea, 2001). Stakeholder theory explains that companies necessarily need to consider various groups known as stakeholders. This theory also explains how the expectations of the stakeholder group have an impact on corporate strategy or management policies in managing stakeholder expectations. Company stakeholders basically have varying expectations regarding how the company should be operated, thereby the company must try to achieve the expectations of these stakeholders by submitting disclosures about all activities and achievements that have been achieved, including reporting on social and environmental activities.

Wiengarten et al. (2017), states that awareness of the importance of business ethics among stakeholders

puts pressure on companies not only to focus on economic sustainability but also to heed the environmental and social sustainability. This pressure has resulted in increased attention to CSR in commercial practices (Kotler & Lee, 2005). However, there is not much literature that examines CSR issues (Quairel-Lanoizelée, 2011), and because of that the CSR theme has received significant attention from researchers and corporate professionals (Shim & Yang, 2016). Font et al. (2012) revealed that stakeholders often pressure companies, especially in the hospitality sector, to practice CSR in a real way.

In July 2007, the Indonesian People's Representative Council passed Law no. 40 of 2007 concerning Limited Liability Companies. Article 66 Law no. 40 of 2007 stipulates that all companies are required to present information on social and environmental responsibility performance in the Board of Directors' Annual Report to the General Meeting of Shareholders (GMS). Law No. 40 of 2007 is the legal basis for implementing corporate social and environmental responsibility in Indonesia. In April 2012, the Government of Indonesia has issued Government Regulation No. 47 of

2012 concerning Implementation of Corporate Social and Environmental Responsibility. Hence, starting in 2012, social and environmental responsibility has officially become a corporate obligation (mandatory). The GRI Standards, which became effective on July 1, 2018 and are used as guidelines for sustainability reporting, have provided reporting principles, standard disclosures, and implementation guidance for the preparation of sustainability reports by organizations, regardless of size, sector or location. The three focuses of GRI disclosure include economic performance indicators, environmental performance indicators, and social performance indicators.

According to The World Business Council for Sustainable Development (2012), CSR is a business commitment to contribute to sustainable economic development, working with company employees, the employee's family, the local community and society as a whole in order to improve the quality of life. CSR is a form of company commitment to build a better quality of life with related stakeholders, especially the surrounding community where the company is located. CSR can be explained by the concept of the Triple Bottom Line; Profit, People and

Planet (Elkington, 1998). The concept explains that in addition to pursuing profit, companies must also pay attention to and be involved in fulfilling the welfare of the community (people) and make an active contribution in preserving the surrounding environment (planet). According to Kotler & Lee (2005), the benefits that companies will get if they implement CSR are increasing sales and controlling market share, strengthening the placement of the company's brand, increasing strength and strengthening the company's image, increasing the ability to attract, motivate and retain employees, reducing operational costs, and increasing the attractiveness of investors and financial researchers, since it can increase the value of company shares.

Rahmatullah & Kurniati (2011) argued that the company's seriousness in implementing CSR activities can be seen from its organizational structure. CSR can be a part of the activities of an existing department/division, or it can be organized by forming a committee (*ad hoc*). Structurally, the position of the CSR department and other departments is equal and the responsibility of the CSR program is directly to the company leadership. This structural pattern indicates the

magnitude of the company's commitment to CSR, because CSR with this pattern already has its own budgetary authority, has the right to determine short, medium to long term programs, and has clear task differentiation.

Past studies have proven that CSR has a positive impact on companies, but its implementation has not been maximized (Bunlueng et al., 2014; Florencia, 2015; Sofyanty et al., 2017; Purwanto et al., 2018); and Rini & Hasim, 2021). According to Henderson (2007), the tourism industry has implemented the concept of sustainability development, but there is still little research on CSR in the tourism industry, thus studying the tourism industry's CSR is very interesting to do (Dwyer & Sheldon, 2007).

METHOD

This type of research is mixed research using exploratory sequential mixed methods. According to Creswell (2017), the exploratory sequential mixed method is a design in which the researcher first begins by exploring qualitative data, then uses the findings in the quantitative and analysis phases. Sugiyono (2017) also stated that in exploratory sequential combination (mixed) research, qualitative research is carried out

first, then tested to generalize to a wider population with quantitative research. The main assumption of this exploratory sequential approach is to build on the historical concept of the idea of multi-method and multi-character from Campbell & Fiske (1959), which explains that psychological traits will be well understood through combining different forms of data. Qualitative methods are used to describe CSR activities at five-star hotels in Bali, then followed by the application of the quantitative method, which is used in data analysis.

The objects of this research are the CSR activities of five-star hotels in Bali, the perceptions of the surrounding community about the hotels' CSR activities and recommendations for appropriate CSR strategies for the five-star hotels in the area. The research subjects include HRD (Human Resources Development) managers of the five-star hotels (used as informants because they are the people responsible for the hotel's CSR activities), community leaders around the five-star hotels (used as respondents because they are parties who have a good understanding of the relationship between the company and the surrounding community) and the general public around the five-star

hotels (used as respondents because they are the parties affected both positively and negatively by the operation of the hotel).

This research was conducted at 62 five-star hotels in Bali. Interviews were conducted with 62 the managers of the hotels. The sample of research respondents was determined using a purposive sampling technique, namely a sampling technique using certain criteria (considerations) that aim at making the data obtained later more representative (Sugiyono, 2017). The criteria for determining respondents used include respondents who are people around the five-star hotels who have entered working age (aged 18 years and over). Respondents who were from community leaders consist of: urban village heads/*prebeker*/village heads, *bandesa adat* and hamlet heads. Based on data from the Badan Pusat Statistik (BPS) for 2021, the total population in Bali who is in the labor force (aged 18 and over) is 2,567,919 people. Determination of the number of respondents from the surrounding community and community leaders was carried out using the Slovin Formula with a tolerable error rate of 5%, resulting in a sample of 399.94 or 400 respondents.

Qualitative research data were collected through interviews with

informants, such as the hotel HRD managers, and from hotel CSR report documentation. Quantitative data were collected by distributing questionnaires, so qualitative data in the form of numbers were obtained, in the form of each respondent's response score. The research instrument in the form of a questionnaire about the company's CSR was designed with reference to the GRI standard. This research uses qualitative data analysis techniques, interactive models which consist of three flows of activities, that is to say data reduction, data display and drawing conclusions (verification). The results of the responses in the interviews and data from the hotel management are described in order to obtain an overview of the CSR activities of five-star hotels in Bali. Responses to the questionnaire distributed to the community around the hotel, including community leaders, were analyzed to obtain conclusions regarding the perceptions of the surrounding community regarding the hotel's CSR activities. Based on these results, conclusions are drawn as a basis for compiling strategic recommendations for five-star hotels in Bali in carrying out CSR activities in the future so they comply with GRI standards and the needs of the community around the hotel.

Table 1 presents the indicators that build the research instrument, which was designed based on the 2016 GRI standards.

RESULTS AND DISCUSSION

Respondents in this study amounted to 400 respondents who were selected from the community around the five-star hotels in Bali. There were 398 questionnaires that were returned to the researchers; 57 questionnaires were from community leaders and 341 questionnaires were from the surrounding community. Two questionnaires were declared unfit for use because they were not filled in completely. The demographics of the research respondents are presented as follows: (1) By age: the age characteristics of the respondents are used to determine the age level of the research respondents, which are presented in Table 2.

Based on Table 2, it can be seen that most of the respondents in this study were aged 41-50 with a percentage of 37%. The percentage of respondents aged over 50 years is 31%, those aged 31-40 is 17% and those aged 21-30 is 13%, while the lowest percentage of respondents, aged under 20 years is 3%. (2) By gender: the characteristics of research respondents based on gender are presented in Table 3.

Table 1. Research Instrument Indicators on the CSR of Five-star Hotels in Bali

Indicators
1 Economic
A Market existence
1 Recruitment of local employees
2 Agreement on hiring local employees
B Indirect economic impacts
1 Health assistance (blood donation and free medical checkup)
2 Construction or repair of public infrastructure (construction of temple parapets)
3 The community perceives the economic impact with the establishment of the hotel Assistance to orphans/nursing homes and victims of natural disasters (donations to
4 victims of the Gunung Agung and Lombok natural disasters and donations to the Werdha Wara Seraya and Sunya Giri Orphanages)
5 Provision of scholarships/study facilities
2 Environment
A Biodiversity
1 The daily activities of the people are not disrupted by the establishment of the hotel There are environmental protection/preservation activities by the hotel
2 (conservation of coral reefs, planting of mangrove trees, cleaning of temples, cleaning of beaches and mutual cooperation activities with village institutions)
3 Hotel activities do not cause pollution and congestion
4 Hotel activities do not cause damage to public facilities
B Environmental compliance
Hotel tidak pernah melanggar adat istiadat/regulasi lingkungan setempat
C Emissions, effluent and waste
Collaboration with stakeholders to address environmental issues
3 Social
Local people
1 Preservation/promotion of local community culture (collaborating with local artists to hold performances at hotels)
Maintaining harmonious relations through good communication with the community (participation in the anniversary of the Security Unit, outreach about the effects of incense smoke, participating in activities for the anniversary of the Cavalry Detachment, assistance in the form of groceries to the community, holding
2 fishing competitions for the community, holding futsal tournaments for the surrounding community, donations of incense-making machines and training in the skills of making healthy natural Balinese-cultured incense, donations of water to temples and toilets around the hotel, and donations of electricity to traditional <i>banjars</i>)
3 Taking all complaints from the public
4 Utilization of local suppliers in the procurement of food and beverages
5 Utilization of local suppliers in the procurement of display items
Contributing to community activities (provision of snack assistance for elderly activities, donation of boxed rice for community activities, uniform assistance to
6 beach vendors selling around the hotel, donations for Seka Teruna Teruni activities, donations for the arts party team, donations for <i>Ceki</i> tournaments and cow donation for Eid al-Adha)
The hotel responds to community opinions about the partnership program (tourism
7 skills training, visits from Elementary Schools and provides educational tours and safety training for <i>pecalang adat banjars</i>)
Financial or in-kind contributions for the benefit of the community (donations to
8 temples such as carrying out and providing facilities for prayer ceremonies/ <i>banten</i> (offerings) and donations to bazaars or development charities)

Table 2. Characteristics of Respondents by Age

Description	Age	Number	Percentage
398 Respondents	≤20	10	3%
	21-30	51	13%
	31-40	66	17%
	41-50	148	37%
	>50	123	31%
Total		398	100%

Table 3. Characteristics of Respondents Based on Gender

Description	Gender	Number	Percentage
398 Respondents	Male	251	63%
	Female	147	37%
Total		398	100%

Table 4. Characteristics of Respondents Based on Occupation

Description	Type of Occupation	Number	Percentage
398 Respondents	Civil Servants	7	2%
	Private Employees	107	27%
	Professionals	0	0%
	Entrepreneurs	196	49%
	Students	20	5%
	Others	68	17%
Total		398	100%

Table 3 shows that most of the respondents in this study are male, namely 63%. While female respondents only amount to 37%. (3) Based on occupation: occupational characteristics are used to determine the type of occupation of the research respondents, the details of which are presented in Table 4. In Table 4, it can be seen that most of the respondents in this study work as entrepreneurs, with a percentage of 49%. Respondents who work as private employees are 27% and respondents in other types of work with a percentage of 17%. Student

respondents are 5%. Civil servant respondents are 2% and there are no respondents who are professionals. (4) Based on educational background: the latest educational characteristics are used to determine the education level of research respondents, the details of which are presented in Table 5.

Table 5 shows that most of the respondents in this study have senior high school education, with a percentage of 45%. The percentage of respondents with other levels of education (no school, elementary school and junior high school) is 26%.

Table 5. Characteristics of Respondents Based on Education Level

Description	Education	Number	Percentage
398 Respondents	Senior High School	178	45%
	Diploma	41	10%
	Bachelors	73	18%
	Masters	2	1%
	Others	104	26%
Total		398	100%

Table 6. Surrounding Community Responses in General about the CSR of the Five-star Hotels in Bali

Question Topic	Respondents' Responses	Number	Percentage (%)
Having/not been involved in hotel CSR activities	Yes	145	36%
	No	253	64%
Having/never benefited directly from the hotel's CSR activities	Yes	157	39%
	No	241	61%

The percentage of respondents with a bachelor's level of education is 18%, with a diploma level of education is 10% and with a master's level of education is 1%.

Table 6 presents respondents' initial responses regarding CSR activities in general. Table 6 shows the majority (64%) of the community around five-star hotels in Bali have never been involved in the CSR activities of the hotels, so the community has never directly benefited from the CSR activities of the hotels. 61% of the public stated that they have never benefited directly from the hotels' CSR activities.

Based on information obtained from all HRD managers of five-star hotels in Bali, hotel CSR is carried out by the HRD department. The hotels do not have a special department for

CSR. The hotels' CSR activities can be summarized as presented in Table 7.

CSR activities carried out by five-star hotels in Bali can be classified as follows:

- (1) Economic sector, including: recruitment of local workers with an agreement percentage of 30%, blood donations, free medical checkup, donations or participation in the construction of the temple parapets, donations for victims of the Gunung Agung and Lombok natural disasters, and donations to the Werdha Wara Seraya and Sunya Giri orphanages.
- (2) Environmental sector includes: coral reef conservation, planting mangrove trees, cleaning temples and beaches,

Table 7. Five-star Hotels' CSR Activities in Bali

Indicators	
Economic	
A	Market existence
	1) Recruitment of Local Employees
	2) Agreement on hiring local employees
B	Indirect economic impacts
	1) Health assistance: Blood donation Free medical checkup
	2) Construction or repair of public infrastructure: Contribution or participation in the construction of the temple parapets
	3) Assistance to orphans/nursing homes and victims of natural disasters: Donations for victims of natural disasters (volcano eruptions) Donations to orphanages
Environment	
C	Biodiversity (Biodiversity)
	There are environmental protection/conservation activities by the hotel: Conservation of coral reefs Mangrove tree planting Temple cleaning Beach cleaning Mutual cooperation activities with village, government and other institutions as appropriate and invitations from related parties
Social	
D	Local people
	1) Preservation/promotion of local community culture: Collaborating with local artists to hold shows at the hotel
	2) Maintaining harmonious relations through good communication with the community: Participating in anniversary commemorations (e.g., Security Unit Anniversary and Cavalry Detachment Anniversary) Socialization about the effects of incense smoke Assistance in the form of groceries to the community Fishing competition for the community Futsal sports tournament for the local community Donation of incense-making machines and training in the skills of making healthy, natural Balinese-cultured incense Water donation for temples and toilets around the hotel Electricity donation to the traditional banjars Assistance in the form of uniforms to beach traders selling around the hotel
	3) Contributing to community activities: Assistance in the form of snacks for elderly activities Boxed rice donation for community activities Donations for Seka Teruna Teruni activities (in the form of making <i>ogoh-ogoh</i> , birthdays and prize coupon bazaars) Donate to the arts party team <i>Ceki</i> tournament Donation of cows for Eid al-Adha
	4) The hotel responds to people's opinions about the partnership program: Tourism skills training Receiving visits from elementary schools and providing educational tours in the hotel area Security training for the <i>pecalang</i> of traditional <i>banjars</i>
	5) Financial or in-kind contributions for the benefit of society: Provision of donations to temples such as carrying out and providing facilities for prayer ceremonies/ <i>banten</i> 'offerings' Donations to the banjar are like bazaar donations or development charities

as well as mutual cooperation activities with village institutions.

- (3) Social sector, including donating incense-making machines and providing incense-making training, participating in anniversary celebrations for security units and cavalry detachments, outreach about the effects of incense smoke, assistance in the form of snacks for elderly activities, assistance in the form of uniforms to beach traders, providing groceries to the community, donating boxed rice for community activities, organizing fishing competitions and futsal sports tournaments for the surrounding community, donating water to temples and toilets around the hotel and electricity to traditional *banjars*, donations for Seka Truna Truni activities, arts party team, *ceki* tournament, donation of cows for Eid al-Adha, tourism skills training, receiving visits from elementary schools, providing educational tours, providing security training for *pecalang* of traditional *banjars*, giving donations to temples such as

carrying out and providing facilities for offerings and bazaar or charity development donations.

The local community's perception of the CSR activities of five-star hotels in Bali can be seen in Table 8. Based on Table 8, most of the CSR activities of five-star hotels in Bali are perceived as quite high by the community around the hotel, as evidenced by all the statement items. 15 items are perceived as high which, if percentaged is equal to 71% and 6 other statement items are perceived as low, equal to 29%. If it is explained per indicator, the economic indicators are perceived as high by the surrounding community with a percentage rate of 57%. For environmental indicators, it is perceived as high by the surrounding community with a percentage rate of 100%, while social indicators are highly perceived with a percentage of 62%.

Discussion

Based on the research results (shown in Table 8), the CSR activities of five-star hotels in Bali are mostly perceived as high by the community around the hotel. This implies that the company's CSR performance has

Table 8. Perceptions of Local Communities about the CSR of Five-star Hotels in Bali

		High (>50%)	Low (<50%)
1 Economic			
A	Market existence		
1)	Recruitment of local employees	√	
2)	Agreement on hiring local employees	√	
B	Indirect economic impact		
1)	Health assistance (blood donation and free medical checkup)		√
2)	Construction or repair of public infrastructure (construction of temple parapets)	√	
3)	The community feels the economic impact with the establishment of the hotel	√	
4)	Assistance to orphans/nursing homes and victims of natural disasters (donations to victims of the Gunung Agung and Lombok natural disasters and donations to the Werdha Wara Seraya and Sunya Giri Orphanages)		√
5)	Provision of scholarships/study facilities		√
2 Environment			
A	Biodiversity		
1)	The daily activities of the people are not disrupted by the establishment of the hotel	√	
2)	There are environmental protection/maintenance activities by the hotel (coral reef conservation, mangrove tree planting, temple cleaning, beach cleaning and mutual cooperation activities with village institutions)	√	
3)	Hotel activities do not cause pollution and congestion	√	
4)	Hotel activities do not cause damage to public facilities	√	
B	Environmental compliance		
	The hotel has never violated the rules of local customs/regulations of the environment	√	
C	Emissions, effluent and waste		
	Collaboration with stakeholders to address environmental issues	√	
3 Social			
A	Local people		
1)	Preservation/promotion of local community culture (collaborating with local artists to hold performances at hotels)	√	
2)	Maintaining harmonious relations through good communication with the community (contributing in the form of incense-making machines and providing incense making training, participating in the anniversary commemoration of security units and Cavalry Detachments, outreach about the effects of incense smoke, assistance in the form of snacks for elderly activities, assistance in the form of uniforms to beach traders, groceries to the community, donations of boxed rice for community activities, fishing competitions for the community and futsal sports tournaments for the surrounding community)	√	
3)	Taking all complaints from the public	√	
4)	Utilization of local suppliers in the procurement of food and beverages		√
5)	Utilization of local suppliers in the procurement of display items		√
6)	Contributing to community activities (donations in the form of water for temples and toilets around hotels and provision of electricity to traditional traditional <i>banjars</i> , donations for Seka Truna Truni activities, arts party teams, organizing <i>Ceki</i> tournaments, and donating cows for Eid al-Adha)	√	
7)	The hotel responds to community opinions about the partnership program (tourism skills training, visits from elementary schools and provides educational tours and security training for <i>pecalang</i> of traditional <i>banjars</i>)	√	
8)	Financial or in-kind contributions for the benefit of the community (donations to temples such as carrying out and providing facilities for prayer ceremonies/ <i>banten</i> (offerings) and donations to bazaars or development charities)		√

been assessed as good by the surrounding community. However, based on the results of interviews (information) obtained from all HRD managers at these star hotels, hotel CSR is carried out by the HRD department, which is held on an *ad hoc* basis or by forming a special committee. The hotel does not have a dedicated CSR department. This is supported by the results of the research presented in Table 6, which shows that most of the people around these star hotels have never been involved in hotel CSR activities, thereby the community has never benefited directly from hotel CSR activities. This is most likely caused by the hotel's CSR activities that have not been managed properly, due to the absence of a special department for CSR. This is supported by research conducted Crowther & Aras (2009) which found that CSR policies have become the focus of strategic management decisions in every organization/company. Incorporating CSR into strategic management has important benefits in improving company performance (Burke & Logsdon, 1996).

Building on the research results described above, several strategic recommendations that can be taken by five-star hotels in Bali. First, the hotels should form a CSR

department (autonomous field) that is specifically responsible for CSR activities. This can show the seriousness and commitment of the hotel in planning their CSR budget, both in the short, medium and long term. If this special autonomous field of CSR does not exist in a hotel, it can be claimed that the hotel has not committed to CSR because there is no self-managed budget, and then it has an impact on CSR activities which are only limited to activities that are formal in nature and are not sustainable (Rahmatullah & Kurniati, 2011).

Secondly, the establishment of the CSR department should be complemented by the formation of a CSR oversight committee which aims to oversee the activities of the CSR department responsible for CSR implementation. As a result, there will be a good control mechanism for the implementation of the hotels' CSR.

Thirdly, Stakeholder Theory explains that companies must consider various groups known as stakeholders (Freeman & Mc Vea, 2001). This theory also explains how the expectations of the stakeholder group have an impact on corporate strategy or management policies in managing stakeholder expectations. Research conducted by Kabir (2011), showed that the most important area

in CSR studies conducted in the hotel industry is the problem of community involvement. Considering that most of the people around five-star hotels in Bali have never been involved in hotel CSR activities, the hotel should involve the community as company stakeholders in carrying out CSR activities. This can be started by first identifying who the company (hotel) stakeholders are. After that, it is followed by identifying the impact of hotel operations on each stakeholder that has been identified.

Fourthly, the level of involvement of each of these stakeholders in the hotels' CSR activities is determined. Mitchell et al. (1997) states the importance of stakeholder involvement is a function of legitimacy, urgency and power. Thus, in the implementation of CSR, the stakeholders (in this case are community leaders and the surrounding community) must be involved both in the planning, implementation and evaluation stages. This is also supported by legitimacy theory which emphasizes that companies (organizations) must always try to ensure that their activities can be accepted by society (Wilmshurst & Frost, 2000). If the company fails to meet the community's expectations, the legitimacy and support from the

community for the company will be lost; therefore, it is important for companies to be committed to fulfilling their responsibilities to society (Papasolomou-Doukakis et al., 2005). CSR is carried out to build a positive image of the company, and the CSR activities carried out must be aimed at improving the quality of the community. In carrying out this, the hotel unavoidably needs information and input from leaders and the community around the hotel.

Finally, reached from information from research informants, five-star hotels in Bali have not prepared a sustainability report to report their CSR activities. Supposedly, companies do not only carry out CSR in the form of activities, but these activities must be reported in writing and disseminated (Arfamaini, 2016). Hotels are required to report their CSR activities in the form of a sustainability report or in the hotel's annual report. The hotels must also take notice of the standards in CSR reporting. Hotels can refer to the Global Reporting Initiative (GRI) to make a Sustainability Report (Hedberg & von Malmborg, 2003; Brown et al. 2007; Cheng & Christiawan 2011; and Juniarti & Nugraha, 2015).

(5) Based on the research results shown in Table 8, hotel

philanthropic activities can be focused on providing scholarships or learning facilities for the surrounding community, prioritizing local suppliers in the procurement of food and beverages and display items as well as establishing a communication forum between the hotel and the local community. The strategy recommendations are based on the results of questionnaires distributed to research respondents, which shows that the community still perceives the three CSR activities as low.

CONCLUSION, IMPLICATION AND LIMITATION

This study concludes that the CSR activities of five-star hotels in Bali are not managed by a special CSR department and do not have their own budget authority. The hotels' CSR is carried out by the HRD department on an *ad hoc* basis or by forming a committee. Since they do not have a special CSR department, these five-star hotels have not prepared a sustainability report to report the CSR activities they have implemented. Most of the hotels' CSR activities are in the form of donations (philanthropy), there are no CSR activities related to improving hotel operations internally related to the implementation of corporate environmental social responsibility –

for example, in revamping the hotels' CSR organizational structure, involving hotel stakeholders and preparing reports continuity. Nevertheless, most of the CSR activities of the five-star hotels in Bali are perceived as high by the community around the hotel. In other words, the CSR performance of these hotels has been assessed as good by the local community. In the end, this research is able to produce five recommendations for CSR management strategies for five-star hotels in Bali, which are based on the results of interviews and surveys of management and the community around the hotel. Scientifically, this study contributes to knowledge about the CSR of five-star hotels in Bali. The strategy recommendations provided serve as support for the Stakeholder Theory (Freeman & Mc Vea, 2001) and *Legitimacy Theory* (Deegan, 2002). By carrying out this CSR strategy, the hotel will be more focused in fulfilling the obligations of hotels to stakeholders, especially to the surrounding community, where the hotels concerned operate.

For future researchers, it is hoped that they will conduct research with a more comprehensive scope, such as adding research areas to internal stakeholders – for example hotel employees. Research subjects

can be expanded, thereby being able to obtain research results with higher external validity. The measurement standards used can be readjusted, that is to say, using the GRI Standards specifically for the hospitality sector.

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