

CSR AND TRI HITA KARANA: HOW THEIR IMPLEMENTATION AFFECT COMMUNITY WELFARE

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Abstract

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This study was intended to show an empirical result of the influence of CSR implementation based on *Tri Hita Karana* by Swiss-Belresort Watujimbar in community welfare on Sanur. CSR concept emphasizes that business's purpose should not only focused on profit, but also should be focused in giving a positive impact to the community, as one of firm's stakeholder. *Tri Hita Karana* is a local concept which is well-known in Bali. *Tri Hita Karana* is a concept that emphasizing a balance or harmonious relationship of human with God (Parahyangan), human with another human (Pawongan), and human with its environment (Palemahan). The compliance of these elements is believed by local community will provide welfare. Therefore, the implementations of CSR by the company are expected to be based on these concepts in order to achieve the community welfare. The questionnaire method used to determine the extent of the impact that community perceived by the implementation of CSR. This research population is the whole community of Sanur. Sample was selected based on two criteria, (1) Sanur village local community (has an local identity), (2) and in the range of productive ages, has generated 11.600 people as research sample. By using Slovin formula, the questionnaire which distributed in this study is 387 questionnaires. The regression analysis shows that CSR implementation based on *Tri Hita Karana* by Swiss-Belresort Watujimbar has positively affect the welfare of Sanur community. This indicates that, the implementation of CSR has in accordance with the concept, or with the community necessity.

Keywords

Corporate Social Responsibility ; Tri Hita Karana ; Community Welfare; Sanur; CSR Implementation

1. Introduction

Corporate Social Responsibility (CSR) has evolved into an important issue in last decades. CSR is a claim that companies not only operate for the benefit of shareholders, but also for the welfare of stakeholders in business practices, ie workers, local communities, governments, NGOs, consumers, and the environment (Dahlia and Siregar,

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2004). A sustainable CSR Implementation by the company is expected to have a positive impact both for the company and for the community, especially the local communities where the company operates. Positive impact for the company can be reflected on the company's reputation, while for the society the positive impact of CSR is the increase of their welfare. The role of government as stipulated in various regulations concerning CSR aims to support the implementation of CSR conducted by the company in order to contribute directly to its stakeholders. Furthermore, in the company's business environment, the communities around the company are basically the ones that need to be appreciated. This appreciation can be achieved in improving their welfare through community empowerment activities conducted by corporate CSR activities. This is because the company and society is basically a unity of elements that can maintain the sustainability of the company itself (Mapisangka, 2009).

Tri Hita Karana is a concept that comes from Hindu society in Bali. This concept emphasizes the balance and harmony of relationships among the three important elements in life, namely Parahyangan, Pawongan, and Palemahan. Parahyangan explains about the balance of the relationship between Human and God, Pawongan explains about the balance of relations between fellow human beings, and Palemahan explains the balance of the relationship between humans and their environment. Budiasni, et al (2015) stated that the concept of Tri Hita Karana will provide harmony, happiness, and prosperity by preserving cultural and environmental diversity amidst globalization and adverse effects which caused by the shift of various aspects.

The existence of universal values contained in the concept of Tri Hita Karana runs in harmony with the concept of CSR, where CSR also emphasizes the harmony of corporate relationships with the stakeholders (pawongan) and the surrounding environment (palemahan). Implementation of CSR which is based on the concept of Tri Hita Karana to the local community is expected to be able to maintain harmony between the company's relationship with the community and the surrounding environment which in the end is expected to be able to improve the welfare of both companies and society.

It is important to know the extent to which CSR programs are capable of impacting the welfare of local communities. Implementation of CSR program based on the concept of Tri Hita Karana is considered most appropriately applied to the people of Bali, because the fulfillment of the three elements of the concept is believed to create a comfortable sense of life, peace and harmony.

Swiss-Belresort Watujimbar is a 4 star international resort located in Sanur, Bali. On 2017, Swiss-Belresort Watu Jimbar has achieved a Golden Award on Tri Hita Karana Awards. The award is given as an appreciation for the company's commitment to preserve the local culture of Bali. By accepting the award, Swiss belresort watu jimbar is expected to carry out CSR activities in accordance with the local concept of the community around that is based on Tri Hita Karana. Besides, located in Sanur, Swiss- Belresort Watu Jimbar knows exactly the needs of the surrounding community, so that CSR activities are expected to have a direct impact on people's lives.

Based on the description, it is necessary to conduct a study on the influence of CSR implementation based on the concept of parahyangan, pawongan, and palemahan by Swiss-Belresort Watu Jimbar on the welfare of Sanur village community.

2. *Material and Method*

This research will be conducted in Sanur Village. Selection of Sanur Village as research location is because Swiss-Belresort is a hotel located in Sanur and had received a Gold award at Tri Hita Karana Awards on 2017. Research sample was collected by using purposive sampling method, by determining certain criteria for research sample. In order for the sample used in this study to represent the population, the slovin formula is used. By using slovin formula, the research respondents in this study, is 387 respondents.

Research data was collected by using questionnaire. Parahyangan is the balance of human relations with God, in this study is shown by how much the contribution of Swiss-Belresort Watu Jimbar to religious activities. This variable is measured using a Likert scale of 4 (four) levels ie Never (1), Sometimes (2), Often (3), Always (4). Pawongan is the balance of human relationships with fellow human beings is expected to be achieved with the implementation of CSR. This variable is measured using a Likert scale of 4 (four) levels ie Never (1), Sometimes (2), Often (3), Always (4). Variables palemahan is the balance of the relationship between humans with the environment (nature), which will be indicated by how much the contribution of the hotel to the physical and environmental aspects in the area around the hotel. This variable is measured using a Likert scale of 4 (four) levels ie Never (1), Sometimes (2), Often (3), Always (4). The community welfare variable is a better standard of living which is shown by improving health, education and economic activities. This variable is measured using a 4 level Likert scale, ie Strongly Disagree (1), Disagree (2), Agree (3), and Strongly Agree (4).

Multiple regression analysis is used in this research to analyze the effect of independent variable to dependent variable. In this research, the regression equation of CSR influence based on Tri Hita Karana concept on people's welfare can be written as follows:

$$KM = \alpha + \beta_1 \text{CSR Parahyangan} + \beta_2 \text{CSR Pawongan} + \beta_3 \text{CSR Palemahan} + \varepsilon \dots (1)$$

Where :

CW	= Community Welfare
α	= Constan
$\beta_1, \beta_2, \beta_3$	= Regression Coefission
CSR Parahyangan	= CSR Based on <i>Parahyangan</i>
CSR Pawongan	= CSR Based on <i>Pawongan</i>
CSR Palemahan	= CSR Based on <i>Palemahan</i>
ε	= <i>errorr</i>

3. Results and Discussions

The results of statistical tests appear in the following table:

Table 1. Statistical Test Result

Classic Assumption Test			
Normality (KS)		0,391	
	X1	X2	X3
Heteroscedasticity (Glejser)	0,192	0,354	0,329
Multicollinearitas (Tolerance)	0,767	0,787	0,624
Multicollinearitas (VIF)	1,304	1,217	1,603
Godness of Fit			
Coef. Of Determination		0,350	
Sig. F		0,000	
	X1	X2	X3
Sig. t	0,000	0,000	0,000
β	0,196	0,288	0,355

Based on the result of the classic assumption test, it is obtained that the research data is normally distributed which is shown with the value of KS significance of 0.391 which is bigger than Cronbach Alpha ($\alpha = 0,05$). The result of heteroscedasticity test in the research variables shows the significance value for the X1 (CSR based on Parahyangan) of 0.192, X2 (CSR based on Pawongan) of 0.354 and X3 of 0.329 (CSR-based on Palemahan), this results indicate that there is no symptoms of heteroscedasticity to the research data. There were no symptoms of multicollinearity in this study variable as shown by Tolerance values greater than 0.10 and VIF values lower than 10.

The Goodness of Fit Test shown coefficient of determination values of 0,350. These results indicate that only 35 percent of the variance of Community Welfare can be explained by the independent variables in the study (CSR based on Parahyangan, CSR based on Pawongan and CSR based on Palemahan), while 65 percent is explained by other variables not examined in this study. The significance value of F test of 0.000 is lower than 0.05 indicating that the t research model fit with the research data. The regression coefficient for X₁ (CSR based on Parahyangan) was 0,196 with significance value is 0.000, variable X₂ (CSR based on Pawongan) is 0,288 with significance value 0,000, and variable X₃ (CSR based on Palemahan) 0,355 with significance value is 0.000.

The significance value of the three variables shows a value below 0.05 indicating that each independent variable (X₁, X₂, and X₃) has a positive and significant influence on the Welfare of the Community.

3.1 The Effect of CSR Based on Parahyangan on Community Welfare

The result of statistical test shows that CSR based on Parahyangan has a positive effect on the welfare of the people of Sanur Village, which is shown by regression coefficient of 0.196 and a significance value of 0.000 lower than 0.05.

The concept of parahyangan contains the values of the harmonious relationship between human and God (Wirawan, 2011: 3). Implementation of this concept can be realized in activities related to religious as well as maintenance of facilities and

infrastructure of places of worship. The results of this test prove that CSR activities by Swiss-Belresort Watu Jimbar as provided support for parahyangan activities which is conducted by the community. The support is done through CSR activities that focus on the fulfillment of the spiritual needs of the community, for example through the provision of funds in religious activities, repair and maintenance the facilities and infrastructure of temples (places of worship of Hindus) located around Sanur. This CSR based on Parahyangan activity helps the community in reducing the amount of cost pressures which faced by the community in conducting religious ceremonies, so that the allocation of community income for religious activities is not too much because it has been supported by company CSR activities. Thus, the greater the CSR activities that focus on parahyangan, the more it increase the community welfare.

3.2 The Effect of CSR Based on Pawongan on Community Welfare

The result of statistical test shows that CSR based on pawongan have a positive effect on the welfare of Sanur community, which is shown by regression coefficient of 0.288 and a significance value of 0.000 lower than 0.05.

The concept of Pawongan emphasizes the importance of communication between humans to create a harmonious relationship. In relation to the concept of Pawongan, the company is expected to realize that the company and the entire implementation is an integral part of the community, so in its activities the company should maintain the relationship and communication with other parts of society. CSR can be used as a way to build a good relationship with the community. The realization of the concept of Pawongan carried out by Swiss-Belresort Watu Jimbar is through education support such as scholarships and the improvement of educational facilities and infrastructure, support in the health sector such as built health facilities, and supporting youth activities and other local communities. The company's support for these activities through the CSR program is able to reduce the community burden on education and health costs, thereby directly contributing to the improvement of living standards and community welfare.

3.3 The Effect of CSR Based on Palemahan on Community Welfare

The results of statistical tests show that the CSR based on Palemahan has a positive effect on the welfare of the people of Sanur , which is shown by a regression coefficient of 0.355 and a significance value of 0,000 lower than 0.05.

The of Palemahan idea in the concept of Tri Hita Karana emphasized humans to preserve the environment. In its activities, company directly impact the physical environment, such as air, water, and soil, where the impacts can be water pollution, and the decline of soil and air quality. The Decline in environmental quality will certainly affect the quality of life of the surrounding community, such as decreasing the level of public health, reduced livelihoods of fishermen due to marine pollution, and so on. These impacts can be reduced by conducting sustainable CSR activities. In connection with the concept of Palemahan, Swiss-Belresort can create CSR activities that focus on environmental maintenance, such as reforestation activities, making sewage treatment, and etc. The consideration to the environmental balance will have a direct impact on the community, where a clean environment will improve the quality of public health that will ultimately help the community carry out its functions in life, including running its role as economic actor for the family.

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