

## CSR Strategies of Five-Star Hotels in Denpasar-Bali Based on Local Community Perceptions

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**Abstract:** The hotel industry provides numerous jobs and has a significant contribution to local and global economies. Given that the hotel industry is an industry with a significant global impact, it is required to take social and environmental responsibilities earnestly. This study aims to describe the corporate social responsibility (CSR) strategies of five-star hotels in Denpasar City to examine the perceptions of surrounding communities toward these programs and to develop the appropriate CSR strategies for these hotels. This research is a qualitative study employing an exploratory sequential mixed method. The sample of hotel management staff who were interviewed and other respondents who filled out the research questionnaire were selected via purposive sampling. Results prove that CSR in five-star hotels in Denpasar City does not have its own autonomous field and budget authority. In fact, just one five-star hotel in the city has a CSR department. CSR activities in the hotels are in the form of maintenance and donations, and most of them (59%) are perceived as low by the surrounding community. Based on these findings, this work is able to develop a CSR management strategy for five-star hotels in Denpasar City.

**Keywords:** CSR activity, CSR management strategy, surrounding community.

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## INTRODUCTION

Past Researches have shown that companies are under pressure from stakeholders to meet environmental expectations and demands by implementing CSR (Andrikopoulos & Krikilani, 2013; Usman, 2020; Zhyhlei et al., 2020), as well as in the hotel industry (Brown, 1996; Kirk, 1998; Cheyne & Barnett, 2001). The pressure has resulted in increasing attention to CSR in business practices (Kotler & Lee, 2011). Suárez-Cebador et al. (2018) declared that hotel industry is an industry that has a significant global impact. Moreover, in Bali the hotel industry is the spearhead of the economy.

In Bali, hotels are the type of accommodation most needed by visiting tourists. The existence of the hotels provides a source of livelihood for the residents of Bali by absorbing a lot of workers. Trade, restaurants and hotels sectors in the area are able to absorb 760,093 workers (BPS - Statistics of Bali Province, 2019). The number increased by 4.3% compared to the previous year which only amounted to 728,757 workers. These facts support the statement of de Grosbois (2012), that hotel industry is seen as an industry that provides a large number of jobs and contributes to the local and global economy. Nevertheless, the hotel industry is also an



industry with natural, social and economic environmental impacts (de Grosbois, 2012). Hotel activities require a large supply of energy and water resulting in a lot of waste and emissions (Gray & Bebbington, 2001; Kirk, 1995).

Article 74 of Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies confirms that every company (Limited Liability Company) is required to implement a CSR. Article 26 the Law of the Republic of Indonesia No. 10 of 2009 concerning Tourism obliges tourism entrepreneurs to be responsible for the environment. Henderson (2007); Mattera & Melgarejo (2012) delineated that tourism industries are obliged to contribute to the environment by implementing CSR in order that they can operate sustainably. The basic idea of CSR implementation is that companies must be responsible for more than just generating profits (Godfrey & Hatch, 2007). According to World Business Council for Sustainable Development (2002), CSR refers to a business commitment to contribute to sustainable economic development, working with company employees, the employees' families, as well as the local community, and society as a whole in order to improve the quality of life.

Most of the research on CSR in the tourism sector brings a focus to the sector of hotel (Suárez-Cebador et al., 2018). There are two main theories that support corporate social and environmental responsibility obligations, viz. legitimacy theory and stakeholder theory. In the context of CSR, most research relies on legitimacy theory (Deegan, 2014). Legitimacy theory asserts that companies are required to constantly ensure they operate within the framework and norms that apply in the community or environment in which the companies are located. Companies are also required to ensure that their activities are accepted by outsiders as a "legitimate" commodity (Deegan, 2002). Accordingly, every company is constrained to carry out social activities in accordance with the expectations of the surrounding community. Failure to meet community expectations results in a loss of legitimacy, so it is important for companies to be committed to fulfilling legal and ethical responsibilities or moral obligations in society (Papasolomou-Doukakis et al., 2005). The research of Kabir (2011) has shown that in CSR practice, community involvement is higher than other CSR categories. This is because CSR practices can influence people's behavior (Swanson & Niehoff, 2017).

Stakeholder theory explicates that the existence of a company is influenced by the support of groups having relationships with the company, the so-called stakeholders (Freeman & Reed, 1983). Freeman & McVea (2006) re-emphasized that stakeholder theory is a theory that explains to which party the company should be responsible. Stakeholders include company owners, investors and potential investors, creditors, suppliers, government, employees, consumers, customers, other organizations, local communities and the wider community. Companies stand in need of taking notice of the interests of all these stakeholders, not only of the interests of the company owners. This theory also delineates how the expectations of these stakeholder groups have an impact on company strategy or management policies in managing the stakeholder expectations (Burke & Logsdon, 1996).

Tourism has become one of the sectors that play a crucial role in the development of Denpasar City. The concentration of hotels, both star hotels and non-star hotels in the city of Denpasar, is in one area, namely in the area of Sanur. The present research was conducted at five-star hotels in Denpasar City with the premise that five-star hotels are large-sized hotels. The bigger a company, the wider the impact caused by its operations, and the greater its social responsibility to the surrounding community. There are 3 five-star hotels in Denpasar City and all the three are in the form of Limited Liability Company (PT), so according to the Law of the Republic of Indonesia No. 40 of 2007 they are obliged to implement CSR.

The idea of corporate social responsibility has evolved since Classical Greece (Gaffikin, 2008). Business firms are expected to hold high standards of trade morality, and in 2000 similar attention was paid to the Global Reporting Initiative (GRI). GRI issued a guideline for Sustainability Reporting (SR) that can be used as a guide

for companies in implementing CSR. The GRI Guideline includes three elements, namely: economic, environmental and social. GRI laid out SR reporting guidelines in the form of reporting principles, standard disclosures, and implementation guidelines for the preparation of sustainability reports by organizations, regardless of size, sector or location (Global Sustainability Standards Board, 2016).

Studies and literature scrutinizing CSR are still limited in number (Quairel-Lanoizelée, 2011) and on that account the theme of CSR has received serious attention from practitioners and academics (Bauman & Skitka, 2012; Shim & Yang, 2016). Henderson (2007) elucidated that the tourism industry has adopted the concept of sustainability development but there are few studies with the theme of CSR in the industry, and on grounds of this studies on CSR in the tourism industry are excessively interesting (Dwyer & Sheldon, 2007). These studies are dominated by the hospitality sector (Suárez-Cebador et al., 2018). Font et al. (2012) reiterated that stakeholders pressure companies, especially in the hospitality sector, to run CSR in a practical way.

Several studies on CSR have been conducted by Öberseder et al. (2013); Calabrese et al. (2015); Jo et al. (2015); Martínez et al. (2019). Unfortunately, research examining corporate social and environmental responsibility with a two-sided (giver and receiver) approach is still rare. One way that can be taken to find out whether the CSR implemented by the hotel is relevant or not is to conduct research involving two parties, that is to say, the provider (company/hotel) and the recipient (the community around the hotel). The present research is divided into three stages. In the initial stage, the CSR of a five-star hotel in Denpasar City is described to give an overview of what the CSR forms are and how they are implemented. In the second stage, an analysis of how the hotel CSR is perceived by the surrounding community is carried out, and in the final stage a CSR strategy that is in accordance with the perceptions of the surrounding community is formulated.

## METHODS

This research is a qualitative study using an exploratory sequential mixed method, Creswell (2014) explains exploratory sequential mixed method is a research design in which the researcher first starts by exploring and analyzing qualitative data, then uses these findings in the second phase of analysis, quantitative data analysis. This study was initiated by conducting interviews with hotel managers to gather information about CSR activities that had been implemented in the hotels. Following that a research questionnaire referring to the results of interviews and CSR implementation standards (GRI Standards) was developed. Next, the questionnaire was distributed to a sample of respondents (local communities and community leaders). The stages of interpretation carried out include the elaboration of CSR activities at five-star hotels in Denpasar City, and then the analysis of the respondent's score data obtained from questionnaires. Ultimately, a CSR strategy for five-star hotels in the City of Denpasar was developed.

This research was conducted at 3 five-star hotels in Denpasar, namely Hotel Inna Grand Bali Beach, Hotel Fairmont Sanur Beach Bali and Hotel Prama Sanur Beach Bali. Hotel Fairmont Sanur Beach Bali and Hotel Prama Sanur Beach Bali are located in Sanur, while Hotel Inna Grand Bali Beach is located in Sanur Kaja. The research subjects were hotel management, the surrounding community and community leaders. The research objects were hotel CSR activities, perceptions of the surrounding community and CSR strategies for five-star hotels in Denpasar City. Interviews were conducted with two HRD (Human Resources Department) managers and one CSR manager at each of the five-star hotels. The HRD and CSR managers were chosen as informants because they are the departments directly responsible for CSR activities implemented by the hotel. According to data from the Bali Province BPS (Central Bureau of Statistics) in 2019, the population in Sanur Village was 18,345 people, while in Sanur Kaja Village there were 15,725 people. The sample of respondents was determined using

purposive sampling technique, which is a sampling technique using certain criteria (considerations) which aims to make the data obtained later more representative. The criteria applied for determining the respondents include: 1) Respondents are community leaders of the *Kelurahan/Desa* Sanur and Sanur Kaja. 2) Respondents are the people of *Kelurahan/Desa* Sanur and Sanur Kaja who have entered the working age (aged 18 years and over).

Respondents selected from community leaders comprise: head of urban village/head of village, head of hamlet, and bandesa adat – a leader of Balinese traditional village. Sanur region consists of nine hamlets, namely: Sindhu Kaja, Batu Jimbar, Semawang, Gulingan, Singgi, Sindhu Kelod, Taman Sari, Panti dan Pasekuta. Sanur Kaja consists of eight hamlets, such as Tegalasah, Belong, Buruan, Anggarkasih, Langon, Wirasana, Pekandelan, and Batanpoh hamlets. The following is a list of respondents selected from the community leaders:

**Table 1 List of Community Leaders**

Urban Village/ Village	Position	Number
Sanur	Head of Urban Village	1
	Bendesa Adat of Intaran	1
	Head of hamlet	9
	Total	11
Sanur Kaja	Head of Village	1
	Bendesa Adat of Sanur	1
	Head of Hamlet	8
	Total	10
Total number of all community leaders		21

As shown in Table 1, the total number of community leaders around five-star hotels in Denpasar City is 21 people. Determination of the number of respondents selected from the community is done using the Slovin formula, with the aim that the number of the community members selected as respondents for the research genuinely represent the entire number of population in the *Kelurahan/Desa* Sanur and Sanur Kaja. Based on results of calculation using the Slovin formula, the total number of respondents of the research selected from the community members around the hotels is 200 respondents. The total number of questionnaires distributed is 221 questionnaires. The questionnaires were distributed to respondents according to the predetermined criteria for purposive sampling technique.

The research data collected through interviews are qualitative data, which are data in the form of information and notes in the form of verbal sentences, and not in the form of numeric symbols or numbers. On the other hand, the data collected from in the form of scores of respondents' answers to distributed questionnaires, are quantitative data, which are qualitative data transformed into numerical form. All of the data serve as primary data, viz. data collected directly from the original source or the first party. Data in the form of notes and photographs about hotel CSR activities, which were collected from hotel management, serve as secondary data, namely data that were not collected from original sources, or in other words, sourced from other parties.

Data of the research were collected using a questionnaire. A questionnaire is a research instrument that contains a list of questions used by researchers to gather data directly from the source through communication process or by asking questions. The questionnaire in the study was used to determine the perceptions of the surrounding community and community leaders towards the CSR of five-star hotels in Denpasar City. Statements in the questionnaire created to measure the perceptions of the surrounding community towards

the CSR of five-star hotels in Denpasar City were formulated in the form of positive sentences that had been adjusted to GRI Standards (specifically for the community around the company). The questionnaire designed comprised positive sentences; using code 2 for positive feedback and code 1 for negative feedback. The statements in the questionnaire are shown in Table 2.

**Table 2 List of Statements in the Research Questionnaire**

No.	Indicator
1.	Economy
a	Market presence
1)	Recruitment of local employees
2)	Agreement on the recruitment of local employees
3)	Use of local suppliers in the procurement of food, beverage and display items
b	Indirect economic impact
1)	The community feels the economic impact with the establishment of the hotel
2)	Construction of places of worship
3)	Assistance for social activities in the community (such as, donations to orphanages, nursing homes and other social foundations)
4)	Assistance to victims of natural disasters
5)	Health assistance
6)	Clean water supply
7)	Social assistance to care homes / orphans
8)	Public infrastructure and facilities improvement
9)	School building maintenance
10)	Assistance in the form of scholarships / study facilities
2.	Environment
a	Emissions, influent and waste
	Collaboration with stakeholders in overcoming environmental problems due to hotel waste
b	Biodiversity
1)	Community activities are not disturbed by the establishment of the hotel
2)	There are environmental protection / maintenance activities carried out by the hotel (in the form of cleaning the area around the beach, preserving the coastal ecosystem and planting trees)
3)	The hotel has never violated local customs laws / regulations
c	Transportation
1)	Hotel activities do not cause congestion
2)	Hotel activities do not cause pollution
3)	Hotel activities do not cause damage to public facilities
3.	Social
a	Community
1)	Preservation/promotion of local community culture (in the form of donations to support the activities of the surrounding community and in the context of strengthening the culture and traditional villages)
2)	Drugs/HIV Eradication
3)	Contribution to community activities
4)	Contribution to local government agencies
b	Freedom of association, collective bargaining and gathering
1)	The hotel maintains a harmonious relationship through effective communication with the community
2)	The hotel accommodates all public complaints
3)	The hotel responds to community suggestions about partnership programs

The research data were analyzed using qualitative data analysis technique with an interactive model consisting of three concurrent flows of activity, namely data reduction, data presentation and drawing

conclusions/verification. Data reduction is a process of selecting, focusing on simplifying, abstracting and transforming raw data that arise from written records in the field. During data collection, the next stage of reduction took place (summarizing, coding, exploring themes, creating clusters, creating partitions and creating memos). In presenting the data, data as a set of information were structured to provide the possibility for drawing conclusions and taking actions. A seemly data representation serves as a major means of valid qualitative data analysis, which includes: various types of matrices, graphs, networks and charts. Drawing conclusions is the final stage comprising the decision-making process that leads to answers to the research questions posed and reveals the answers to “what” and “how” through the research findings.

## RESULTS AND DISCUSSION

The number of the research respondents selected from the community members was 200 people, each of which was 100 people from the urban village of Sanur and 100 people from the village of Sanur Kaja. The total number of questionnaires returned was 199 questionnaires, which is respectively 100 questionnaires from respondents in Sanur and 99 questionnaires from respondents in Sanur Kaja. There was one questionnaire from the respondent in Sanur Kaja which was not suitable for use due to incomplete answers. The number of respondents selected from community leaders who answered and returned the questionnaire was 20 people (95%) from 21 of the total number of community leaders. There was one questionnaire that was not returned by one community leader, namely the Head of Sanur Kaja Village, as result of the unwillingness to be a respondent in the study.

Of the three five-star hotels in Denpasar City, only Fairmont Sanur Beach Bali has a special department to manage CSR, while the other two hotels do not. Thus, these hotels do not have special funds to carry out CSR activities. There are indeed funds allocated by the hotels to donate to the public, but the amount is relatively small. Only the Fairmot Sanur Beach Bali Hotel has routinely allocated funds for CSR activities.

Most of the CSR activities carried out by five-star hotels in Denpasar City are in the form of maintenance; for example, cleaning the area around the coast, preserving the coastal ecosystem and planting trees. Other CSR activities are only in the form of donations, such as giving donations at orphanages, care homes, social foundations, victims of natural disasters, and traditional villages/banjars (to support the activities of the surrounding community and in order to strengthen the culture and traditional villages). In terms of employee recruitment, based on information from the hotels, most of the employees were recruited from the community around the hotels. This was done because there was an agreement between the hotels and the local community regarding the recruitment of workers. The hotel CSR activities according to the interview results are presented in Table 5.

Prior to filling out the research questionnaires, respondents were asked to answer two question topics related to hotel CSR activities in general, which are presented in Table 3. As can be seen in Table 3, most of the surrounding communities have never been involved and have never benefited from the CSR activities carried out by the five-star hotels in Denpasar City. It is proven that 96% of the community has never been involved and 90% of them has not received/felt direct benefits from CSR activities carried out by hotels.

Perceptions of the surrounding community towards the CSR of Five Star Hotels in Denpasar City are shown in Table 4. Table 4 contains 27 statement items regarding hotel CSR which were compiled according to GRI standards and included in the research questionnaire. The hotel CSR activities based on the interview results have been included in the 27 activity items (in bold). The results of data processing presented in Table 2 show that most of CSR activities of the five-star hotels in Denpasar City (more than 50%) are still perceived as

low by the community around the hotel. In detail, of the 27 CSR activity items, 16 items or 59% are still perceived as low. If explained per indicator, seen from economic and social indicators, hotel CSR activities are perceived as low by the surrounding community. Respectively 77% (10 of the 13 items of CSR activities in the economic sector) and 86% (6 of 7 CSR activities in the social sector), the community perceives them as low. Judging from environmental indicators, hotel CSR activities are highly perceived by the community as evidenced by all hotel CSR activities in 7 activities related to environmental indicators, which are highly perceived by the surrounding community.

**Table 3 General Perception of Public towards the CSR of Five-star Hotels in Denpasar**

Topic of Question	Respondents' Answers	Number	Percentage (%)
Have/never been involved in hotel CSR activities	Yes	9	4
	Never	190	96
Have/never received benefits from hotel CSR activities	Yes	20	10
	Never	179	90

Table 5 presents data of the CSR activities of five-star hotels in Denpasar City according to interviews with HRD and CSR managers. There are six items of CSR activities; three of them are perceived as high: 1) Recruitment of local employees, 2) Agreement on the recruitment of local employees and 3) Environmental protection/maintenance activities. Three other CSR activities are perceived as low. This implies that there are three CSR activities which according to the results of interviews have been implemented by the hotels, but are perceived as low by the surrounding community. The intended CSR activities include: 1) Assistance for social activities in the community, 2) Assistance to victims of natural disasters, and 3) Preservation/promotion of local community culture. There is a mismatch between what has been done by the hotels and what is perceived by the surrounding community. This is because the hotels have never involved the community in any CSR activities carried out, as evidenced by the high percentage of community answers. In Table 3, 96% of respondents' responses reveals that they had never been involved in any hotel CSR activities and 90% of the responses shows that they had never received direct benefits from hotel CSR activities. This is very reasonable, considering the hotel CSR activities with relatively small amount of funds are felt to be only a formality, and the donations that have been issued by the hotels are not directed to the community around the hotel.

Questionnaires regarding the expectations of the surrounding community regarding CSR in Denpasar City contain choices of CSR programs that have been adjusted to GRI Standards, especially those related to the community around the companies. The survey results are presented in Table 6.

CSR activities which can be the main activity are formulated based on the results of a questionnaire survey to the surrounding community (199 respondents) whose percentage is above 50%. Judging from economic indicators, especially the aspect of market presence, the community members around five-star hotels in Denpasar City expect the hotels to continue recruiting workers by prioritizing the local communities around the hotel. Based on the studies that have been conducted, the hotels have recruited workers from local communities and have also made agreements with the community regarding the recruitment of local workers. It is hoped that the hotel CSR activities in terms of recruiting local workers will continue to be realized.



**Table 4 Perception of Surrounding Community towards the CSR of Five-star Hotels in Denpasar City**

No.	Indicator	Perceived	
		High	Low
1.	Economy		
a	Market Presence		
1)	Recruitment of local employees	√ (90%)	
2)	Agreement on the recruitment of local employees	√ (70%)	
3)	Use of local suppliers in the procurement of food, beverage and display items		√ (83%)
b	Indirect economic impact		
1)	The community feels the economic impact with the establishment of the hotel	√ (79%)	
2)	Construction of places of worship		√ (73%)
3)	Assistance for social activities in the community (such as, donations to orphanages, nursing homes and other social foundations)		√ (65%)
4)	Assistance to victims of natural disasters		√ (91%)
5)	Health assistance		√ (94%)
6)	Clean water supply		√ (98%)
7)	Social assistance to care homes/orphans		√ (96%)
8)	Public infrastructure and facilities improvement		√ (92%)
9)	School building maintenance		√ (98%)
10)	Assistance in the form of scholarships/study facilities		√ (99%)
2.	Environment		
a	Emissions, influent and waste		
	Collaboration with stakeholders in overcoming environmental problems due to hotel waste	√ (74%)	
b	Biodiversity		
1)	Community activities are not disturbed by the establishment of the hotel	√ (79%)	
2)	There are environmental protection/maintenance activities carried out by the hotel (in the form of cleaning the area around the beach, preserving the coastal ecosystem and planting trees)	√ (68%)	
3)	The hotel has never violated local customs laws/regulations	√ (75%)	
c	Transportation		
1)	Hotel activities do not cause congestion	√ (81%)	
2)	Hotel activities do not cause pollution	√ (87%)	
3)	Hotel activities do not cause damage to public facilities	√ (82%)	
3.	Social		
a	Community		
1)	Preservation / promotion of local community culture (in the form of donations to support the activities of the surrounding community and in the context of strengthening the culture and traditional villages)		√ (67%)
2)	Drugs / HIV Eradication		√ (95%)
3)	Contribution to community activities		√ (75%)
4)	Contribution to local government agencies		√ (82%)
b	Freedom of association, collective bargaining and gathering		
1)	The hotel maintains a harmonious relationship through effective communication with the community	√ (71%)	
2)	The hotel accommodates all public complaints		√ (59%)
3)	The hotel responds to community suggestions about partnership programs		√ (68%)

n = 199 local community members and 20 community leaders



**Table 5 CSR activities of Five-star Hotels in Denpasar City according to Interview Results**

No.	Indicator	Perceived	
		High	Low
1.	Economy		
a	Market presence		
1)	Recruitment of local employees	√ (90%)	
2)	Agreement on the recruitment of local employees	√ (70%)	
b	Indirect economic impact		
1)	Assistance for social activities in the community (such as, donations to orphanages, care homes and other social foundations)		√ (65%)
2)	Assistance to victims of natural disasters		√ (91%)
2.	Environment		
	Biodiversity		
	There are environmental protection/maintenance activities carried out by the hotels (in the form of cleaning the area around the beach, preserving the coastal ecosystem and planting trees)	√ (68%)	
3.	Social		
	Community		
	Preservation/promotion of local community culture (in the form of donations to support the activities of the surrounding community and in the context of strengthening the culture and traditional villages)		√ (67%)

**Table 6 CSR Activities in Accordance with Community Expectations around Five Star-hotels in the City of Denpasar**

No.	Indicator	Percentage (n=199)
1.	Economy:	
a	Market Presence:	
	Recruitment of local workers/employees	56%
b	Indirect economic impact:	
1)	Assistance in the health sector	57%
2)	Public facility maintenance	51%
2.	Environment:	
a	Biodiversity:	83%
	Environmental protection/maintenance activities around the hotel	
3.	Social	
a	Community:	
	Preservation/promotion of local community culture	73%
b	Freedom of association, collective bargaining and gathering:	
	The hotel maintains a harmonious relationship through effective communication with the community	66%

The next expected CSR activity is related to the aspect of indirect economic impact. Expectedly there will be assistance in the sector of health for the surrounding community and maintenance of public facilities around the hotel. Referring to the results of the analysis described in the previous section, the hotels have realized CSR activities in the form of donations to orphanages/care homes, donations to victims of natural disasters, donations to traditional villages/banjar and donations to social foundations; nonetheless, once being assessed, it turns out the surrounding community still expect assistance in the health sector and repair of public facilities. This signifies that the five-star hotels in Denpasar have not explicitly implemented CSR activities in the two sectors.

Regarding the indicator in the sector of environment, especially in the aspect of biodiversity, the community around five-star hotels in Denpasar City expects the hotels to continue executing environmental protection/maintenance activities around the hotel. Basically, the five-star hotels in Denpasar City have carried out CSR activities in the aspect of environmental maintenance, which include: cleaning the area around the coast, preserving the coastal ecosystem and planting trees. The community hopes that these activities will continue to be carried out. As well as being in accordance with the expectations of the community, these CSR activities are also in accordance with standards.

In the social sector, especially in the aspect of community, the community around the five-star hotels in Denpasar expects the hotels to carry out CSR activities in the form of preservation/promotion of the local community culture. The five-star hotels in Denpasar City have indeed carried out CSR activities by giving donations to traditional villages/banjars and to social foundations to strengthen the culture/traditional villages, but the amount is still relatively small. This gives the impression that the contributions are made only as a formality. The local community truly expects the hotels will gravely carry out CSR activities in the context of preserving local culture.

In the aspect of freedom of association, collective negotiating and gathering, the community around the five-star hotels in Denpasar City hopes the hotel maintain a harmonious relationship through effective communication with them. This action has indeed been realized by the five-star hotels, but the results of data analysis show the hotel has not optimally accommodated all complaints from the public. Additionally, the hotel has not responded well to public opinion regarding partnership programs.

The results of the survey can be used by five-star hotels in Denpasar City as a basis for consideration in formulating a hotel CSR strategy. CSR policies have become the focus of strategic management decisions in every organization/company. Incorporating CSR into strategic management has important benefits in improving the company performance (Burke & Logsdon, 1996).

When associated with the results of the study regarding the description of hotel CSR activities and the perceptions of the community around the hotel towards CSR of the five-star hotels in Denpasar City, the CSR strategy that can be implemented is related to the CSR organizational structure, including adding CSR in the company's organizational structure as an independent department/sector (having its own authority). Such a structural pattern reveals the company's seriousness and commitment to CSR. The CSR department has its own budgetary authority, making it easier to define programs, both short, medium and long-term programs. The CSR organizational structure portrays the company's seriousness and commitment to CSR. Five-star hotels in Denpasar City do not have a special CSR department (autonomous section). What exists is only part of one of the activities of the department/division in the hotel. Sometimes hotel CSR activities are organized by forming a committee (on an ad hoc basis). If CSR does not have an autonomous section, it can be said the hotels are not yet committed to CSR. CSR which does not have an autonomous section and does not manage its own budget has an impact on organized CSR activities, which are only limited to formal and unsustainable activities.

The community around the hotels have never been involved in the execution of any implemented CSR activities, so they could not receive/feel the benefits of the hotel CSR activities. Research conducted by (Kabir, 2011) has shown that the most important area in the studies on CSR conducted in the hotel industry is the issue of community involvement. In implementing CSR, stakeholders (in this case, community leaders and surrounding communities) must be involved both in the planning, implementation and evaluation stages. CSR is carried out to build a positive image of the company, and CSR activities carried out must be aimed at improving the quality of the surrounding community. In actualizing this, the hotel, to a great extent, requires information and input from community members and community leaders around the hotel.

CSR activities for five-star hotels in Denpasar have not been focused on the community around the hotel. In other words, there are still a multitude of hotel CSR activities that have not been aimed at the surrounding community. Strategies that can be applied to overcome such a negligence are to focus CSR activities on the community around the hotel and to conduct a survey of the strengths, weaknesses, potential of the community and the challenges faced by the surrounding community. CSR programs can be designed by exploring these four points, and consequently it is hoped the CSR activities can be carried out with a more sustainable focus on society.

The five-star hotels in Denpasar City have not optimally accommodated all complaints and opinions (about the partnership programs) raised by the public. Regarding this condition, a strategy that can be done is to form a communication forum between the hotel and the local community, for example by inviting community leaders to discuss CSR programs or the hotels are proactively involved in routine meetings in the community. Hotels are highly expected to carry out the CSR activities proactively; companies should see the CSR as part of their responsibility to meet stakeholder expectations. If the stakeholders are satisfied, a positive image of the company will be automatically built up.

Referring to the strategy formulated by Kotler & Lee (2011) and according to the research results previously described, the CSR strategy that can be carried out by the five-star hotels in Denpasar City will be in the form of a socially responsible business practice strategy, that is to say, an initiative of companies to adopt and conduct certain businesses and investments aimed at improving the quality of communities and protecting the environment (Kotler & Lee, 2011). Results of the present study have shown that five-star hotels in the city are expected by the community to continue recruiting local workers/employees (from the local community), especially because the agreement between the hotels and the surrounding community has already been made. Recruitment of local workers is a form of investment of the hotels aimed at improving the quality of the communities (surrounding communities). By recruiting local workers, the hotels have reduced the unemployment rate in Denpasar City and have helped improve the quality of life of the local community by providing employment opportunities.

The same strategy can be used to respond to the demands of the community around the five-star hotels in Denpasar City who expect the hotels to carry out more protection/maintenance activities for the environment around the hotel. Activities undertaken to make this happen can take the form of: 1) Developing process improvements, that is, developing waste reduction activities and managing it again. 2) Choosing manufacturing and packaging materials, that is to say, choosing suppliers make use of eco-friendly materials.

Community expectations regarding the preservation/promotion of local culture can also be implemented through the application of the strategy of socially responsible business practices, in which hotels can carry out CSR activities in the form of preservation/promotion of local culture to improve the quality of the community (local community). A CSR activity that can be implemented to support local culture, for instance, organizing cultural events or channeling funds for the purpose of preserving local culture.

The next strategy that can be taken is corporate philanthropy, which refers to company initiatives by making direct contributions to charity activities or in the form of donations or cash donations (Kotler & Lee, 2011), or it can be in the form of cause-related marketing, which is to contribute a certain percentage from company income for a social activity based on product sales volume (Kotler & Lee, 2011). The donation is used to carry out the construction and repair of various educational, health and worship facilities. The community around the five-star hotels in Denpasar City expect the company to carry out CSR activities in the form of providing health assistance or repairing public facilities. Both of these strategies are applicable to meet the expectations of the community around the hotels.

The results of this study indicate the five-star hotels in Denpasar City have not maximally fulfilled their social responsibilities to the surrounding community; whereas, meeting community expectations is important for the hotels in accordance with the theory of legitimacy viewing that companies are responsible for continuously ensuring that they operate within the framework and norms that apply in the community or environment in which the company operates (Deegan, 2002). Likewise with the stakeholder theory which views that the existence of a company is influenced by the support of groups having relationship with the company, which is called stakeholders (Freeman & Reed, 1983). One of the stakeholders referred to is the surrounding community, where the company is located. Research examining CSR practices in the hospitality industry also reveals that it is important for companies to commit to fulfilling their moral obligations to society (Papasolomou-Doukakis et al., 2005). A CSR practice in the form of responsibility to the community is a higher CSR category compared to other that of CSR categories (Kabir, 2011).

## CONCLUSION

Of the three five-star hotels in Denpasar City, only one has a special CSR department, while the other two hotels do not. Thus, the two hotels do not have special funds for CSR activities. Most of the CSR activities of the five-star hotels in Denpasar City are in the form of maintenance and donation activities. In addition, most (59%) of the CSR activities of the five-star hotels are perceived as low by the surrounding community. Eventually, this study is able to develop a CSR management strategy for the five-star hotels. In a scientific context, this study contributes to knowledge about CSR for the five-star hotels in the city. The strategy offered is in the form of support for Stakeholder Theory and Legitimacy Theory. By implementing these CSR strategies, the hotels will be more focused in fulfilling its obligations to stakeholders, especially to the surrounding community, in which the hotel is located.

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