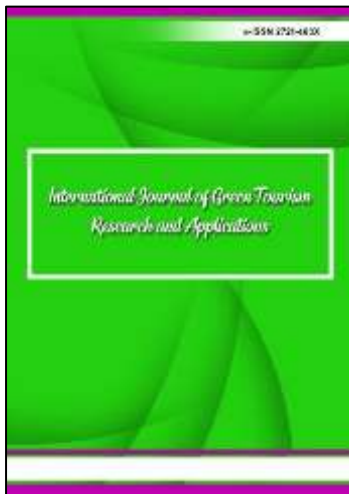


## Three-cluster policy in the implementation of corporate social responsibility at InterContinental Bali Resort

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### Abstract

**Purpose:** This research is to analyze the three-cluster policy in international, national, and local policy on corporate social responsibility (CSR) implementation at InterContinental Bali Resort.

**Research methods:** The research method used is descriptive qualitative with juridical-normative analysis techniques.

**Results and discussion:** The CSR implementation is related to three-cluster regulation analysis, as follows: do small things with great love, embrace the joy of giving, give a little, save a life!, green living!, and IHG earth week. The implementation of CSR has an impact on the sustainability of the company.

**Conclusion:** A company in carrying out its activities are not only on more financial factors such as profits or dividends but be based on social and environmental responsibility for the present and long term.

**Keywords:** hotel, three-cluster policy, corporate social responsibility, implementation

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### Introduction

Social and environmental responsibility which was first known in developed countries as corporate social responsibility has begun to be applied in several regulations in force in Indonesia, including Law No. 25 of 2007 concerning Investment and Law No. 40 of 2007 concerning Limited Liability Companies. Both of these Laws explicitly require that to implement a company that carries out the principles of good corporate governance or Good Governance must also care about the social and environmental interests in the company that carries out its duties and operations in the field of natural resources.

Social responsibility in its application in Indonesia itself is still very young. Law No. 40 of 2007 concerning Limited Liability Companies (Perseroan Terbatas/PT) explicitly requires the Company that carries out its business activities in the fields and/or related to natural resources to carry out corporate social responsibility. With a variety of interpretations of the concept of corporate social responsibility, at last, almost every company in Indonesia organizes corporate social responsibility with a variety of different variations and strategies. Unfortunately, very few companies in Indonesia can even be said that no one has placed corporate social responsibility in the governance paradigm.

It seems that the company is unfortunate if it just follows trends without understanding the essence and benefits of corporate social responsibility, hereinafter referred to as CSR. On the other hand, the application of CSR in a company should run following existing regulations, both international, national level up to the regulations in the company. If that happens, then the concept and a good system will not be well implemented, and in the end, it will just become jargon or mere anecdote. Therefore, the authors analyze the application of CSR in companies relating to the three levels of regulation both internationally, nationally, and within the company itself for a good implementation of CSR. Behaviour (action) is goal-oriented (goal-oriented behavior). That is, to meet their needs, a person must have a goal for his actions. The goal is a way to meet needs. Maslow's Hierarchy of Needs identifies five human needs based on the level of interest starting from the lowest, namely physiological needs (food, water, air, sex), the need for a sense of security and security (legal protection), needs Social (respected, friends, a sense of belonging), ego needs (status, self-confidence, price), and self-actualization (success, power).

Corporate social responsibility is a form of corporate responsibility for social care and environmental responsibility by not ignoring the ability of the company. The implementation of this obligation must pay attention to and respect the cultural traditions of the community around the location of the business activity (Roza, 2014). Meanwhile, CSR is a concept that the Company has a responsibility to consumers, employees, shareholders, the community, and the environment in all aspects of the company's operations. The implementation of CSR has an impact on the sustainability of the company (Angus-Leppan, 2010). A company in carrying out its activities must base its decisions not only on mere financial factors such as profits or dividends, but must also be based on social consequences in the environment for the present and long term.

Horrigan (2007) examines key aspects of the emergence across several jurisdictions of a distinctive body of comparative corporate law and regulation relating to corporate social responsibility (CSR). 1) The story of CSR in the 21st century is a story of progressive business sensitization to systems and dynamics of governance beyond government, regulation beyond the law, and responsiveness beyond responsibility. It is a story of a rapidly growing alignment across many individual businesses, industry sectors, and geopolitical regions between those systems and dynamics of governance, regulation, and responsibility, on one hand, and a company's business model, strategy, and impact, on the other. 2) Participants in various forms of organizationally and societally orientated regulation, and holders of shared, relational, and other forms of connected outward-looking and inward-looking responsibilities. 3) Both the developed and developing worlds are rapidly reaching the point where they must decide if today's global CSR movement is a passing social fad, a threat to economically efficient corporate capitalism, an intrinsic element of corporate responsibility, or even a key to humanity's long-term survival. CSR literacy is quickly becoming a primary imperative for a

variety of actors in a multiplicity of roles across the governmental, business, and community sectors nationally and internationally.

According to Almatrooshi, et al. (2018), corporate social responsibility (CSR) aims to explore the intermediary roles that public policies play in stimulating government agencies, businesses, and civil society to engage in a CSR agenda. The businesses and civil society confirm the importance of standardization and law enforcement public policy practices in issues related to CSR in developing countries. The endorsing style of public policies was the least important approach to encouraging CSR implementation in the UAE. The current definition of CSR - that postulates the engagement of a firm with stakeholders rather than shareholders alone - is derived from the stakeholder model of a firm, which was developed in the United States in the mid-1980s. Epistemologically, the stakeholder model of the firm and the current 'business case' for CSR are different. Meanwhile, According to Anatan (2009), this is mainly because the stakeholder model of the firm is rooted on the (deontological) assumption that the firm ought to engage stakeholders in the decision-making of the firm as they are likely to be affected by the firm activities whereas, the 'business case' for CSR is rooted on the (utilitarian) notion that shareholders will increase their financial interests by engaging in dialogue with other stakeholders of the firm.

Nowadays, CSR which is widely implied by many companies has evolved and metamorphosed in a fairly long period. This concept is not just born. There are several stages before the echoes are more pronounced. When the industry developed after the industrial revolution, most companies still focus themselves as organizations looking for both not-for-profit and for-profit entities have a reason to be socially responsible, whether they are local or global firms. The overarching fact is that consumers expect firms to be conscience of the social concerns of the community in which they operate and socially responsible to the various stakeholder groups they serve (Smith, 2011). The company considers that sufficient contribution to the community is provided in the form of providing employment, meeting the needs of the community through its products, and paying taxes to the state. Over time, society not only demands companies to provide the goods and services they need but also demands social responsibility. Because, in addition to economic inequality between business people and the surrounding community, the company's operational activities generally also have a negative impact, such as resource exploitation and environmental damage around the company's operations. That is what then underlies the emergence of the most primitive concept of CSR, which is a Charitable Charity (Wibisono, 2007).

The existence of tourism accommodation can certainly have a positive impact on local communities such as creating jobs, adding to people's insights on how the characteristics and skills of surrounding communities. Apart from the positive things above with the development of various tourism accommodations, there are also negative impacts caused such as changes in the value system in morals, ethics, trust and social relations in society, and the most important impact of environmental damage such as water, soil and air pollution caused by operational activities. Environmental pollution is a serious problem that must receive special attention from hotel business owners, the community, and related institutions (Hitchcock, et al, 2007).

Article 74 of Company Law requires companies that carry out their business activities in the field and/or related to natural resources are required to carry out CSR. In general, hotels interpret that there is no obligation to implement CSR until there are clear and legally binding CSR procedures and criteria according to Law No. 40 of 2007 concerning Limited Liability Companies. But in Law No. 10 of 2009 concerning Tourism (*Undang-Undang Kepariwisata*)

Article 26 requires tourism entrepreneurs to be responsible for maintaining a healthy, clean and beautiful environment and maintaining the preservation of the natural and cultural environment. Not only in the national law of Indonesia, in the local regulation low number 6 in 2013 regarding corporate social responsibility in Badung regency. In the article 1 part, 5 was stated Corporate social responsibility, hereinafter abbreviated as TJSP, is the obligation of every company to finance and/or facilitate Local Government Programs related to improving the quality of people's lives in the social, economic and natural environment based on the principles of equality and justice. The CSR regulation has also been stated from international, national until local policy in the company itself according to Secretariat of the Convention on Biological Diversity (2004) as Figure 1.

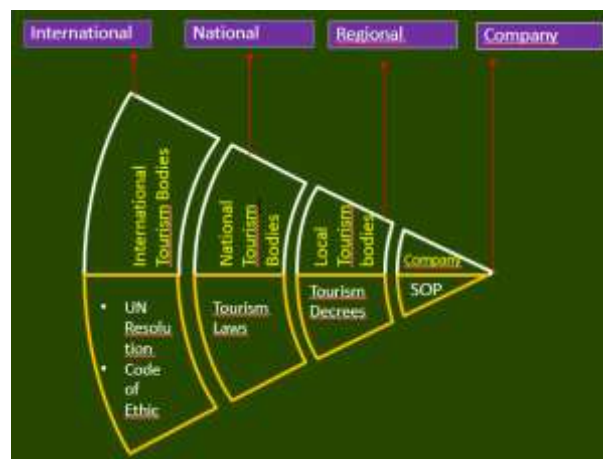


Figure 1. The Cluster Regulation  
(Source: Secretariat of the Convention on Biological Diversity, 2004)

Based on the description above, the implementation of the regulations on CSR does not clearly state whether hospitality companies are required to implement CSR itself. If it is mandatory, how to apply CSR if analyzed based on three-cluster regulations from International, National, and Local policy. For this reason, the writer should research more about the implementation of CSR programs at InterContinental Bali Resorts.

## Research methods

This research was done at InterContinental Bali Resort as the five star brand from InterContinental Hotels Group (IHG), located on Uluwatu Street, Number 45, Jimbaran, Bali, Badung Regency, Bali 80361. This resort hotel has been done Corporate social responsibility as responsible for the hotel to save the environment and keep the social culture around the hotel area.

The research method used is descriptive qualitative with juridical-normative analysis techniques. Research conducted based on legislation (Law in books) or the law is conceptualized as a rule or norm which is a benchmark of human behavior that is deemed appropriate. This legislation manages human behavior, as the boundary of any human activities and benchmark for the good characters from human behavior. Juridical research implies that in reviewing and analyzing problems secondary data is used in the field of law, which includes various kinds of legislation, scientific work, research results, and legal science literature. While Normative means to review and analyze the problem, the approach used is to analyze the law. Normative juridical research uses secondary data as primary data. Secondary data used in this paper is data obtained from available legal materials.

## Results and discussion

### *Do small things with great love*

InterContinental Bali Resort Produces Homemade Face Masks For A Safe and Healthy Environment. With a global shortage in face masks, InterContinental Bali Resort has created their own homemade cloth face masks sewn from upcycling the resort's linen. The resort has distributed these to the resort employees, their families, and the local community. These homemade face masks produced by the resort's skilled tailoring team under Housekeeping Department are made from upcycled linen and every day the team is committed to producing 40- 50 masks to make sure that we can distribute as many as possible. Radka Janotova, Area Director of Sales & Marketing says "My mask protects you, your mask protects me" is having a great success among the people. The masks our team has sewn can protect those who still need to interact with the public, especially our employees." This action is related to the three-cluster (international, national, and local) regulation. The homemade mask from InterContinental Bali Resort will be shown in Figure 2.



Figure 2. The homemade face mask from InterContinental Bali Resort  
(Source: bali.intercontinental.com, 2020)

The finding also emphasizes that the hotel not only tries to maintain a green environment, but this activity also in line with Horrigan (2007) idea on point two also stated on the introduction for the participants in various forms of organizationally and societally orientated regulation, and holders of shared, relational, and other forms of connected outward-looking and inward-looking responsibilities. This action to continue its solid commitment to any Sustainability and Social Responsibility activity which had been involved since a few years back including a donation to local orphanage, zero waste management program with Green School, supporting a local artist and home industries to showcase their products and many more.

This Do Small Things With Great Love is related to the local regulation low number 6 of 2013 regarding corporate social responsibility in Badung regency. In the article 1 part, 5 was stated Corporate social responsibility, hereinafter abbreviated as TJSP, is the obligation of every company to finance and/or facilitate Local Government Programs related to improving the quality of people's lives in the social, economic and natural environment based on the principles of equality and justice. This acts as the implementation of the improvement of the people's lives in society during the pandemic COVID-19.

### *Embrace the joy of giving*

The Festive Season is a good time to share and celebrate with your loved ones as well as its a good moment to give. In 2019, InterContinental Bali Resort has proudly highlighted the true meaning of the festive season by conducting a fundraising program as a continued contribution to the local communities, Widhya Asih Foundation and Panti Salam Orphanage that was intensely involving guests, hotel and its associates.

WidhyaAsih Bali Foundation is a non-profit organization established in 1975 by the Christian Protestant Church (GKPB). The foundation aims to support the unfortunate yet abandoned children who lived under poverty, whilst Panti Salam orphanage built-in 1979 is a home for more than 50 disadvantaged children, from ages 4 to 18 years old. This festive charity initiative was conducted from December 2019 through January 2020 where the resort bought collections of Indonesian Batik souvenirs that beautifully handcrafted by WidhyaAsih children such as Cooking gloves, Placemat, Teapot cover, Coaster and the guests were invited to purchase these pretty souvenirs for all guests to bring home and all the funds proceed to donate through Panti Salam Orphanage.

After two months, the funds were collected 14,3 million rupias, 8,3 million rupiahs in cash as donated by guests and employees, while 6 million in goods as contribution by the resort. The festive season is a season of sharing the joy with others. This year, we are grateful that we can continue to celebrate the true spirit of the festive season by sharing our happiness with those unfortunate children. This acts as the true implementation of the three-cluster regulation and the activity will be shown in Figure 3.



Figure 3. Embrace the Joy of Giving  
(Source: bali.intercontinental.com, 2020)

The finding also emphasizes that the hotel not only try sufficient contribution to the community is provided in the form of providing employment, meeting the needs of the community through its products, and paying taxes to the state, this activity also relate with Wibisono (2007) which is stated the company could to the social responsibility by doing the Charitable Charity. This also related to the local regulation low number 6 of 2013 regarding corporate social responsibility in Badung regency. In the article 1 part, 5 was stated Corporate social responsibility, hereinafter abbreviated as TJSP, is the obligation of every company to finance and/or facilitate Local Government Programs related to improving the quality of people's lives in the social, economic and natural environment based on the principles of



equality and justice. This acts as the implementation of local regulation to support social life to contribute to the local community.

### *Give a little, save a life*

InterContinental Bali Resort is actively conducting a social awareness initiative to give back to the local community by working closely with several appointed foundations and more on various projects. To support this initiative, the resort invites guests to participate in the 1 (One) Dollar Donation program where every USD 1 (one) per night guest contribution will be donated through the programs. Alternately, the resort offers guests an opportunity to donate privately to any of the above organizations if they wish. This has inline with the governor and the (international, national, and local) law and regulation to safe and helps others. These activities will be shown in Figure 4.



Figure 4. Give A Little, Save A Life  
(Source: [bali.intercontinental.com](http://bali.intercontinental.com), 2020)

The finding also emphasizes the responsibility to consumers, employees, shareholders, the community, and the environment in all aspects of the company's operations that inline with Angus-Leppan (2010). The implementation of CSR has an impact on the sustainability of the company. A company in carrying out its activities must base its decisions not only on mere financial factors such as profits or dividends, but must also be based on social consequences in the environment for the present and long term. This also related to the local regulation low number 6 of 2013 regarding corporate social responsibility in Badung regency. In the article 1 part, 5 was stated Corporate social responsibility, hereinafter abbreviated as TJSP, is the obligation of every company to finance and/or facilitate Local Government Programs related to improving the quality of people's lives in the social, economic and natural environment based on the principles of equality and justice. This acts as the implementation to keep the environment. This company conducts the turtle release to save the sea ecosystem especially for the turtle itself.

### *Green living*

InterContinental Bali Resort demonstrated its solid commitment to the environment through sustainable practices that conducted within the resort and its surrounding areas including Tree planting program, water recycling with STP system, waste management, and Eco-friendly amenities, to support the sustainable living. These actions are the answer for the statement from Hitchcock, et al (2007) related to the negative impacts caused such as changes in the value system in morals, ethics, trust and social relations in society, and the most important impact of environmental damage such as water, soil and air pollution caused

by operational activities. Environmental pollution is a serious problem that must receive special attention from hotel business owners, the community, and related institutions. The logo of the green engage will be shown in Figure 5.



Figure 5. Green Living  
(Source: bali.intercontinental.com, 2020)

The tree planting took place at the nearby mangrove forest. The mangrove restoration is the regeneration of mangrove forest ecosystems in areas where they have previously existed including boosting fish stocks and reviving the livelihoods. Create the water recycling system using the STP process to refine and transform the groundwater and pre-treated surface water by removing high levels of fine particles yet is also a very cost-effective water system for watering the gardens. Having produced plenty of waste from all restaurant kitchens, the resort supports the Green School by supplying the soil waste to the school for its bio solar energy system. To strengthen its commitment to support the green living, the resort has replacing the disposable hotel's amenities to be more eco-friendly and reusable including water bottles, straws, bathroom amenity kit, and many more. This green living has been in line with the international regulation for sustainable tourism and green living.

This green living action is related to the local regulation low number 6 of 2013 regarding corporate social responsibility in Badung regency. In the article 1 part, 5 was stated Corporate social responsibility, hereinafter abbreviated as TJSP, is the obligation of every company to finance and/or facilitate Local Government Programs related to improving the quality of people's lives in the social, economic and natural environment based on the principles of equality and justice. This acts as the implementation to keep the environment for social life sustainability.

### *IHG earth week*

Together with IHG Bali hotels, InterContinental Bali Resort cares about the environment through IHG Earth Week, an inspiring initiative conducted by IHG Global that aiming to enhance the environmental sustainability and gives back to Mother Nature, which was held throughout the week, from 21 through 28 April 2019. Numbers of activities were successfully executed including Beach cleaning, Uluwatu Temple cleaning, Resort Garden cleaning, and Smoking Prevention Education to the School. These activities are the implementation of the regulation (international, national, and local) in the company itself as Figure 6.





Figure 6. IHG Earth Week  
(Source: bali.intercontinental.com, 2020)

These findings are related to the Law No. 10 of 2009 concerning Tourism (Undang-Undang Kepariwisataaan) Article 26 requires tourism entrepreneurs to be responsible for maintaining a healthy, clean and beautiful environment and maintaining the preservation of the natural and cultural environment. This company aware of sustainable business, they should take more concern for environmental health, clean, and beauty. This action is related to the local regulation low number 6 of 2013 regarding corporate social responsibility in Badung regency. In the article 1 part, 5 was stated corporate social responsibility, hereinafter abbreviated as TJSP, is the obligation of every company to finance and/or facilitate Local Government Programs related to improving the quality of people's lives in the social, economic and natural environment based on the principles of equality and justice. This acts as the implementation to keep the environment for social life sustainability.

## Conclusion

Social and environmental responsibility which was first known in developed countries as Corporate social responsibility has begun to be applied in several regulations to care about the social and environmental interests in the company that carries out its duties and operations in the field of natural resources base on the Law No. 25 of 2007 concerning Investment and Law No. 40 of 2007 concerning Limited Liability Companies. CSR is a form of corporate responsibility for social care and environmental responsibility by not ignoring the ability of the company which is according to the Law No. 40 of 2007 concerning Limited Liability Companies (Perseroan Terbatas/PT) explicitly requires the Company that carries out its business activities in the fields and/or related to natural resources to carry out Corporate social responsibility. The implementation of this obligation must pay attention and respect the cultural traditions of the community around the location of the business activity. CSR is a concept that the company has a responsibility to consumers, employees, shareholders, the community, and the environment in all aspects of the company's operations according to the Law No. 10 of 2009 concerning Tourism (Undang-Undang Kepariwisataaan) Article 26 requires tourism entrepreneurs to be responsible for maintaining a healthy, clean and beautiful environment and maintaining the preservation of the natural and cultural environment. This implementation related to the three-cluster regulation analysis base on the Secretariat of the Convention on Biological Diversity (2004), as follows: do small things with great love, embrace the joy of giving, give a little, save a life!, green living!, and IHG earth week. The implementation of CSR has an impact on the sustainability of the company for the present and long term.

The results showed that corporate social responsibility had a significant effect on social welfare and nature protection. In this regard, anticipation, and optimism in doing CSR needs to be maintained because these two things can improve and maintain a sustainable business. Meanwhile, the attitude of pessimism and intimidation must be reduced because it can slow the harmony in greeting social life and maintain the sustainability of nature.

Based on the conclusions from the results of these studies suggestions may be made as follows:

1) For Tourism Department Students

The results show that CSR has a positive impact on social and environmental sustainability. In this connection, students can apply CSR when entering the workforce in their workplaces. Thus, there is a continuity from day to day to care for social-culture and the environment.

2) For Further Research

It is recommended to further researchers to examine the deeper relationship between CSR with international, national, and local regulation. So that every CSR activity by existing rules and can be implemented by every company.

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