

## RELEVANCE OF CORPORATE SOCIAL RESPONSIBILITY WITH TRI HITA KARANA

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### ABSTRACT

Tri Hita Karana is a Balinese culture that has been famous to the world. This article hopes to provide a view and open the insight that the concept of Tri Hita Karana, which turned out to have carried the idea of Corporate Social Responsibility, was only heard when entering the millennium era. The method used is a literature study method that uses secondary data in peeling and pulling the common thread of both existing concepts. There is a relevant relationship between the two images, where the idea of Balinese culture, which is a concept that pays attention to the relationship with God Almighty, the relationship with fellow humans, and the surrounding environment, is strongly related to napa described in Corporate Social Responsibility.

**Keywords:** Bali Culture, Tri Hita Karana, Corporate Social Responsibility.

### INTRODUCTION

In the face of dynamic environmental changes, a corporation must be ready and able to compete to maintain a sustainable business (Francisca & Malelak, 2020). Corporations' *profits* must be able to account for their financial performance in a transparent manner (Geraldine & Ottemoesoe, 2022). In addition to *profit*, the company is responsible for social and environmental concerns. As a good company, of course, it is not only *profit*. Several companies use the concept of CSR or *Corporate Social Responsibility*. *Corporate Social Responsibility* is a concept where companies are not only profit-oriented but also paying attention to community health and environmental preservation (Ginting, 2020).

Therefore, business management that pays attention to *profit*, *people*, and *the planet* can give a positive image to the company and is also able to provide opportunities for the company to be able to survive and be sustainable in the face of changing conditions and dynamic environment. According to (Budiarti & Raharjo, 2014), there are two foundations related to *Corporate Social Responsibility*, namely business ethics, which can be based on culture, religion, or other good ethics) and the social dimensions of these business activities. The implementation of *Corporate Social Responsibility* depends on the conditions in which the company is located.

Tri Hita Karana is one of the Balinese cultures concepts which pays attention to the relationship with God Almighty, relationships with fellow humans, and the surrounding environment. Balinese culture does not only pay attention to the welfare of humans or the community but also pays attention to their relationship with God and the local environment. The concept of Tri Hita Karana culture is a reference for Balinese people. It is also a reference to interacting with Hindu communities in various regions.

In conducting business, companies carried out by the Balinese people pay attention to the concept of Tri Hita Karana. Likewise, the management of Balinese businesses in obtaining *profit* pays attention to the relationship between accountability to God, humans, and the environment. Therefore, this study will discuss the relevance of *corporate social responsibility* to Tri Hita Karana. The hope is that understanding how *corporate responsibility's* relevance to the concept of Balinese culture Tri Hita Karana will provide understanding and recognition that the company has managed its organization well and can be socially accountable for its organizational performance. The impact obtained is that implementing the concept of *Corporate Social Responsibility* can be implemented as expected to balance shareholders and stakeholders.

## RELEVANT RESEARCH

Research conducted by (Wulandari et al., 2020) explains that the Samsung company is one of the companies that use the concept of CSR in the field of Education, one of which is developing the "Samsung Learning House" program, which focuses on high school students who has an affluent socio-economic family background. Therefore, CSR is a concept of corporate social responsibility that can positively impact the company's social, economic, and environmental aspects. At the same time, the research conducted by Pranoto & Yusuf (2016) explains CSR in its implementation at PT. Pertamina EP, an international industrial company that measures CSR programs related to the efficiency of execution, response, and community participation.

Research by (Marnelly, 2012) is related to Indonesia's many social and community problems. A company program with profit, social, and environmental responsibilities is needed so that the CSR program implementation in Indonesia is carried out based on the indispensable needs communicated with the company. Society and government as well as academia. The same study on CSR (Budiarti & Raharjo, 2014) explains that *Corporate Social Responsibility* is one of the company's responsibilities or part of *Corporate Responsibility*. Even though the company is not explained in the rules, the company must be able to carry out the CSR concept. Meanwhile (Ernawan, 2016) emphasizes that CSR is a social responsibility and is related to ethics in building a long-term company. There needs to be a collaborative role between entrepreneurs, the government, and the community.

Research by Gallego-Álvarez et al., (2011) studied the relationship between *Corporate Social Responsibility* and Innovation from a theoretical perspective. The relationship between CSR and innovation is accepted, especially when the influence of CSR practices on innovation is considered. However, not enough empirical studies have been made on this relationship and even fewer have been done on the opposite effect, namely from innovation to CSR practices. In this article, it is explained that based on the sample formed by companies with investment in R&D for the period 2003-2007 referring to international companies, a two-way model is defined, one model in which: innovation realized by companies is a function of CSR practices, sector of activity, size and corporate risk, and other models in which CSR practices are a function of innovation, sector of activity, firm size, and risk. There are two estimated dependency models. The first model analyzes the effect of CSR on innovation and is based on linear regression. The second model is devoted to examining the opposite direction of the proposed two-way relationship (effect of CSR innovation) and is examined by logistic regression due to the dichotomous nature of the dependent variable.

The findings explain that the results of the two models showed a negative two-way relationship between the two strategic decisions. However, the effect of sustainable practices by companies listed on the Dow Jones Sustainability Index on innovative endeavors is less statistically significant. It also found that this type of investment takes three years to demonstrate added value in CSR practices. The relationship between innovation and corporate social responsibility practices is different across sectors. In this article, empirical evidence shows that, in general, companies do not implement innovations related to the topic of sustainability. At the same time, there is a mismatch between investment in R&D and the drive for sustainable behavior of companies. Therefore, there is a negative *Corporate Social Responsibility* and *Innovation*, and the relationship between innovation and corporate social responsibility practices is not the same in various sectors.

A study by Rani (2021) regarding the implementation of CSR reporting with the Sustainability Report in the case study of PT. Holcim Indonesia Tbk was done by comparing CSR reports with GRI standards. PT Holcim has done its implementation in the long term, which is beneficial for the environment and society. Research by Disemadi & Prananingtyas (2020) explains that the concept of CSR in private companies and BUMN in Indonesia already has legal legitimacy. One of the policy programs is carried out through free education programs, business development training in the local area, and recruitment of local workers. Research by Arfamaini (2016) describes that the CSR process known as the *Triple Bottom Line* contains *Profit, People, and Planet*, and reporting on its implementation is called a sustainability report. It uses the *Global Reporting Initiative (GRI)* standard, namely the management approach and its implementation and strategies and profiles. This report, apart from informing the implementation of the company's CSR program, can also introduce the company's strategy and profile and provide other positive benefits for the company. This disclosure was also conveyed in the same

study by Sari (2014), namely CSR disclosure in the company's sustainability report, namely case studies of coal and tin mining companies that have reported according to GRI standards. The company have a responsible for a society and sustainable business (Geraldine & Ottemoesoe, 2022).

The implementation of the CSR concept is related to the concept based on culture. Research related to Tri Hita Karana conducted by Lilik (2019) explains the essence of Tri Hita Karana, namely parhyangan, pawongan and palemahan in Hindu religious education perspectives. Tri Hita Karana that are always grateful and sincere for what has been obtained, always fosters a sense of love in social life, and always takes care of the surrounding natural environment so that a harmonious relationship can create happiness. Research related to Tri Hita Karana, according to Subagia et al. (2016), related to the implementation of natural law in Balinese customs, Bedeng Village, in understanding public perceptions of the Tri Hita Karana concept, 53.9% have understood the implementation of the Tri Hita Karana concept.

## METHODOLOGY

This research is a theoretical review that uses a literature review as a design to draw the relevant thread of a condition. In the context of this research, the literature review is used to explore the Tri Hita Karana Culture with the theory of Corporate Social Responsibilities (CSR).

The data is taken by documentation, using data that has been published in journal articles and various books related to the theory of *Corporate Social Responsibility* (CSR) and the Balinese Culture of Tri Hita Karana. Through this article, it is hoped that it can provide insight into that the concept of Tri Hita Karana, which UNESCO has designated as a world cultural heritage, has carried the concept of CSR, which will only be heard when it enters the millennium era.

## Discussion

### *The concept of Corporate Social Responsibility*

*Corporate Social Responsibility* is a concept in which companies integrate economic, social, and environmental concerns into their business operations and interactions with interested parties. Another term is a continuous commitment to behave ethically and can contribute to economic development.

The objectives of the *Corporate Social Responsibility* are:

- 1) Can provide added value to the company
- 2) Increase business stability
- 3) Improve reputation

CSR into three focuses, known as the *triple bottom line: profit, planet, and people*.

- 1) *Profit*, namely, the company must remain oriented to seek profit
- 2) *People*, namely the company, must have a concern for the welfare of the people of the
- 3) *planet*; namely, the company cares about the environment and the preservation of biodiversity.



**Figure 1.** Triple Bottom Line

Source: *google.com secondary data. triple bottom line*

A good company must be able to pursue profit (*profit*) (Francisca & Malelak, 2020), have a concern for environmental conservation (*planet*), and strive to improve the welfare of the community (*people*). CSR practices are *responsive* and must be strategic, which impacts business and society. According to Porter and Kramer (2006), the concept of CSR continues to evolve from conventional to integrated and strategic CSR (building competitive advantage). The concept of CSR becomes CSV (*Creating Shared Value*). CSV is a new policy or procedure that allows a company to maximize its revenue while offering additional benefits to local communities. Several corporations have implemented CSV, one of which is the *Samsung Technology Institute*.

The application of CSV in corporations has several levels, namely:

- 1) Looking back at needs, products, and consumers by designing products and services to meet social requirements
- 2) Define productivity in the value chain by changing practices in the company's value chain to increase productivity
- 3) Enabling cluster development locally through improving existing skills.



**Figure 2.** Creating Shared Value

### Tri Hita Karana Concept

Tri Hita Karana is a Balinese Hindu cultural philosophy where Tri means three, Hita is happiness, and Karana is the cause. Tri Hita Karana, which comes from Sanskrit, has three reasons for happy humans in this world. Therefore, Tri Hita Karana has a comprehensive philosophical meaning. Tri Hita Karana understands that to be happy and peaceful, one must have a harmonious relationship with God Almighty, fellow humans, and their natural environment.

To be more specific, the three terms are *parhyangan*, *pawongan* and *palemahan*.

- 1) *Parhyangan*, is one of the concepts of Tri Hita because of the harmonious relationship between humans and God Almighty. This harmonious relationship can be realized by our various attitudes and behaviors always to do good and right in accordance with the teachings of God's goodness.
- 2) *Pawongan*, is one of the concepts of Tri Hita because of harmonious relationships with fellow humans. This harmonious relationship can be realized by maintaining mutual tolerance, respecting each other, and doing well with fellow human beings.
- 3) *Palemahan*, is one of the concepts of Tri Hita because of a harmonious relationship with the natural environment. This harmonious relationship can be realized by always maintaining the cleanliness of the surrounding environment and caring for the surrounding environment.

The concept of Tri Hita Karana is the basis for the Balinese cultural life view of the Hindu community in carrying out their interactions, including in managing community business which refers to the concept of Tri Hita Karana. In executing a business from the Parhyangan concept, the Hindu community always pays attention to their responsibility to God and maintains harmonious relationships with fellow humans, employees, and stakeholders who also pay attention to environmental and social concerns.

## Relevance of Corporate Social Responsibility with Tri Hita Karana

Business management needs to pay attention to several concepts and approaches in a dynamic changing environment. Based on the understanding of the concept of *Corporate Social Responsibility* and the concept of Tri Hita Karana, the relevance of these two concepts is very close and a reciprocal relationship that influences each other.

Here are some CSR theories and their approaches.

**Table 1.** Corporate Social Responsibility Theories and Related Approaches

Theory	Approach	Description
1. <b>Instrumental theories</b> (focused on achieving economic goals through social activities)	1. Maximizing shareholder's value	Maximizing long term value
	2. Strategy for competitive advantage	Social investment in a competitive context Strategy based on the natural resource view of the firm and the dynamics of the firm's capabilities
	3. Caused-related marketing	Strategy from the bottom of the economic pyramid Recognition of altruistic social activity being used as a marketing tool
2. <b>Political theories</b> (focused on the responsible use of business power in the political arena)	1. Corporate constitutionalism	Business social responsibility arises from a number of social forces that they have
	2. Integrative social contract theories	The assumption is that there is a social contract between the company and the community
	3. Corporate (or business) citizenship	The company is understood as a citizen with a certain involvement in the community
3. <b>Integrative theories</b> (focused on the integration of social demands)	1. Issues management	Company processes respond to social and political issues that affect it
	2. Public responsibility	Law and the existence of a public policy process are taken as a reference for social performance
	3. Stakeholder management	Balance of stakeholders
	4. Corporate social performance	Seeking social legitimacy and processes for responding appropriately to social issues
4. <b>Ethical theories</b> (focused on something good to achieve a good society)	1. Stakeholder normative theories	Consideration of the mortgaged duties of the company. The application requires reference to a number of moral theories.
	2. Universal human rights	The framework is based on human rights, labor rights and environmental respect
	3. Sustainable development	Efforts to achieve human development based on considerations of present and future generations
	4. The common good	Oriented to the good habits of the community

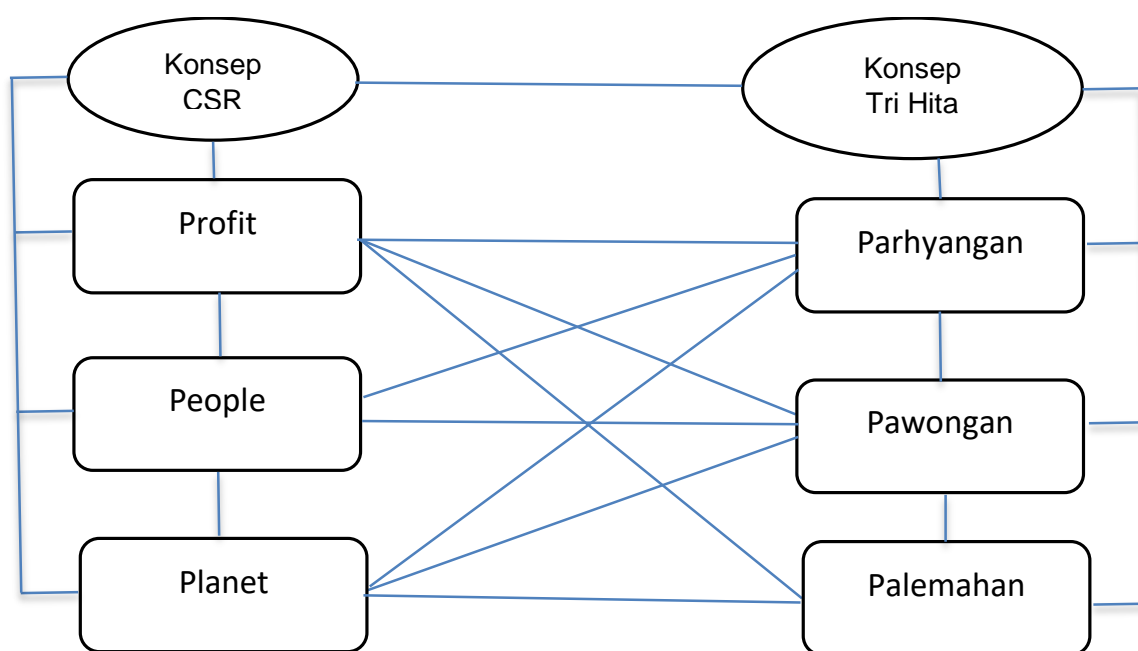
Source: secondary data (Budiarti & Raharjo, 2014)

Table 1 explains four theories: instrumental theory, political theory, integration theory, and ethical theory. The four theories have different approaches: first, the instrumental theory focuses on achieving economic goals through social activities. Second, the political theory focuses on the responsible use of business power in the political arena. Third, integration theory focuses on the integration of social demands. Finally, an ethical theory focuses on something good to achieve something better in society. Therefore, each theory with a different focus approach and strategy.

Based on the understanding of the concept of CSR and the concept of Tri Hita Karana, then:

- 1) *Profit* has a very close relationship with the concept of Tri Hita Karana concerning the relationship to God, Humans, and the natural environment. The management of a profit-oriented company organization must be able to manage its organization by maintaining honesty, the proper process as a moral responsibility of our faith in God Almighty, able to handle the management of its employees or maintain harmonious relationships with employees, investors, and interested parties, and be able to pay attention to and use the natural environment. The company can obtain profits as expected, and of course, the profits obtained will be accountable both morally and transparently to all parties involved. This relationship will have a reciprocal effect. A harmonious relationship will undoubtedly support the company's profit gain provide support for the harmonious relationship.
- 2) *People* have a very close relationship with the concept of Tri Hita Karana with fellow human beings. Therefore, companies must pay attention to the welfare of their people in line with the concept of Tri Hita Karana, namely being able to maintain harmony with fellow humans so that harmony is maintained and able to provide welfare to the surrounding community. Companies must be able to provide community welfare as a form of responsibility also to God that we can be responsible for His creation (humans are God's creations). Besides, humans are social creatures who cannot live alone. Therefore, the concept of people and the concept of pawongan will also affect the acquisition of profit.
- 3) *Planets* have a very close relationship with the concept of tri hita karana with the natural environment. Companies must be able to pay attention to the natural environment, risks, impacts, and their respect for *people* and *profit*. The company's responsibility to the surrounding natural environment and the preservation of biodiversity is also a form of moral responsibility to God as a form of our gratitude so that by maintaining this preservation will undoubtedly be able to create harmony, peace, and environmental security. But, of course, when you can maintain harmony with the surrounding natural environment, it will support profits and the convenience of social activities.

Based on the explanation of the relevance can be described in Figure 1 below.



**Figure 1.** Relevance of the CSR concept with the Tri Hita Karana concept

## CONCLUSIONS AND RECOMMENDATIONS

A good company must be able to manage its organization well. One of the concepts of a company is said to be good when managing its organization with the concept of CSR in financial management. *Corporate Social Responsibility* is a corporate social responsibility carried out by companies based on care and responsibility to lead to appreciation and public trust in the company and its products. Several CSR theories have a different focus and approach according to the conditions and place of the company.

CSR, known as the *Triple Bottom Line*, namely *Profit, People, and Planet*, is business ethics based on culture. Tri Hita Karana (*Parhyangan, Pawongan and Palemahan*) is one of the concepts of Balinese culture, namely a concept that pays attention to the relationship with God Almighty, relationships with fellow humans, and the surrounding environment. Therefore, there is a relevance related to the concept of CSR with the concept of Tri Hita Karana. By paying attention to the relevance of the Tri Hita Karana concept, it is hoped that the company can manage its organization better, provide a positive image of the company, and maintain company stability and other positive values. Furthermore, the harmony created by the relationship with God Almighty, fellow human beings, and the surrounding natural environment will provide *profits* according to the company's expectations, creating harmony in human social activities and the environment.

The implementation of CSR programs in companies requires the role of cooperation between companies, the government, and the community. Therefore, companies should carry out corporate responsibility following the *Global Reporting Initiative* in reporting to provide positive benefits to companies that not only have an impact on *profits*. In addition, the Global Reporting Initiative reporting can also provide information to the public regarding the company's profile, strategy, and implementation and provide other positive benefits.

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