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Spirituality and corporate social responsibility: an empirical narrative from the Balinese tourism industry

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ABSTRACT
The emerging body of knowledge has indicated the positive relationship between spirituality and corporate social responsibility (CSR), yet our understanding of how spirituality can play a role in CSR in general, and in tourism in particular, remains limited. This research takes a qualitative case study approach to the role of spirituality-inspired CSR by providing an empirical investigation of tourism businesses in Bali, Indonesia, where the Hindu based Tri Hita Karana philosophy drives its cultural identity. A total of 20 qualitative interviews and two focus groups were conducted with Bali tourism stakeholders including businesses, government, community and NGOs. The findings show that spirituality plays an important role in CSR in Balinese tourism in three dimensions, namely (1) as a key element of the broader social and cultural context to create a conducive external environment for CSR; (2) as a CSR driver to inspire business leaders; and (3) as a complement to CSR governance, though with limitations. This research contributes to the literature by providing an empirical narrative that demonstrates strong multi-layered links between spirituality and CSR and the implications for tourism destinations in spirituality-oriented cultures.

Introduction
There is increasing interest in addressing spirituality in management literature and incorporating it into practice. A substantial weight of this work has focused on spirituality in the workplace (Fernando & Jackson, 2006; Howard & Welbourn, 2004; Moreton, 2011; Sheep, 2006), or spirituality and leadership (Dent, Higgins, & Wharff, 2005; Fernando, Beale, & Geroy, 2009; Fry, 2005; Fry, 2003; Pruzan, 2015; Ungvári-Zrínyi, 2014; Verstraeten, 2008). Management scholars have also explored the role of spirituality in corporate social responsibility (CSR) to a limited extent, again mainly from a spiritual leadership and workplace spirituality perspective (e.g. Bubna-Litic, 2009; Fry, 2005; Lips-Wiersma and Nilakant, 2008; Pruzan, 2008), or in the context of a particular religion, such as Hindu (Mehta & Tailor, 2016; Muniapan & Satpathy, 2013; Pereira & Patel, 2014) Buddhism (Kovács & Dhammasami, 2011), Christianity (Low & Ang, 2013; Hui, 2008; Rumambi, Triyuwono, Irianto, & Djamhuri, 2014), and Islam (Mir & Sair, 2014). The link between spirituality and CSR may seem intrinsic as spiritual values can shape one’s view of the environment and society (Rozuel, 2013). However, for a long time, such a link has merely been assumed as there...
has been very little empirical research to support the idea that spirituality, extending beyond ethics and religion, may contribute to translating one’s beliefs into CSR practices. While the existing literature on spirituality and CSR has pointed out the need for a “neoliberal to spirituality” paradigm shift, few studies to date have provided an explicit and direct exploration of the links between spirituality and CSR (Rozuel, 2013). Similarly, there is little observation on this issue from a tourism perspective.

The definition of spirituality remains diverse in the literature, and here, in our context, we refer to Elkins et al. (1988, p. 6) who define spirituality as:

“a way of being and experiencing that comes about through awareness of a transcendent dimension and that is characterized by certain identifiable values in regard to self, others, nature, life, and whatever one considers to be Ultimate”

Extending beyond ethics as well as religion, spirituality offers “a more open perspective to seek meaning in oneself, one’s life, and one’s work” (Rozuel, 2013, p. 685). By “highlighting the interrelatedness of all living forms” (Rozuel, 2013, p. 685), spirituality has potential to redefine moral expectations and thus the CSR agenda (Rozuel, 2013).

There is increasing evidence that spirituality can be an important motivational factor in the implementation of CSR, both in the developing and the developed world (e.g. Pruzan, 2008; Sharma, Agarwal, & Ketola, 2009). It is also well documented how CSR norms and practices adapt to the individual business-government-society relations of a destination as companies strive to earn their culture-specific “social license to trade” (Kasim, 2007; Moon & Vogel, 2008). Yet despite evidence of motivational differences and the importance of CSR in developing countries, the body of literature on CSR is dominated by Western philosophies, while our understanding of spirituality and CSR in the tourism field remains limited. Weaver and Jin (2016) recently paved the way by investigating the role of compassion as a motivator for sustainable tourism but there remains a significant gap in the literature on understanding spirituality-inspired CSR in tourism and the implications for destinations overall.

This paper addresses this knowledge gap by providing an empirical narrative of the relationship between spirituality and CSR in Bali and the implications this has at the destination level. In Section 2, the literature related to spirituality and CSR is reviewed, followed by an outline of the theoretical framework and research methods in Section 3. The key research results are presented in Section 4 under the headings of the major themes identified in the analysis and the paper concludes in Section 5 with a discussion of the results and their implications for sustainable tourism in the destination.

Literature review

The theoretical construction of CSR practices

There is a great variety of theories and approaches to CSR practices; however, three theories in particular are considered mainstream within the CSR literature: legitimacy theory, stakeholder theory, and institutional theory (Fernando & Lawrence, 2014). Legitimacy theory asserts the existence of a social contract between the organization and society (Deegan, 2006), while stakeholder theory emphasizes the importance of maintaining relationships with various stakeholders to achieve organizational goals (Fernando & Lawrence, 2014). Eight influential stakeholder groups in this context include: investors, employees, customers, suppliers, creditors, government, environmental representatives and local communities (Gangone & Gâncescu, 2014). Finally, institutional theory outlines how organizations adopt CSR practices to conform to norms established by society (Fernando & Lawrence, 2014).

However, in the light of the evolving meaning of CSR and constant new developments in the field, several studies have looked at ways to classify and categorize the numerous multi-disciplinary
approaches to CSR. Secchi (2007), proposes a categorization of CSR concepts and theories under the umbrella of utilitarian theory, managerial theory and relational theory. Utilitarian theory, synonymous with instrumental theory, focuses on the corporation as an instrument for wealth maximization (Garriga & Melé, 2004; Ismail, 2009; Jensen, 2002) while the corporation itself is the “black box” where problems of externalities and social costs emerge (Secchi, 2007). Managerial theory is organizational-oriented and uses corporate social performance (CSP), social accountability, auditing and reporting (SAAR), and social disclosure for measuring CSR cost and impact (Secchi, 2007). Finally, relational theory stems from the belief that a firm has an interconnected relationship with society (Secchi, 2007). Ismail (2009) further categorized relational theory into four groups: society and business, stakeholder theory, corporate citizenship, and social contract (Ismail, 2009). Looking at the social contract specifically from a tourism perspective, Williams, Gill, and Ponsford (2007) for instance view CSR as the implicit contract between society and the firm for long-term benefits in response to societal needs and wants.

The CSR literature has also extensively reported on CSR drivers and motives, with dominant theories focusing on both external and internal drivers for companies to adopt CSR practices (Aguinis & Glavas, 2012; Coles, Fenclova & Dinan, 2013). These have included the stakeholder approach (Brower & Mahajan, 2013), the institutional approach (Campbell, 2006; Schneper et al., 2015; Waddock, 2008), and the leadership approach (Swanson, 2008). Brown and Knudsen (2015) found that market pressure is the most dominant driver in determining content of CSR initiatives in Denmark and in the United Kingdom. Similarly, Ghasemi and Nejati (2013) depicted the key CSR drivers in Iran including branding, profitability, community welfare, quality improvement, customer retention and environmental conservation.

Studies have also looked at potential differences between the drivers and motives of CSR in developed countries compared to those of emerging economies, such as China (Zhu & Zhang, 2015) and India (Dhanesh, 2015). Both studies show that while China and India as developing countries do share some similar CSR drivers with the developed world, they are also heavily influenced by their specific sociocultural and political contexts. In China, normative drivers influence most of the CSR initiatives while competitive drivers only motivate CSR practices related to customer issues (Zhu & Zhang, 2015). Similarly, Dhanesh found that CSR in India tends to be centered on the moralistic perspective, although both moralistic and strategic perspectives coexist as drivers (Dhanesh, 2015). Dhanesh further discussed that such a mix of CSR imperatives can be explained with the ancient Indian concept of dharma, which is based on a sense of duty (Dhanesh, 2015). To sum up, the CSR drivers for organizations can be seen in Table 1.

### Spirituality and CSR

Rozuel (2013) developed an integrated model of spirituality and CSR to demonstrate the links between the two (Figure 1). Within such a spirituality paradigm, spiritual leaders embrace their personal and organizational responsibility with the utmost integrity, driving an organization to adopt a holistic perspective on its responsibilities to its stakeholders and more broadly within the cosmological order (Rozuel, 2013). In this way, individual awareness of self contributes to

<table>
<thead>
<tr>
<th>Economic drivers</th>
<th>Social drivers</th>
<th>Political drivers</th>
<th>Moral drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company image/reputation</td>
<td>Pressure from NGO</td>
<td>Improved standing with government</td>
<td>Spirituality</td>
</tr>
<tr>
<td>Improved risk management</td>
<td>License to operate</td>
<td>Legal, regulatory drivers, Political pressure</td>
<td>Religion</td>
</tr>
<tr>
<td>Competitive advantage</td>
<td>Pressure from local communities</td>
<td>License to operate</td>
<td>Cultural tradition</td>
</tr>
<tr>
<td>Pressure from business partners</td>
<td>Research</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pressure from consumers</td>
<td>Community welfare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Mazurkiewicz, 2004, p. 8.
and benefits from spirituality at work, which in turn informs and evolves with a holistic approach to CSR (Rozuel, 2013). Spiritual and CSR practices are influenced by external and organizational environments, and, at the same time, can help the organization to change the prevailing values in the economy and society (Rozuel, 2013). Based on this framework, Rozuel further emphasizes the need for a paradigm shift.

Unlike Rozuel, who explicitly conceptualized spirituality in relation to CSR distinct from religion, other researchers examined the links between spirituality and CSR from a religious perspective. Muniapan and Satpathy (2013) argue that religion and spirituality play an important role in the development of human values and behavior, which has a great influence on business practices. Rumambi et al. (2014) explain from a Christian perspective that corporate managers have a responsibility to act positively as a manifestation of man’s love for God, other humans, and the environment. MacLeod (2011) argues that Christians have long been involved in influencing the corporation and its impact on the ethos of CSR. According to Mir and Sair (2014), different religions have different notions for encouraging CSR activities. For example, in Hinduism and Buddhism, CSR is seen as a voluntary activity, while Christianity considers it to be obligatory (although there is no punishment for lack of implementation). It is argued that Islam has a more firm, forceful and clear stance regarding CSR activities; as one of the founding pillars of Islam (Zakat) specifically instructs the giving of a set proportion of one’s wealth to charity (Mir & Sair, 2014).

White (2008) uses four countries with very different traditions (China, India, South Africa, and Brazil) to explain how culture and spirituality affect business behavior. He argues that “without recognizing the influence of culture and spiritual traditions, company leaders may face unwelcome surprises that could jeopardize consumer and investor confidence in a company’s management acumen” (White, 2008, pp. 13–14). Similarly, Habisch and Bachmann (2016) argue that cultural traditions that are interpreted in the right way will transform the organizational culture and unleash a spirit of innovation in the company. They also argue that metaphorical texts from spiritual traditions can empower business practices in very different areas of management. Zsolnai (2015) contends that business ethics needs a spiritual foundation because spirituality linked with a strong social and public good character relates to the practice of value-driven leadership with a deep sense of social responsibility, while Hui (2008) argues that faith-based CSR is
inherently beneficial to the company and their stakeholders. Siswanto (2013) adds spiritual aspects into Elkington’s three Ps (Profit, People and Planet) triple bottom line theory. He argues that CSR implementation gives religious spirit to the company to achieve a market leader position.

More studies have recently emerged with a focus on developing countries. Jamali and Sdiani (2013) provide an empirical insight into the Lebanese context to examine how different types of religiosity affect individuals’ views of CSR. Bera and colleagues take a more explicit approach to spirituality, which they highlight as distinct to religion, in an Indian context (Bera, Behera, Patnaik & Chatterjee, 2015). Similarly, Siswanto (2013) examines how CSR is integrated into religious values and spirituality in the Hindu context in Indonesia. By bringing out the relation between spirituality, altruism and generosity, Bera et al. (2014) and Siswanto (2013) suggest that spirituality can play a vital role in CSR practices.

There is, however, little research on how spirituality can play a role in CSR governance in a developing country where spirituality and its associated values, beliefs and traditions contribute to key elements of the community. Questions such as how spirituality works with other international CSR standards in the local context of developing countries also remain less explored. Although previous studies addressed the issues of CSR governance at a macro level (Aras & Crowther, 2008; De Graaf & Stoelhorst, 2009; Mason & Simmons, 2014) and the organizational level (Lock & Seele, 2016), CSR governance at a tourism destination level is under researched. This is an important gap as destinations are made up of many different elements (such as attractions, access, marketing, human resources, image and pricing) and their management can involve many different entities including local and regional governments, NGOs, community representatives and chambers of commerce.

Research methods

Theoretical approach

Our paper focuses on CSR in a lesser developed country using Bali, Indonesia as a case study. Industrialized countries often have good data on motivations and drivers of CSR in their respective locations. This is generally not the case for developing countries, where data may be non-existent, unreliable and/or difficult to obtain. Furthermore, as the recent studies on CSR in developing countries have started to show us, lesser developed countries may have a very different rationale for focusing on CSR. Visser (2008, p. 474), for example, highlights that:

- Developing countries represent the most rapidly expanding economies, and hence the most lucrative growth markets for business;
- Developing countries are where the social and environmental crises are usually most acutely felt in the world;
- Developing countries are where globalization, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative);
- Developing countries present a distinctive set of CSR agenda challenges which are collectively quite different to those faced in the developed world.

Visser also argued that “there is ample evidence that CSR in developing countries draws strongly on deep-rooted Indigenous cultural traditions of philanthropy, business ethics, and community embeddedness” (2008, p. 481). However, this should not be interpreted as a clear dichotomy between developed and developing countries. Some developing countries of course share the “industrialized” rationale for CSR, while in the developed world motivations such as altruism, religion and spirituality may also be important drivers (Pruzan, 2008), particularly in small and medium sized enterprises (SMEs). It is also important to note the globalized nature of tourism
with many tourism businesses in the lesser-developed world owned by foreign companies or at least managed by foreigners.

To address the knowledge gaps that we identified in the literature review section, our paper extends the enquiry to how spirituality plays a role in CSR adoption, implementation and governance in the context of a tourism destination where spirituality is one of the key drivers shaping social norms. For this purpose we selected Bali as a case study and the research was guided by the following research questions to provide the situation analysis for the case study and explore the links and implications of spirituality and CSR in Bali’s tourism system:

Q1: To what extent does spirituality contribute to the broad social and cultural context that provides a conducive external environment for CSR practices? (e.g. Values associated with spirituality become part of social norms)?
Q2: How does spirituality inspire tourism businesses to develop and implement CSRs? (E.g. business leaders initiate CSRs inspired by spirituality)?
Q3: What roles does spirituality play in CSR governance? (CSR engagement, disclosure, etc.)?
Q4: Based on the above observations, what are the implications for better CSR practices in tourism destinations where spirituality is an essential element of the community?

The study area: Bali

Bali in Indonesia is a popular small island tourism destination where cultural identity is driven by the Hindu-based Tri Hita Karana (THK) philosophy. THK translates as the “three causes of well-being” and centers on the belief that prosperity will only be achieved through a harmonious relationship between human beings and the natural environment (Palemahan); the relationships among human beings themselves (Pawongan); and the relationship between human beings and God (Parahyangan). Bali’s THK Hindu culture is unique and its location in the geographical heart of the country with the largest Muslim population on earth further strengthens the importance of its identity. Previous empirical work in Bali had shown a strong influence of THK on destination strategy and the importance of CSR for the realization of the destination’s strategic goals (Ministry of Tourism & Creative Economy, 2013; Law, DeLacy, Lipman, & Jiang, 2016; Law, DeLacy, & McGrath, 2017). Building on these findings, the research was expanded in the form of a qualitative case study with tourism stakeholders to focus on the role of spirituality-inspired CSR in Bali and its implications at the destination level.

Data collection, analysis and methods

This study was conducted in a qualitative research approach in two stages. The data for stage one was initially collected for a project that explored community adaptive capacity to climate change in Bali and it was during this investigation, that the theme of spirituality emerged as key driver of adaptive capacity and its links with CSR. Based on these findings and a review of the literature in the context of spirituality, it was decided that an additional investigation was warranted to explore the links between spirituality and CSR further and at the destination level – particularly for those destinations where spirituality is an important cultural element.

Stage one was conducted between August and October 2014 and involved semistructured interviews and a focus group with tourism stakeholders such as tourism businesses, government officials, community leaders, and NGOs. The focus group took place in Pemuteran village (North Bali) and the interviews were conducted in various locations across Bali. A purposive sampling technique was used to identify the key informants. In purposive sampling, respondents are not selected as a representative of a larger population but for their capacity to give rich information regarding the topic being researched (Sirakaya-Turk, 2011). As outlined above, the main purpose
of the interviews and the first focus group was to identify CSR initiatives employed by tourism businesses in Bali and how they contributed to building community adaptive capacity to climate change. The critical outcome of the research was that spirituality was a strong inspiration for Balinese tourism business to engage in CSR, and the rich data set provided an opportunity to explore the links between the two. To ensure consistency, the complete raw data set was re-analyzed together with the data from the second phase using the analytical framework described in this paper.

The second phase of the research built on these preliminary findings and took place in Denpasar (South Bali) in June 2016. A focus group was conducted to explore with tourism stakeholders and experts the implications that CSR by tourism businesses has at the destination level, once again using a purposive sampling strategy to recruit participants. The interviews in this round were aimed at very busy tourism managers and were therefore kept short and structured, with the aim to explore the links of spirituality and CSR. There were four main questions asked during the second phase interviews: (1) How does your belief (such as THK Philosophy, etc.) influence you in regards to the implementation of CSR? (2) What type of CSR activities do you implement because of your belief? (3) How do you think spiritually-inspired CSR can be encouraged more effectively? (4) How can spiritually-inspired CSR be better coordinated (for the best cumulative effect)?

The interviews and focus groups in both phases were mostly conducted in Indonesia’s official language, Bahasa Indonesia, and translated by the first author afterwards into English, which was then coded into themes. Table 2 presents the samples of the interviews and the two focus groups.

The software package NVivo was used to analyze the complete data set against the theoretical framework provided by the four research questions. This was done in a thematic approach following the pragmatism paradigm as described by Creswell (2003) and Tashakkori and Teddlie (1998). Once themes had been identified, they were kept in a code book as the central reference to make the data coding consistent.

In addition to the primary data collected through interviews and the focus groups, we also referred to secondary data including: government reports and statistics, newspaper articles, community and NGO websites as well as personal observations. This included a desktop analysis of the CSR initiatives of 11 selected tourism businesses. The businesses were selected from the winners of the THK Awards and the focus of the desktop analysis was to investigate (at a very high level) how those businesses with an interest in aligning THK with their CSR activities, actually did so (e.g. what type of CSR activities did they include/not include). As only award winners were relevant in this context, the types of businesses that could be analyzed were very limited (e.g. mostly accommodation providers and no attractions). It should be noted, however, that it was not tested whether any of these initiatives were actually being implemented successfully and the results are also not intended to be representative for Bali. The aim was solely to investigate how these businesses, who had won THK awards, had translated their THK philosophy into their CSR strategy.

The analysis of the focus groups, interviews and secondary data resulted in three overarching themes; these were (1) Spirituality as an element of the broader social and cultural context; (2) Spirituality as CSR inspirations for tourism business leaders; and (3) Spirituality complementing

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interview Round 1</td>
</tr>
<tr>
<td>Government</td>
<td>3</td>
</tr>
<tr>
<td>Tourism businesses</td>
<td>8</td>
</tr>
<tr>
<td>Community</td>
<td>0</td>
</tr>
<tr>
<td>NGOs</td>
<td>3</td>
</tr>
<tr>
<td>Academic</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
</tr>
</tbody>
</table>
CSR governance. The results under each of these overarching themes not only showed the interactions between spirituality and CSR in Bali, but also how the integration of CSR activities into the day-to-day of spiritual life provided opportunities for better CSR engagement at the tourism business level and for better CSR coordination and collaboration at the destination level. The next section presents the results under each of these themes, followed by an outline of the implications for better CSR practices in spirituality-oriented tourism destinations and a discussion of the results.

Results

Spirituality as an element of the broader social and cultural context in Bali’s tourism industry

The results from the interviews and focus groups indicate that THK is a fundamental element in the social and cultural context of Bali’s tourism industry. Participants repeatedly highlighted their desire to align business practices with the THK philosophy and the secondary data analysis showed that there is indeed evidence to suggest that THK is being used as a core philosophy for the development of CSR activities across Bali (Anom, 2011; Pertiwi & Ludigdo, 2013). The results also indicate that several hotels are now actively structuring their CSR programs around the THK philosophy. Table 3 shows the results of the desktop analysis of 11 tourism businesses selected from the winners of the THK Awards, highlighting how each addressed THKs “three causes of wellbeing”. It should be emphasized here again, however, that the success of these initiatives was not tested and that these are only selected businesses. Many businesses in Bali do not implement CSR activities – for a variety of reasons – and these results are not intended to be representative. Instead, Table 3 provides an overview of how THK is currently being used as a framework for CSR activities by those tourism businesses being active in this regard.

Another example of the influence of THK on CSR activities is the Sanur Development Foundation (Yayasan Pembangunan Sanur [YPS]), a NGO which runs the annual Sanur Festival. Sanur is one of Bali’s well-known tourist areas and the YPS has been quite successful in managing the capital funding collected from businesses in the destination. The Chairman of YPS foundation explained that a strong partnership has been maintained between the tourism industry and community leaders for many years:

We ask tourism industries in Sanur to support us through their CSR funding. We use this funding to support ceremonies and cultural events in our village. This funding is managed by community leaders. CSR funding is allocated for the security of our village, both from human and natural threats. This type of funding is managed by a cultural security leader in his village. CSR funding is also allocated to maintain the Sanur festival (which is held every year); to give scholarships to disadvantaged students in Sanur; and to support mangrove and coral reefs conservation projects in our area.

The example from Sanur shows that community leaders, external to tourism businesses, play a key role in initiating the CSR funding collection and distribution for social, cultural and environmental activities in the village. The NGO was formed to ensure that CSR funds are managed with transparency and can be monitored regularly.

Spirituality as CSR inspirations for tourism business leaders

The data from our research show that for many tourism businesses which implement CSR activities in Bali, spirituality was a key driver for doing so. For example, one tourism business owner commented: “I am not concerned about legal obligations before implementing CSR. I do my best for my people (family and employees) and nature. You may know that what we planted is what we reap. That is my motivation in life and business”. Another tourism manager reported:
Table 3. Tri Hita Karana inspired CSR of Tourism Industries in Bali.

<table>
<thead>
<tr>
<th>Type of relationship</th>
<th>CSR initiatives</th>
<th>Legian Beach Hotel</th>
<th>Villa Kayu Raja Seminyak</th>
<th>Puri Sharon Group</th>
<th>Maya Ubud Resort</th>
<th>Nusa Dua Bali Tour</th>
<th>Purisantrian Sanur</th>
<th>Oberoi BTDC</th>
<th>Amertha Bali Villas</th>
<th>Intercontinental Melia Bali</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parahyangan (the harmony between human and the God)</td>
<td>Have a specific place for praying to God</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Give opportunity to employee to pray based on their religion</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Support funding for culture and religion ceremonies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pawongan (human and human)</td>
<td>Fair treatment</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Provide health care</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Employ disable people</td>
<td>✓</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>✓</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Provide venue for local people to sell their handicrafts</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Give scholarship to poor students</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Blood donor</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Charities</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Palemahan (human and nature)</td>
<td>Reduce energy use</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Support local NGO to conserve coral reefs</td>
<td>✓</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td></td>
<td>Planting trees/ mangroves</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td></td>
<td>Support local NGO to protect turtle</td>
<td>✓</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td></td>
<td>Reduce, Reuse, recycle waste</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Reduce water use</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>✓</td>
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<td></td>
<td>Use Sewage Treatment Plan</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>✓</td>
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<td></td>
<td>River/ Beach clean up</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tbody>
</table>

Notes: Ticked (✓) indicates that the respondent’s organization implemented the initiatives. “X” indicates that the respondent’s organization did not have the mentioned initiatives.
we implement CSR not because of legal obligations, but more because of our belief. If we do good, nature will return to us”.

Such spiritual inspiration has also been explicitly differentiated from religion in Bali. As one tourism business leader (a hotel general manager) commented: “Spirituality is not about religions. It’s all about people’s attitude.” This source further added that: “People who believe in God will also believe that helping each other will lead to more karma and virtue. People or companies with strong social responsibilities have everlasting business circles, happy employees, have a good relationship with communities and have very respectful organizations. CSR is a belief and not about giving people a job. CSR is a flowing belief that benefits others.”

Another example is Pemuteran village in the north of Bali, which highlights the role that community and spiritual leaders play. A business owner explained:

I had a spiritual dream, where God had asked me to protect precious assets in the ocean. At first, I did not know what that meant. I discussed my dream with several spiritual leaders in Bali and they suggested that it meant protecting coral reef ecosystems in the local area. I approached customary community leaders and the spiritual village leader with my plan and the meeting was conducted in the village temple hall. They agreed to support my project. Since then, I have established my businesses and I give ten percent of my business profit to support coral conservation. This project gives benefits to the communities, fishermen and tourism activities in the village. This project has received local, national and international recognition.

The above quote shows that the spiritual belief of the business leader inspired him to conserve the environment with CSR funding in a manner beyond government expectations. In the focus groups, respondents explained that this award winning environmental project is the collective initiatives of several tourism businesses in the village. For example, one company provides divers, scuba tanks and other equipment to remove destructive species from the coral reefs; another dive company sponsors a project to remove plastic waste from the beach; and the pecalang laut or ocean guard (community group) was sponsored by various tourism businesses to educate the local community not to remove sand from the beach to build their houses.

While these are just examples that are not necessarily representative for Bali, they nonetheless mirror the results of other studies conducted elsewhere. Lynes and Andrachuk (2008) for instance found that the combination of strong cultural and internal leadership can be the catalyst for the implementation of CSR, while Mair and Jago (2010) argue that it is ultimately the internal leadership of an organization that drives CSR implementation beyond the barriers (such as lack of government regulation and finance).

**Spirituality complementing CSR governance**

In Bali, cultural and spiritual leaders play a powerful role in the governance and management of the destination. Particularly at the village level where there are two different types of government: (1) the official (dinas) government which is led by the head of the village, called perbekel; and (2) A customary or traditional (adat/pekraman) government which is led by “prajuru desa adat”. The power dynamics of governance at the village level is subtle and unique (personal experience and observation of the two Balinese authors). The official government role focusses on the administration while the customary government controls the cultural rules and norms in the village.

The Tri Hita Karana Foundation also plays a critical role. Established in 2000 and recognized by UNWTO in 2004, the foundation assesses hotels and restaurants in Bali for how they align with sustainable development criteria (e.g. level of local employment, energy efficiency, pollution minimization, waste recycling, etc.) and how the tourism business preserves Balinese cultural traditions (e.g. the presence of temples in the hotels, organization of Balinese ceremonies and tradition, dissemination of THK values to guests (Pickel-Chevalier & Ketut, 2016). The THK Awards is a local initiative to give recognition to tourism businesses for their activities on the island that have embraced the social, environmental and spiritual principles of THK (Tri Hita Karana
Foundation, 2016). In 2015, 148 businesses received awards for their effort in keeping the THK spirit in their businesses (Berita Bali, 2015). While this is of course not representative of the tourist industry in Bali, it nonetheless shows the importance that THK can play in decision-making and the implementation of CSR.

However, the governance of spirituality-inspired CSR at the destination level faces some critical challenges. Our research found three main challenges. Firstly, when CSR activities are driven by spirituality, these activities are often not advertised or reported. This makes it difficult to identify the cumulative impact of CSR in the destination and how it may be managed or improved. As one participant from the government pointed out:

The current problem is that many businesses are implementing CSR initiatives without reporting their programs to the government. We almost never know what they do, how much they give and to whom. It will good for us to know this so that Government funding for activities can be coordinated for communities in Bali.

The second challenge relates to individual interpretations of the THK philosophy. For example, Pickel-Chevalier and Ketut (2016) argue that Balinese respect for nature focuses on spiritual characters as opposed to reality, which means that the Balinese community may not effectively implement environmental management into their daily activities. For example, while large trees are meticulously dressed as a symbol of respect for nature, hardly anybody is shocked if they are surrounded by waste, especially if the waste pollution comes from cultural offerings (Pickel-Chevalier & Ketut, 2016). Our observation during the data collection supported these findings. Scattered rubbish is indeed a common sight in the traditional markets, in the villages and even in the areas close to the temples.

Finally, despite the importance of THK for Balinese identity, the overall number of tourism businesses engaged in CSR remains limited. For example, only a minority of hotels participated in the THK awards and the two focus groups revealed that some tourism businesses are generally not interested in the implementation of CSR. As supported by the following comment quoted from FGD participants:

We have a project in UBUD village and the challenges are that the owners of the hotels do not feel that they have an obligation. They do not want to help as they do not have an obligation. I think that is because there are no people or government that monitor CSR implementation. There is no kind of punishment if they do not do it.

These results show that THK significantly influences governance (particularly at the village level) and that, despite the barriers, there are opportunities to support THK-inspired CSR activities.

**Implications for CSR practices in spirituality-oriented tourism destinations**

Results from our analysis showed that THK can contribute to providing a conducive external environment for CSR, can be a strong source of inspiration for CSR adoption and implementation, and can provide an additional CSR governance framework, albeit with limitations. Based on such understandings, we further explored how spirituality-inspired CSR can be better coordinated at both the business and the destination levels.

First of all, strong involvement of community and spiritual leaders will be critical. One hotel owner suggested that “religious leaders and customary community leaders should take a leadership role to better align spirituality and CSR. CSR implementation should involve the local community in the planning, organization, implementation and control of the activities.” Another hotel owner echoed this suggestion by adding that “Community leaders could arrange meetings to create a new organization to collect CSR funding for environmental, cultural, and social activities in the village. Transparency and good community leaders are essential for making sure that tourism businesses keep providing support through their CSR funding.”
Secondly, as spirituality as a CSR governance framework has limitations in CSR reporting and compliance, it is important to introduce regulation to address its gaps. Park and Choi (2015) highlighted that laws and regulations of local government can function as a major motivator for subsidiaries to participate in CSR. Local regulation (called awig-awig in Bali) could for instance be developed to obligate and enforce CSR practices at the village level, as one NGO representative suggested:

One of the strengths of Bali is awig-awig. We know that rules are mostly enforced at the local level… I think that CSR should be more structured by awig-awig. That idea needs real leadership in the banjar. CSR needs to be down at the ground level not through the central government. The Banjar should take control, the communities should understand the equity and benefit for themselves.

Banjar is a community group, the smallest organization in the village. Every family in Bali will be involved in at least one such group. Banjar is usually led by a customary leader called Kelian Banjar who has an important role in village governance. The head of Banjar actively influence the customary rules and regulation in the village. Most of the time, villagers adhere to their Kelian Banjar more than other formal regulation. Thus, in term of controlling CSR, some of the respondents believed that Banjar should take control in enforcing CSR implementation at the village level.

Thirdly, the establishment of a NGO to manage CSR funding from tourism businesses may be a solution to optimize collaborations between government, community and industry for CSR. Again, the role of community leaders is essential to build partnerships. For example, one hotel owner highlighted the need for discussions between businesses, local communities and government in deciding the types of CSR that are needed. At the destination level, CSR Bali forum has been established and supported by government through Bali’s governor decree number 1547/03-G/HK/2012 (Bali Government, 2012). However, how this forum effectively manages CSR funding is yet to be examined.

Discussion and conclusion

Every country has a unique culture characterized by shared spirituality, beliefs, values and rituals. While researchers acknowledge that links exist between spirituality and business behavior in general, and CSR in particular, our understanding of how spirituality can play a role in CSR remains limited. Efforts have been made in the literature to develop scales to assess and measure spirituality from a health and well-being perspective, often for practical application in the clinical and counselling context (Ellison, 2006; Moberg, 2002). However, researchers still found it challenging to measure spirituality directly and in its wholeness, and especially correlates and consequences of spirituality (Moberg, 2002). Studies in the fields of spirituality and CSR have indicated the positive relationship between spirituality and CSR (Bera, Behera, Patnaik, & Chatterjee, 2014; Javed & Suhaib, 2016; Rozuel, 2013). Yet as the attempt to discover correlates and consequences of spirituality being “one of the potentially richest challenges for future research in the social and behavioral sciences (Moberg, 2002, p. 58)”, it is difficult to document, quantify, and measure the spiritual connections to CSR (Javed & Suhaib, 2016; Rozuel, 2013; White, 2008). As Rozuel (2013) argued, a demonstrative and quantitative measure of spirituality in relation to workplace and organizational efficiency should not be expected.

Adding to the growing, if yet small body of literature on CSR and spirituality in developing countries, our study provided an empirical narrative of the Balinese context which explicitly demonstrated three levels of roles that spirituality can play in CSR. Spirituality and its associated values, beliefs and traditions, in our case THK, contribute to the broader social and cultural context of a tourism destination, which can provide a conducive external environment for CSR. At the tourism business level, spirituality inspires many business leaders to engage in CSR practices that are harmonious with the THK philosophy. At the governance level, spirituality represents a potential complement to standardized CSR governance frameworks.
Referring back to the mainstream CSR theories discussed in Section 2, it is clear from the results that THK plays an important role within each of these perspectives. For instance, according to legitimacy theory, companies involve themselves in CSR practices as part of a social contract with the local community. Two examples discussed in our results (Sanur Development Foundation and Pemuteran village coral reef conservation) show that religion and spirituality have become a foundation of the social contract that exist in the community.

As far as stakeholder theory is concerned, our study highlighted the importance of NGOs, customary (traditional) community leaders and spiritual leaders in CSR governance. In the THK framework, spirituality bound a range of different stakeholders to harmonize their relationship with God, with other humans and with the environment. However, we also observed the limitations of spirituality as a CSR governance option. To harness the potential of spirituality in relation to CSR at the tourism destination level, a collaborative approach to CSR governance may be required. As Albareda, Lozano, Tencati, Midttun, and Perrini (2008) suggested, CSR is a relational system that links government, company and society initiatives in responding to environmental and social problems through partnership. For tourism destinations with spirituality-oriented cultures we therefore propose an adaptation of Rozuel’s (2013) framework to emphasize the critical roles spiritual leadership and the collaborative environment in the adoption, implementation and governance of CSR (Figure 2).

Finally, the results of our desktop analysis (Table 3) show how some organizations in Bali adopt CSR practices to conform to spiritual norms established by society – which emphasizes the role of spirituality within the concept of institutional theory.

![Figure 2. Integrated model of spirituality and CSR for destinations. Adapted from Rozuel (2013).](image-url)
However, from a sustainable tourism perspective it is critical to look beyond the concept of CSR itself and ask the question of what the findings of this research mean for the sustainability of the destination. The results show that THK philosophy strongly influences the values, attitudes and social norms in Bali’s tourism system and that moral obligations for altruism and a deep connection with the natural environment are firmly anchored in this belief system. However, research has continuously proved that values and beliefs do not automatically translate into responsible behavior (Hall, 2013). Values and attitudes are therefore only two of the many factors influencing actual behavior and it should be emphasized that our findings do not suggest that spirituality in itself improves CSR adoption or that it increases responsible behavior in tourism. Bali’s tourism development trajectory has been extremely unsustainable and THK philosophy has clearly not been able to prevent this from occurring. Bali currently faces severe water shortages and water inequity, wide-spread waste pollution, as well as biodiversity and habitat loss (Cole, 2012; Law et al., 2017). Forecasts also suggest a continued rapid growth in tourist numbers that will lead to even more damaging impacts in the near future (DeLacy, Lipman, & Law, 2014; Law et al., 2016) and it is clear that significant behavioral change will have to occur immediately if the worst impacts of future tourism growth are to be averted.

However, CSR is only one of the myriad factors in behavior change and it is likely that none of the popular methods to affect behavior change in tourism are efficient and timely enough to address the problems Bali is already experiencing. Hall (2013) argues that this kind of rapid change can only be achieved if methods such as “nudging”, social marketing, education and market-based solutions are combined with a fundamental examination of the socio-technical system itself (Hall, 2013). This is important in the context of this paper as all the approaches Hall (2013) proposes are ultimately built on the existing frameworks of society - and this is where spirituality and CSR play a critical role. In Bali, the foundation of shared beliefs and values is the THK philosophy - and this transcends to all aspects of life, including business and governance. Spirituality provides a very powerful framework that shapes moral expectations within Bali’s tourism industry and any attempt to make tourism more sustainable will have a higher chance of successful if it aligns with this belief system and takes the multi-layered links investigated in this paper into consideration.

While this research was conducted as an empirical narrative specific to Bali, the results are likely to resonate with many other tourism destinations, particularly those with spirituality-oriented cultures in the lesser developed world.

References


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