THE BALINESE LOCAL WISDOM “TRI HITA KARANA” IN CSR INITIATIVES: LEARNINGS FROM AQUA DANONE-MAMBAL PLANT, BALI INDONESIA

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ABSTRACT

Corporate Social Responsibility (CSR), is a strategic corporate initiatives that receives an increased amount of attention in the business world. CSR in general intends to encourage the businesses to be more ethical in their activities and not to have negative influence on society and the environment. This paper aims to identify the implementation of CSR in Aqua Danone by incorporating local wisdom which was carried out in the local community who lives around the operating factory of Aqua Mambal Plant, Bali, Indonesia.

In 2015, Aqua Danone Group achieved 8 platinums, 4 golds and 1 silver awards on 2015 by the ministry of Human Development & Culture in recognition of their support to Millenium Development Goals (MDG) in Indonesia. Their programs such as WASH (Water Access Sanitation & Hygiene) in Klaten, Central Java Province, Coopmart for Farmers in Bogor Region, and Water Conservation in Badung- Bali were highly recognized because of empowering local communities and contribute to environment.

This paper used a qualitative approach, case study method. It employed in-depth interviews which were conducted with the local communities and working managers who deal with CSR issues and strategy on day-to-day basis. Secondary data was also gathered in the form of information about CSR program from sustainable reports in the company’s website, media news that were downloaded from the internet as well as from other. The researchers hope to be able to incorporating the value of local wisdom in the CSR Model.

Keyword: CSR, Stakeholders, Local Wisdom

INTRODUCTION
Corporate social responsibility (CSR) is an important tool that can be utilized to address the social and environmental impact of company activities (Frynas, 2009: 179).

CSR is a strategic corporate initiative that receives an increased amount of attention, provides more benefits to an organization than simply reducing costs by recycling and giving back to the community. Corporate social responsibility aims to encourage businesses to be more ethical in their actions and not to negatively influence the society and the environment. According to Shiramesh (2007, p.1), CSR is necessary for corporations to go beyond their economic and legal obligations, and act responsibly towards multiple stakeholders including society at large.

According to a 2007 survey conducted by the consultancy firm McKinsey, the society has greater expectations compared to years ago and this is assumed as public responsibilities. More than half of the CEOs believe that these expectations increase further the next five years (Argenti, 2009, p. 110). Every organization today needs to consider corporate philanthropy and social responsibility, as these closely relate to the organizational reputation. The 2007 Cone Cause Evolution & Environmental Survey results revealed that 83 percent of Americans believe that companies have responsibilities to help support causes; 92 percent have a more positive image towards a company that supports a cause they care about; and 87 percent are more likely to switch from one product to another (price and quality being equal) if their product is associated with a good cause—an increase from 66 percent.

In Indonesia, the obligation for companies to do CSR activities is listed in act number 40 of 2007 article 74 of the Limited Liability Company. CSR activities are carried out to preserve the sustainability of the natural environment directly or through collaboration with other stakeholders. CSR activities are usually performed through environment campaign, education and training, forestation, establishment of green open spaces and parks, saving of natural resources that are used in factories or stores, the application of recycling and reuse of products.

The responsibilities of companies in developing nations are also defined differently depending on the social—especially national—context; for instance CSR among Malaysian firms is partly motivated by religious notions and Islam’s prescriptions of certain business practices; while the specific flavour of CSR in Argentina can be partly attributed to Argentina’s economic crisis in December 2001 (Frynas, 2009, p. 180).

In Indonesia, many of CSR programs are conducted not in accordance with the needs of the community since there is a lack of baseline data of the community and the lack of corporate organizations that perform such assessment including the socio-culture aspect (Rudito & Famiola, 2013, p.21). Hudayan (2011, p.14) found that CSR initiatives should strengthen the local wisdom of the community where the company operates. CSR initiatives and programs can be obtained from the local wisdom that characterizes local community. CSR practitioners should be sensitive to the needs and have sounds of knowledge of the local wisdom. They should support the social development of the society and improve trustworthiness of the business.


**Aqua Danone Background**
The CSR of Aqua Danone is deeply rooted in the double commitments of the company. Double commitments are the way to conduct business which not only concerns the economic performance of the company but also social issues. This idea is in accordance with the principles of the founder of Aqua, Tirto Utomo, who believes that businesses should contribute towards the society. This idea was mooted in “Aqua Lestari” in 2006. It is a sustainable initiative using the DANONE WAY and ISO 26000 as a Sustainability Report reference (SR Report Aqua, 2012).

AQUA Group won 8 platinum, 4 golds & 1 silver awards from the Ministry of Human Development and Culture Indonesia in recognition of their commitment and contribution for Millenium Development Goals (MDG) in Indonesia. CSR programs such as Coopmart “Biru Mandiri” in Bogor, Water Conservation Program in Bogor and Badung-Bali Province were awarded for their contributions in incorporating and empowering local communities in Indonesia (http://www.aqua.com/kabar_aqua/berita-perusahaan/cfcd-dan-kemenko-bidang-1)

Danone’s CSR initiative comprises of four pillars, first, the Water Preservation and Environment as an effort of the company to keep and preserve both quantity and quality, of the operational dan for environments; second, the Eco Friendly Business Practice as a commitment to operate to the nature; third, Managing the Product Distribution, to manage the effect which is caused by the distribution from the factory to the company; and forth Incorporating and Empowering the local communities to support social cohesion and local economy for a social harmony

![CSR in Bali](image)

Picture 1) CSR initiatives by Aqua- Mambal Plant in Bali

Methodology

This paper used a qualitative research approach, specifically, a case study method of inquiry. In depth interviews were conducted with the local communities and working managers who deal with CSR issues and strategy on day-to-day basis. Secondary data included information about CSR program based on sustainable reports downloaded from
the company’s website, as well news and information downloaded from the internet and other sources

**The Concept of CSR**

CSR has become a subject of debate due to the huge impact it has on businesses and the society. Corporate operational disasters like Union Carbide gas leak in Bhopal in 1984 and BP’s oil spill in the Gulf of Mexico in 2010, corporate fraud (e.g. Enron in 2001 and World Com in 2001), corporate collapse and failure (e.g. the failure of the US investment banks such as Lehman Brothers, Meryl Linch and Bear Stearns in 2008) contributed to this problem (Sun, et. al, 2010, p. 5).

Globalization and the expanding activities of stakeholders and free flow of information require businesses to perform CSR practices more responsibly and transparent (Amaladoss & Manohar, 2011, p. 65). CSR reflects the socio-economic perspective, which means, businesses not only concern profit but also on the environment. CSR is intended to protect and improve welfare of the people. Businesses should not only care about their stakeholders but also the society at large (Robbins & Coulure, 2010, p. 127).

According to Sedyono (2006:73) CSR still perceived as an initiative to create the reputation and a philanthropic action. CSR development in the 1990’s is influenced much by the perspective of sustainable development, continue by the concept of 3P (Profit, People & Planet) from John Elkington with his book “Cannibal with forks, the tripple Bottom Line of Twentieth Century Business” (Fajar, 2010, p.151)

World Business Council for Sustainable Development (WBCSD) defines CSR as a commitment to contribute to the sustainable economic development, to work with the company’s employees, employee’s family’ members, local community members and community in general as the efforts of improving the quality of life. The definition of CSR is extremely diverse, depending on the vision and mission of the corporate that are matched to needs, desires and interests of the community (Hidayati, 2011, p.105)

According to Daft (2006, p.213) CSR is responsibility of the management, which is to contribute to the welfare of the society. CSR is considered as an obligation which is beyond their legal and economic. Its long term objective to benefit the society. According IBLF (2003), CSR is a business practice that is open and transparent based on ethical values and respect for stakeholders, employees, society and the environment which in turn will contribute to sustainable business success. This definition emphasizes on the socio-economic and environmental aspects.

Bhattacharya (2009, p. 257) notes that, the majority of the Fortune 500 companies not only engage in social responsibility initiatives, but they also devote resources to the reporting of CSR activities for various stakeholders of their companies. Mc Donalds and Lai (2011) who conducted a study on consumer banking in Taiwan found that CSR initiatives, especially in consumer-centric have a stronger impact on consumers.
According to Murray and Vogel (1997), CSR programs produce better attitude towards the company.

Local Wisdom

Local wisdom is a format of expression. It is the accumulation of ethnic cultures, which generally refers to people who do their activities and behave accordingly adjust to an idea, and eventually their actions generate certain outcomes. This includes, the beautiful Borobudur and Prambanan temples, vernacular houses, the Subak water system in the Balinese rice fields, and the Batik, the worldly known cultural heritage (Meliono, 2011: 227). Culture is the entire knowledge, attitude, belief, art, norms, law, mores, and other habit that can be learned by human beings (Taylor, 1871 cited in Keesing, 1999)

According to Kongprasertamorn (2007, p.2) local wisdom refers to the knowledge that comes from the community’s experiences and the accumulations of the local knowledge. Local wisdom is found in societies, communities and individuals. Phongphit and Nantasuwan described local wisdom as knowledge based on the experiences of people that is handed down over the generations, sometimes by those who may seen as village philosophers. This knowledge as guidelines for people’s daily activities and the relationships that they have with their families, neighbours, and other people in the village and the surroundings. They conclude that the characteristics of local wisdom are (1) local wisdom must incorporate knowledge of virtue that teaches people about ethics and moral values (2) local wisdom must teach people to love nature, not to destroy it; and (3) local wisdom must come from older members of the community.

Local wisdom is an important value to support investigation, develop policies and it can be effectively used in the enviromental decision making process (Taylor & De Loe, 2012). Ballard, et.al (2008) asserts that local knowledge based on the length of individuals relationships with their local enviroments. Dawoe, Quaeshi-Sam, Isaac & Oppong (2012) suggest that national development planning and policy support local wisdom. Knowledge sharing in communities requires the participation of both experienced individuals as well as newcomers (Ruuska & Vartianen, 2005). In addition, social capital is related to community knowledge. Coleman (1988) explains that social capital can be regarded as a source that can be used used to achieve different things.

Companies should always be involved with the community. They should explore local source, engage in exploration and production activities and bring in employees into the community. By implementing CSR programs, companies give back their profit through the programs such as Community Development to the communities. Companies should learn and have an understanding of local wisdom. Company must give benefit towards the society (Hudayana, 2011, p. 13-14). It is important to note however, many of the CSR programs are conducted not in accordance to the local needs. These programs should consider the data baseline of the local community society including socio culture aspects (Rudito & Famiola, 2013, p. 21).

The local characteristics comprise of local values or local wisdom. They can be function as a social capital to develop and improve the sustainability of CSR (Afitri,
Before implementing CSR programs, practitioners should first have a sound understanding pertaining to the problem of socio and culture (Amaeshi, et al., 2006; Pimpa et al., 2014, p.13; Kapelus, 2002, pp. 290-291). The CSR programs should be based on local issues, cultures and traditions of the community. It should also take into consideration the community’s history that can influence CSR programs (Chapple & Moon, 2005; Frynas, 2009, p. 180).

Aqua Danone is the biggest bottled water producer in Indonesia, controls around 40% percent of Indonesia’s bottled water market and is owned by France’s Danone. Aqua Danone which invest around $100 million a year in Indonesia, currently has 17 Aqua plants in the country and aspires to launch 10 more within the next few years. Aqua Danone performs CSR through community development in the education, health, facilities and the environment conservation in accordance with the function, objectives, and CSR Dimesions (Profit, People, Planet). The CSR program are based on sustainability development, which is systematic. Aqua Danone implement CSR in two ways, which not only give benefit to the company but also the local community.

**The Balinese Local Wisdom**

One of the most popular local wisdom is THK or Tri Hita Karana. Tri means Three, Hita means happiness karana means source. It refers to the three sources of happiness. Tri Hita Karana emphasizes on the importance of maintaining harmony in this world. The concept holds that God, man and nature are inseparable, and happiness and prosperity can only be achieved if all humans life is in balance and harmony with God, other human and the environment (Kasa, 201, pp. 125-26).

According to Agung (2004), THK can provide guidance on how human beings should behave towards three things: the relationships between humans (pawongan), the environment (palemahan) and with God (parahyangan) so that man can achieve sustainability. Parahyangan is one of the three concept related to God. At this stage, the human is demanded to keep harmony and balance with God.

This concept has huge meaning to Balinese people. It does not only refers to the religion performance, but also other perform activities such as building temple, cleaning temple, keeping the religious symbols, and preserving the environment.

Pawongan in this concept is required to keep the harmony and balance relations between human and environment. This concept emphasizes how to keep good relations with others. Palemahan, meaning lemah (land) or environment. Generally the palemahan refers to all aspects that are related to the environment.

According to I Wayan Wardawan, Head of Tourism Marketing in Tourism Board of Bali, THK can be found in the daily lives of Hindu Bali community. They give offerings to God, they perform prayers because they believe God will facilitate and give an ease when ever we perform prayer regularly. God will bless all the efforts that they have made. They also perform gotong royong (mutual help) as manifestation of THK. They help other people, neighbours, friends, who need a help. They believe that, if we make others happy, our lives will be blessed. I Wayan Wardawan also stresses about how to make a good relationships with others without being judgemental and without telling bad things about others. And for the nature, we also have to preserve the environment. If we
cut down trees, we have to plant new trees. So this is how the Balinese community keep and preserve the nature.

![Image of HUMAN & GOD, HUMAN & HUMAN, HUMAN & NATURE]

**Picture 2: Tri Hita Karana**

**CSR Process That Carried Out By Aqua-Mambal Plant**

1. The planning phase: it began with data gathering and information from the community involved, facilitated by a forum or meeting conducted by banjar\(^1\), called as Sangkepan, the certain meeting conducted by *Subak* (farmer organization) that were doing intensively.

According to the CSR Coordinator of Aqua Mambal, Ida Ayu Eka Pertiwi Sari:

> “The planning process involves community. The kind of project or activity that will be carried out, and how it should be done. There are many forums that we can take part in, such as regular meeting (sangkepan) in Banjar and Subak. After the meeting is over, there should be a consensus. The overall process beginning with the identification of the problem”

Ida Ayu further explained:

\(^{1}\) Banjar adat represent a social unity that based on region unity. Member of banjar adat meet at certain days which has been specified in Bale Banjar, a building property of banjar that used for common activity.
“In planning phase, risk analysis should be carried out, and this is followed by the social mapping. All aspects will be identified, stakeholders mapping, socio culture aspects, economic aspects, enviroment, minority group, and all potentials Then only CSR will be carried out. CSR activities always community participation”

Ida Ayu added:

In Bali, the culture is very important. Thus, CSR activities should consider the local wisdom that belongs to the society, such as Tri Hita Karana (THK). Tri Hita Karana is derived from Hindu philosophy. It emphasizes on the conservations of the culture and environment. The main essence of Hita Karana includes three kind of relations between human and God, human and other human and human with environment which are inseparable. Every relationships should be based on respect with each other. The principle of relationship is based on harmony and balance

She explained more:

“Tri Hita Karana is inherent in the CSR programs. Based on the Tri Hita karana philosophy, we derived the water conservation program. It represent human life live in balance and harmony with God, other human and the natural environment. We name the program “Ayung Lestari”. We are concerned with the river that is a source of water to people. For Balinese community, the river also functions as the holiest place to do rituals such as melasti, performing prayers That’s why the river should be kept clean and well preserved”

2. Implementing the program: the CSR programs involved various stakeholders including local communities, local government and the NGOs, university and other parties. The CSR activities that are conducted by Aqua Mambal are as follows:

2.1. Forestation: Aqua Danone- Mambal collaborated with the local communities to plant 525 mangoossteen trees in Subak Buangga and 100 coconut trees in Bongkasa Pertiwi Village. The program also rehabilitate water conservoir in Tinggan Village and developed Biopori and infiltration weels
Picture 1) Forest conservation, they have planted 39.189 trees and 32.100 between 2012-2015

Picture 3) The villagers plant hydram pipe to bring up water level from the water source. With this technique, the villagers can obtain clean water. Before, the villagers had to walk for around 2 km down the hill to get the clean water.
2.3. WASH (Water Access Sanitation and Hygiene) : One of the habits that affect health and the environment is the practice of open defecation. Even though majority of the villagers in Plaga have toilets in their homes, many of them still perform open defecation. To overcome this problem, Aqua collaborated with Janma, an NGO, to introduce and promote Water Access, Sanitation and Hygiene (WASH) to the local communities. Aqua Danone undertakes the STBM (Total Sanitation Based on Community) which is based on five main pillars: Washing hands with soap, managing drinking water and food and managing waste.

Initial effort involve the banjar and the general public. This was followed by the formation of agents. Agents are representatives of two banjar. They then went through the Training of Trainers (TOT) which was facilitated by the Water Sanitation Program (WSP) of the World Bank. Throughout this program, they were taught to train the communities on the water sanitation.
The training of agents to promote sanitation and hygiene

2.4. Aqua built School for Conservation Training. This program aims to empower DAS Ayung communities in forest and water conservation. The conservation training was at Pelaga dan Belok Sidan Village. During the program, farmers were taught on the importance of land and water conservation, hydrology, and the right technique of tree planting. It is hoped that with the right knowledge, farmers would support conservation programs in DAS Ayung.

Discussion and Analysis

In order to succeed, Aqua Mambal embraced local resources and local wisdom which are important to Balinese communities. For example in the WASH programs, they used customary rules (pararem) which has existed since a long time ago to promote hygiene and sanitation. Local wisdom such as gotong royong (mutual help derived from Tri Hita Karana) was adopted when they built toilets and weels, plant trees and during other activities.

The rituals such as prayer and offerings also performed before and during the programs. This is part of the manifestation of Tri Hita Karana lessons. They believe that, by preforming prayers, their efforts will be made easier and blessed. This show that the local wisdom of the communities plays an important role in the success of CSR programs in Badung, Bali. The Balinese local wisdom which is Tri Hita Karana is inherent in the CSR programs carried out at Ayung Lestari. They believe that river should be kept clean, because it is the holy place, and also it give benefit to human being. Water is the source of living. That is why water should be kept clean and holy.

The local wisdom is essential to engage the local communities. Without it, it is difficult to engage participation of the local communities. Local wisdom provides social capital to build mutual trust, to network and to support the local empowerment. Local wisdoms are also essential for the community to solve their problems. From the Tri Hita Karana
Karana lessons, they were taught that the relationship between human to human should be kept well. By performing mutual help (gotong royong), people gives reciprocal energy to each other, build trust and network. In Balinese community, the activity of gotong royong could be found especially in Banjar. If someone needs neighbours and relatives will come to help. Even when they are busy with their work, they would still sacrifice their time and energy to help others in need.

According to Taylor & De Loe (2012), local wisdom is an important value to support investigation, develop policies and effective use in the enviromental decision making process. Through the CSR programs of Aqua Danone, the locals are motivated to participate in practices for the betterment of their communities. This is evidenced through sharing of ideas and solving problems together through the use of values in local wiseoms.

The CSR programs of Danone were planned collaboratively with the local community. Participation becomes an important factor in achieving specified goals. The process involves are 1) identification of the problem: communities come together with the planners and the authorities dicuss, brainstorming and identify opportunities, potentials and constraints 2) The community were involved in the planning process and strategies 3) the implementation of development projects 4) evaluation 5) mitigation people involved in measuring and reduce the negative impacts of development and 6) monitoring of the CSR programs

Conclusions

1. The CSR of Aqua Danone is deeply rooted in the the double commitment of the organization. Double commitment is the way to conduct the business that does not only concerns on the economic perfomance but also the social issues. This is evidenced in “Aqua Lestari” which has been carried out since 2006 as a sustainable initiative using DANONE WAY and ISO 26000 as a Sustainability Report reference. Aqua Danone’s - Mambal Plant CSR initiatives are carried out in many programs including the Water and Forest Conservation System, that is derived from the local wisdom Tri Hita Karana which means to achieve happiness, man should keep a good relationship with God - Human-Environment. These three aspects should be in balance and harmony.

2. The first lessons in Tri Hita Karana, indicates that, in order to achieve happiness, human being should keep good relationship with God. This can be manifested by performing prayers before and during the CSR initiatives. They believe that, God will provide ease and assistance and bless their efforts. The second lessons in THK is that, in order to achieve happiness, man should have a good relationships with the others. This can be manifested through participation in gotong royong (mutual help) and sangkepan (regular meeting) before and during CSR activities. In Sangkepan traditions, villagers will contribute their ideas and after the meeting is over, decision will be made by consensus. Gotong royong (mutual help) takes place when villagers build sanitation, water pipe, weels and plant trees. They are concerned with the environment, which is also also the aspect of THK Lessons.

3. The local wisdom is important to engage the local communities. Without local wisdom, the community engangement is diffcicult to achieve. Local wisdom provide a
social capital to build mutual trust, to network and to support local empowerment. Local wisdoms is also essential for the communities to solve their problems.
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