

## **COMPASSIONATE CAPITALISM IN HOTEL INDUSTRY IN UBUD, BALI**

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### **ABSTRACT**

This present study analyzes the success of the practice performed by the investors in hotel industry using the ideology of the compassionate capitalism. The study was conducted in Ubud as the habitus of the investors in hotel industry. The area has the characteristic of tending to be resistant and strongly bound to customs and traditions, and is skeptical to the gradual modern impact. The problem of the study is what the practice of the compassionate capitalism performed by the investors of hotel industry in Ubud like. The study is intended to identify the form of the practice performed by the investors in hotel industry in Ubud as a tourist destination, Gianyar Regency, Bali. The qualitative-interpretative method was used. The data were collected using observation, interview and documentation techniques. The data were analyzed through data reduction, data presentation, and conclusion drawing using the theories of cultural studies which are eclectically related.

The result of the study identifies that the investors in hotel industry in Ubud perform their practices by: (1) using the Company Social Responsibilities (CSR) as the basis for performing their practice in hotel industry; (2) adopting the local genius stated in the community-based tourism, CBT). The finding of the study indicates that the investors use the structural pattern of the compassionate capitalism which adapts to capitalism in the case study of hotel industry.

Keyword: investor, practice, compassionate capitalism, and hotel industry

### **BACKGROUND**

The background of the study is the fact that a great deal of investments in the forms of international, multinational and local hotels have been made in Ubud since 2005. On the one hand, there has been a phenomenon that Ubud has the rural atmosphere and highly strongly maintains customs and traditions; on the other hand, it is often less resistant. In addition, the success achieved by the investors in constructing hotels in Ubud is surprising; however, this leads to a critical analogy. The critical analogy appears when the practice performed by the investors is separable from the jargon of the atmosphere of tourism in Ubud, including the people's resistance and being free from any conflict taking place as illustrated by what happened to the Four Season Sayan in 2002 and Kupu-Kupu Barong Hotel in 2015.

This present study is urgent for several reasons. *First*, it is interesting to explore the fact that there has not been any answer to the pattern in which the investors perform their practice in hotel industry in Ubud which seems not to be covered by the journalists and to be hidden through the idiom of the company's secret. *Second*, from the perspective of cultural studies, what is performed by the investors leads to a critical way of thinking to see the elements of the investors' interests as the subject of the study and to defend the marginalized people, namely the local people living in Ubud.

The references which were raised to support the study had been chosen and studied based on closeness to the present study and several basic points, namely the investors, the practice which the investors perform and hotel industry. One of the references is the study which was conducted by Purnaya (2015) and Mudana (2005). Purnaya (2015) stated that the Bali Tourism Development Corporate (BTDC) in Nusa Dua could not be separated from the relation of power in the area. He also stated that there was an important point that the practice of power performed in the development of BTDC in Nusa Dua within a period of time could be clearly observed. What is written by Purnaya is a very close reference used in this present study. It is accepted and this present study is intended to identify whether what has been done by the investors in Ubud who do the same thing as what has been done to develop BTDC in Nusa Dua in developing hotel industry.

The second reference is the study conducted by Mudana (2005) entitled "Pembangunan Nirwana Resort (BNR) in Tanah Lot Area: Hegemony and the People's Resistance at Beraban Village, Tabanan, Bali". He was interested in raising this topic as the local people disagreed with the construction of the BNR hotel at that time. He observed every issue which led to the conflict between the local people and the BNR hotel management. The local people asked that the BNR hotel implemented the concept of *Tri Hita Karana* (the axis of balance among the environment, man and spirituality). Furthermore, Mudana importantly informed that as the New Order government was collapsing, the BNR hotel management and the local people were getting more harmonious.

## **RESEARCH METHOD**

The data are analyzed descriptively, qualitatively, and interpretatively. The result of the data analysis is presented using words in the form of an extended text. This process covers the attempt made to understand the problems of the study through thick description (Geertz,

1992:45). The result of the study is presented using the scientific language which can be easily understood, as the result of the study tends to be qualitative.

## **DISCUSSION**

Hotel management is prescribed in the Decree of the Minister of Post and Telecommunication Number KM.94/Hk.103/MPPT-87. It is intended to make sure that the hotel guests are safe and secure (Muljadi, 2016: 60). From the view point of cultural studies, hotel industry is the domain where the investors perform their practice which is then used as a business commodity. The main products they sell are rooms, foods, beverages and recreation. The main concept in the present study is that hotel industry is a service business trading (trade-in service) and customers satisfying business.

The current economic phenomenon is that the capitalists keep open free trade. They compete against one another with the same ideology, namely making their companies grow and develop in accordance with the theory of Marx (in Sutrisno & Putranto, 2005: 21) concerning the liberal-capitalism which is hereinafter referred to as the capitalism model Marx (passionate capitalism). From the point of view of cultural studies, the ideology of capitalism which refers to the pattern of passionate capitalism is regarded as the same as neo imperialism in modern economy. What is pointed at by neo imperialism is not too vulgar as in this condition if man adheres to the ideology of neo classic as "homo economicus", he will calculate rationally based on their interests and desires. In short, capitalism is identical with the theory of a game. One guesses the strategy used by and the game played by another. He/she does his/her best to increase the benefit with different types of scenes (Parsoon in Sutisna and Putranto, 2005: 54).

Being promising and open, the hotel industry is critically assumed to be able to be controlled by the capitalists with their strong capitals. The shareholders are involved in the hotel subsector for the sake of profit as what occurred during the colonial era. However, the shareholders only focus their attention to the economic sector (Balipost.com, 2015).

I Made Sukarjana, one of the agents of the investors, who used to work as a general manager, as far as what unfair role is played by the investors in hotel industry for the sake of benefit is concerned, stated as follows.

[ "...although the investors have a lot of money, they will still borrow money from the banks which are their partners. Their objective is to manipulate the income tax ...the more benefit is gained the higher the income tax reduction will be; however, if they

borrow money from the bank, automatically they may be free from the tax reduction as it is subtracted with their loan ...” (Interview on 5 August 2016).

From 2015 to 2017 the conventional model of capitalism has been denied in Ubud. Such a denial has led to a clash. The investors and the agents who manage the hotels in Ubud area have been intimidated. In 2002 the access to the Four Seasons Sayan Hotel was blockaded by the local people. The Kupu-Kupu Barong Hotel management was intimidated in 2012 as it was found to have deviated from the developmental regulation. In addition, in 2015 the Four Seasons Hotel was also reported by the stakeholders for legalizing the wedding event of gays.

The investors especially those who are involved in hotel industry in Ubud have an opportunity to exist again. They have the opportunity to invest and keep legalizing capitalism through the Act of Tourism Number 10 of 2009 and the doctrine of the United Nations Organization and the guidance of OECD. The point was that they should collaborate with the local people to perform post colonialism referred to as the ideology of compassionate capitalism. This model has been successfully performed by the investors in Ubud area.

One of the strategies employed to perform capitalism is adopting it as the recorded compassionate capitalism. The CSR given to the local people exemplifies this. When the present study was conducted at Padang Tegal, Kedewatan and Tegallantang almost all the hotels gave CSR to the local people. CSR can be in the forms of donations for any traditional ritual, monthly contribution and the recruitment of the local workers. They are trained and appointed hotel employees. Puri Wulandari Hotel, Ritz Calton Madapa and Griya Shanti Villas and Spa give CSR to the local people. From the perspective of cultural studies and the theory of compassionate capitalism, although the investors still gain benefit from the businesses they undertake, they socially share it with the local people as stated by Pilliang. The other benefit gained by the investors is that they are protected by the local people when they have problems.

This argument can be proved by what had happened at Kupu-Kupu Barong hotel, where there was a conflict between the hotel management and Bunutan Traditional Village which was settled through the assistance provided by Kedewatan Traditional Village which had been “funded” by the hotel through its CSR (tribunnews.com.2015).

## **CONCLUSION AND SUGGESTION**

Ubud adopts and performs the local genius in their people-based tourism. The adoption of the local genius can be seen from the hegemony of the local people in the form of the structure of the hotel buildings in Ubud. Puri Wulandari Hotel, Maya Ubud Hotel, Ritz Carlton Madapa Hotel and Griya Shanti Villas and Spa exemplify this. The good intention of the investors to appreciate the local culture has turned out to cause their businesses in tourism industry to exist in Ubud. The city hotels in Ubud keep being scorned by the traditional village. Even firm actions have also been taken, leading to the deconstruction of the hotel floor and structure. The Eitel Hotel and Zen Hotel exemplify this. No hotels which adopt the local culture have been deconstructed.

What is performed by the investors through compassionate capitalism has caused them not to deviate from the act of tourism. In relation to this, Head of the Department of Tourism of Gianyar Regency, Anak Agung Dalem Jagadhita, when he was interviewed on 12 August 2016, informed: "... so far from the hotels observed in Ubud Area nothing has been found to be black listed from the Department of Tourism of Gianyar Regency ...".

It turns out that the ideology of compassionate capitalism has been performed since 2000s. Puri Wulandari, as a star hotel constructed in 2000s, is recorded as the first hotel which has been in existence until now. The owner is a Balinese.

In practice, the ideology which is referred to by the star and non-star hotels is compassionate capitalism. It has been structured (patterned) in Ubud area. From the perspective of cultural studies, the ideology of compassionate capitalism performed by the investors and their agents cannot be separated from the simulation of what is proposed by Parsons (in Sutrisno and Putranto, 2005:58). However, what is proposed by Parsons has been adopted and adapted by the investors and applied to the local people under the traditional village.

In brief it is suggested that those who are involved in the development of tourism in Ubud should refer back to the community-based tourism 'CBT' as what it is originally defined. If not, CBT will be pseudo-awareness and Ubud will be similar to the other tourist destinations.

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