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The Influence of Culture (*Tri Hita Karana*) and Tariff of Tourism towards the Competitiveness Improvement of Tourism in Bali from 1985 to 2015

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Abstract

This research attempts to explain the influence of *tri hita karana* (three causes of well-being) as the unique culture of Balinese and the tariff of tourism towards the competitiveness of tourism in Bali Island.

The data used in this research are secondary data that consist of data about number of tourist visit to Bali Island as the competitiveness proxy of tourism in Bali Island, data of per capita expenditure for ceremony and party as the proxy of the culture variable, and the data about the average tariff for tourist objects in Bali Island in the year 1985 up to 2015.

The data were analyzed with the regression model of panel data. The findings indicate that the *tri hita karana* cultural variable resulted on negative co-efficient. The findings in the field explain that in several last years, some rituals such as *ngaben* ceremony (funeral ritual of Balinese), teeth cutting, wedding party, and other big parties were conducted massively with some purposes. The first is to help poor people to conduct cultural ceremony without leaving the real meaning of the ritual itself. The second is to improve the merriness of the rituals by involving more members of the community. The third is to increase the frequency of the ceremony because the poor people can also conduct the ritual because they could not do it in the previous period.

Consequently, the expenditure per capita for the ceremony and party as the proxy of *tri hita karana* has decreased. In addition, there is a tendency of profit sharing from the management of tourist objects to fulfill the need of conducting rituals and ceremonies in the cultural village. Moreover, it will also reduce the expenditure per capita for ritual and party funding.

Whereas, the variable of tourism tariff also indicated negative sign that means cheap tourism tariff will make the tourists are attracted to visit Bali. The government of Bali Province then decided to charge free tourism tariff with the aim of inviting tourists to keep visiting Bali.

Keywords: *tri hita karana* culture, tourism tariff, competitiveness of Bali tourism

Background

Balinese people are men and women of ceremonies. They make ceremonies for themselves, other people, the nature, trees, cattle, and things or not living objects. Offerings and art performances in various ceremonies make Bali merry, joyful, and shining (Sukarsa, 2008).

In Bali, from minutes to hours, days to weeks, months to years, there will be no days without the fragrant of incense, smoke of benzoin, and offerings. Those rituals become the goals that may be more important than the education of children. Thus, sometimes it is more prioritized than the daily need fulfillment such as for food and clothing. The Balinese people believe that ceremony is highly important and it will lead them to the highest level of welfare and happiness (Sudira, 2010).

The distinguished characteristic of Bali makes it unique and different from other areas, which attract foreign tourist to come to Bali. Besides the cultural factor, Bali is also famous as tourism area with low cost especially in South East Asia and among other tourist destinations in Indonesia.

According to Travelers Choice Island Award 2014, Bali Island ranked the second cheapest tourist destination from the aspect of tariff among other Islands that become the destination for foreign tourists in South East Asia. As the main icon of Indonesian tourism, this Island is visited by more than four million foreign tourists every year. With such big number of tourist visit, it is not surprising that the local government income of Bali Province is mostly contributed by the tourism sectors. Besides being the biggest contributor towards local government income, tourism sector has also become the backbone of the biggest providers for employment opportunity in some regencies and cities in Bali Province.

To maintain and to increase the number tourist visits to Bali, the local government has for a long time developed cultural based tourism as the main sector of this area. The culture basis that becomes the motor that rotate the tourism is the ideology of *tri hita karana* that is local genius of Balinese society. The ideology of *tri hita karana* is the goal of Balinese People in achieving welfare and happiness. Tri means three;hita means happiness or welfare, while karana means the cause. Thus,*tri hita karana* can be interpreted as the three causes of happiness and well-being (Triguna, 1994). To achieve happiness and well-being, Balinese people must maintain the relation with the one and only God (*Parhyangan*), with other human being (*pawongan*), and with the surrounding nature (*palemahan*) (Sudira, 2010).

The efforts of Balinese to maintain the balance with the one and only God is implemented in various ceremonies (*yadnya*), such as God *Yadnya* and *Pitra Yadnya*. The attempt to keep the relationship with other human being is implemented invarious ceremonies or *yadnya* such as *Resi yadnya* and *Manusa Yadnya*. Whereas, Balinese keep trying to maintain the harmony with the surrounding nature by conducting the ceremony of *Bhuta Yadnya*.

Thus, many forms of efforts to keep balanced relationship between the three are always implemented by various kinds of ceremony. That is why; it is not surprising that almost every day in Bali, there is activity of rituals or

ceremonies. This activity becomes one of the attractions that make the tourists visit Bali Island because besides the uniqueness, such kind of rituals does not exist in the other area in Indonesia or in the origins of the hometown.

Griffin (126: 1999) stated that there is a positive relation between the culture and the growth of economy. When a culture enters an area, there will be an interaction with the local culture. Afterwards, the cooperation will gradually influences the life pattern of the local people. The changes in the community's life pattern include the improvement of the quality of education, healthy life style, information and communication, and in the end, it may gradually improve the quality of local human resources that may have positive impact on the economy.

Nolland (2010) stated that there are two positive relations between religion and culture and economic. When the belief towards religion is growing stronger, the working culture can also be better and in the end, economic performance will be improved to foster economic growth. The findings from Barro (2003) stated that the improving belief towards religion will bring effects to individual's attitudes such as in the case when the frequency of attendance in the church increase, the economic performance, and growth will also increase. Whereas, the research from Williamson (2010) found a bit different facts in which he stated that the role of economic freedom is stronger than the role of culture in fostering economic growth. The cultural factor is very strong only in the beginning but the role will gradually decrease in supporting economic growth.

Problem Formulation

Do the culture of *tri hita karana* and the tourism tariff influence the tourism competitiveness of Bali?

Research Objectives

To analyze and study about the influence of *tri hita karana* and the tourism tariff towards the tourism competitiveness of Bali

Literature Review

***Tri Hita Karana* as the Ideology and Culture of Balinese**

Balinese culture is essentially based on the values in teaching of Hindu religion. It is also commonly considered as a unique culture because it is a mixture between spirituality, religion, tradition, art, intelligence, and nature of Bali that has the magical values (*metaksu*). Balinese people acknowledge the concept of difference (*rwa bhineda*) that is often determined by space (village or *desa*), time (*kala*) and the real condition in the field (*patra*). The concept of *desa*, *kala*, and *patra* make the Balinese culture flexible and selective in accepting and adopting the influence of other culture from outside Bali. This basic characteristic gives the power to Balinese culture to keep developing in its preservation.

Balinese culture highly appreciates the values of balance or harmonization of human relation with God (*parhyangan*), another human beings

(*pawongan*), and the surrounding nature (*palemahan*), which is reflected in the ideology of *Tri Hita Karana* (THK). Lexically, *Tri Hita Karana* means the three causes of happiness and well-being. Tri means three; Hita means live, welfare, happy, sustainable, prosperous; while *karana* means the causes. Thus, *Tri Hita Karana* means three causes of well being and happiness that comes from the harmonization of relation between (1) human and the one and only God, (2) human beings with another human beings, and (3) human beings and their surrounding nature. Harmony means doing good things, purity that starts from the thought, stated or spoken by mouth, and can be seen in the real action.

The question is how human being can live in harmony. According to Titib (2003), the one and only God created the universe with all the things inside it. The one and only God is the true source of happiness. If every person can have a harmonic relation with God that creates the whole universe, he or she will automatically follow all the lessons and teaching from God so that God will spread the love to other human beings and all living creatures in the world. Harmony is a very high value that should exist in every individual that should be actuated in the form of respect and tolerance to other people. The harmony between human beings and the nature is equal to the other two harmonies. The happiness and peacefulness will disappear when the nature is damaged.

Tri Hita Karana put the teaching of harmony between two things namely *bhuwana agung* (macrocosms) and *bhuwana alit* (microcosms). In the perspective of *bhuwana agung*, human beings is *bhuwana alit* that is part of *bhuwana agung*, which has the same elements of composers (Dwijendra, 2003; Waskita, 2005). Ideology of *Tri Hita Karana* teaches that the life source comes from three main elements i.e. soul (*atma*), physical (*angga*), and power (*prana*). The three life elements i.e. soul, physical, and power are the *Tri Hita Karana*. Happiness or harmony (*hita*) can be achieved when the three causes (*tri karana*) i.e. soul, physical, and power exists. The loss of one of the elements will eliminate the happiness. Body and power without soul will be an unhappy dead body while soul without body is like a shadow that can do nothing.

Traditionally, Balinese village with custom law is the place where life community that is intact and round built with the ideology of *Tri Hita Karana* (THK). THK consists of three elements i.e. three *kahyangan* (pura desa or temple of the village); *krama desa* (local people); and village area (*karang desa*). In the view of Balinese society, the concept of territorial is defined as one unity of area in which the village people altogether conduct ceremonies and various social activities in the arrangement of culture that is regulated in the custom law of the village. The village as an administrative area of governance is called as *desa dinas* or *kelurahan* or *perbekelan*. In a village area there are two forms of organization i.e. *desa dinas* and *desa adat*. The social system of the village is the one that bounds the people who are regulated by *awig-awig*, habits, and beliefs of the village (Dwijendra, 2003).

Desa adat can be formed with following requirements: (1) there is an area with certain borders called *palemahan desa*, (2) there village people living there (*pawongan desa*), (3) there is *pura* (temple) as center for worshipping

(ceremony) for the local people, which is called *kahyangan tiga*, and (4) there is customary governance that is based on *awig-awig* (customary law in the village).

The way the Balinese people keep the balance with God is reflected by various ceremony or rituals with various kinds of arts. In addition, the way the Balinese keep the harmony with other human being is reflected by communal activity that is mostly related with the efforts to maintain the relation with God and environment such as *gotong royong* or bee working in *pura*, *sangkep* in Banjar, or cleaning the environment together. However, most of the activities are reflected by ceremonies that are related with *manusa yadnya*. Some rituals of *manusa yadnya* are (1) *magedong-gedongan* ceremony (when a woman gets her 7 months pregnancy), (2) baby birth ceremony, (3) *kepus puser* ceremony, and (4) *ngelepas hawon* ceremony (when a baby is 12 days old) that is related with baby name giving. The others are *kambuhan* ceremony (when a baby is 42 days old), *nelu bulanin* ceremony (when a baby is 3 months old), *satu oton* ceremony (when a baby is 6 months old), growing teeth ceremony (*ngempugin*), the ceremony when the baby lose the tooth for the first time (*makupak*), *menek deha* (*rajaswala*), teeth cutting ceremony, and many others. Whereas, the way the Balinese keep the harmony with the nature is reflected is ceremonies such as *tumpek landep*, a special ceremony to respect and keep the harmony with animals and plants.

Thus, Balinese Culture with the ideology of *Tri Hita Karana* cannot be separated from the life of Balinese people with all of its rituals and ceremonies, which are unique and attractive for foreign tourists.

Tourism Tariff or Price

Price of a product or service is one of the things that determine the demand for the product or the service. Price may influence the competition between companies or tourist objects in one area. The policy related to the pricing is highly determined by the decision of the government of the area. Some areas use the concept of sales in determining tourism tariff to decide relatively more expensive tariff for tourist object. This concept also aims to boost return of investment for the management of tourist object and also sellers around the tourist objects. Some areas use marketing concept in determining the price or tariff of tourist object so that the tourist will repeatedly visit the place. This concept gives more priority and emphasis on tourist or customer satisfaction rather than the satisfaction of the management. Thus, the price is usually cheaper. Bali Island prefers to choose marketing concept rather than sales concept with the reason to attract the tourist to repeatedly come to the Island. The price is the amount of money needed by the tourists to get some number of combinations between products and service (Swastha & Irawan, 1999:241). In the context of service marketing, the term price can be defined as a number or money (financial unit) or other aspect (non-financial) that contain utility that can be used to obtain a service (Tjiptono, 2007:178).

Economic Competitiveness

Competitiveness is a common concept in economy that refers to the commitment towards market competition (for companies) and success in international competition (for countries). In the last two decades, along with the globalization of world economy and free trade, competitiveness has been one key concept for companies, state, or regions. On micro level, the concept of competitiveness means the skill of position gain and self-maintenance in the market competition among companies, each other's competitors and – in respect of macro economy – among national economies (Markovics, 2005).

The competitiveness of a state is determined by several pillars that have their own level of competitiveness. When a competitiveness of one pillar is low than the foundation will not be balanced and although the pillars have a high-level of competitiveness that in the end will reduce the competitiveness of a state. The followings are the pillars:

1. Companies

The front line in the competition is company. The competitiveness of the company is determined by the competitiveness of each input such as the business-persons, the employees, and other inputs.

2. Innovation

Competitiveness of a company or country cannot be separated from the activities of innovation. Innovation is determined by creativity, perseverance, and the knowledge of the innovators.

3. Government

The role of government in improving the competitiveness of a product is determined by the commitment of the government in improving infrastructure, incentive giving, human resource improvement, etc.

4. Natural Resources

Abundant natural resources can be included as one aspect of competitiveness since it is part of the comparative strength based on international trade theory.

5. The culture of the people

Competitiveness of a nation can be measured from the culture of society in the country. Commonly, the country with high competitiveness has the characteristics of high discipline, strong fighting spirit, creativity, high education, healthy life, etc.

Meanwhile, the index that becomes the basis of tourism competitiveness usually called the travel and tourism competitive index according to World *Economic Forum* (2007) is based on some following criteria. The first is the regulation frame of Travel & Tourism (T&T), which consists of frame of a) policy and regulation, b) sustainable environment, c) safety & security, health and hygiene, and d) prioritization of T & T. The second is infrastructure and business environment of T & T, which includes a) air transportation infrastructure, b) land transportation infrastructure, c) tourism infrastructure, d) ITC (information, technology, and communication) infrastructure, and e) Competitiveness of price in T & T industry. The third is natural, cultural, and human resources of T & T,

which consists of a) human resources, b) attractiveness for T & T, c) natural resources, and d) cultural resources.

In the era of decentralization in the present time, the culture plays an important role in improving competitiveness especially when it is seen in the perspective of tourism. An area with unique culture is one of the important variables in increasing the number of tourism visits. Bali and Special Region of Yogyakarta are one of the examples of two areas that become the main destination of foreign tourists who visit Indonesia. The two areas have been for a long time becoming cultural basis and main attraction for tourists. Thus, culture becomes an important variable as the front line of tourism. Good cultural management will lead to a stronger capital that can attract more tourists to come to the area.

Research Methodology

This research focuses on the influence of *tri hita karana* ideology as Balinese culture and to the impact of tourism tariff towards the improvement of tourism competitiveness in Bali Province from 1985 up to 2015. Bali Province is selected as the research objects because it has a unique characteristic that makes it different from another province in Indonesia.

This research is conducted with quantitative approach to analyze the influence of *tri hita karana* ideology and tourism tariff towards the tourism competitiveness of Bali Province by using the proxy of the number of tourist visits to Bali.

The data used in this research are *time series* and cross sections data. Time series data cover from the year 1985 up to 2015. Meanwhile, *cross sections* data were taken from the regency in Bali Province.

The data in this research are fully secondary data such as: (1) data about the number visits from foreign tourists in 1985 – 2015 as the proxy of competitiveness, (2) data about the expenses of Balinese ceremonies and parties as the proxy for the variable ideology of *tri hita karana* and the data about average tariff for tourist object entrance in Bali Island.

Therefore, the data in this research are time series and cross section data. The analysis model in this research is regression model of panel data. There are two benefits of using panel data. Firstly, panel data as the combination of time series and cross section data can provide more data that will produce higher degree of freedom. Secondly, combining information from time series and cross section data can handle the problems when there is omitted-variable.

Some common methods used to estimate regression model with panel data is constant slope assumption with different intercept among the individuals (*Fixed Effect*).

Based on the variable that has been determined, the model specification of this research is following:

$$\ln Kr_{it} = b_0 + b_1 \ln THK_{it} + b_2 \ln PT_{it} + \beta_{10} D_{1i}$$

where:

i = regency/city (1,2,..., 9)

t = year (1985, 1986, ..., 2015)

THK_{it} = *tri hita karana* with proxy of Balinese ceremonies and parties expense

PT_{it} = average tariff of tourists objects in Bali Island or province

Kr_{it} = number of tourists visit to Bali Province

b_1 , = elasticity coefficient

D_{it} . = dummy variable

Research Findings

The result of regression analysis for panel data with *fixed effect* model produce the following equation:

$$\ln Kr_{it} = 2.74 - 0.326 \ln THK_{it} - 0.211 PT_{it}$$

t = (3.13) (3.96) (2.98)
 R^2 = 0.84 $F = 7.89$

From the equation above, it can be explained that there is a negative and significant influence between *tri hita karana* proxied by per capita expense for ceremonies and parties with the improvement of tourism competitiveness proxied by the number of tourist visits to Bali Province. This means that if the per capita expense for cultural variable of *tri hita karana* increases, then the visit of tourist to Bali province will decrease. This indicates the lowering competitiveness of Bali tourism. In contract, if the per capita expense for cultural variable decrease, then the number of tourist visiting Bali will increase.

At a glance, the negative sign in the cultural variable indicated that if we want to increase the number of tourist visits in Bali, then the expenses for cultural activities should be reduced or some rituals or ceremonies should be decreased. This in contrary with the purpose and intention of the foreign tourists whocommonly come to Bali to see the unique cultural process and ceremonies, which exclusively exist only in Bali. In other words, more rituals or ceremonies related to human relation with God, with other human beings, and the environment as part of *tri hita karana* for Balinese, then the more interesting for foreign tourist to come to Bali, which makes the competitiveness of Bali tourism increase as well. In contrary, less ceremony will make it less interesting for tourist to come to Bali. This indicated that the competitiveness of Bali tourism is decreasing.

The question is that should the negative sign for *tri hita karana*, which is proxied by ceremonies and parties expense, be reduced to increase the competitiveness of tourism in Bali Island. The field research indicated that the negative sign in the cultural variable of *tri hita karana* (THK), does not necessarily mean that the ceremonies should be reduced to increase the competitiveness of Bali tourism. For the last few years, there is a tendency that

some ceremonies that usually spend a lot of money are *ngaben* (funeral ritual), teeth cutting, wedding ceremony, and other massive ceremonies. That is why Bali is popular with mass *ngaben* ceremonies, mass teeth cutting, mass wedding ceremony and other mass ceremonies. The main goal of conducting mass ceremonies is to help the poor Balinese to do their religious obligation without leaving the meaning and the essence of the ceremonies because the ceremonies mostly require big funding. Based on the experience of a researcher when conducting *ngaben* ceremony in the year 2000, the money spent was not less than 30 million rupiahs. At the same time, there is also massive *ngaben* ceremony in the village of the researcher where the communities who join the massive *ngaben* ceremonies need to pay only 350,000 rupiahs per family. Thus, massive ceremonies can lower the per capita expense for the ceremonies because they can share the expenditure for the ceremonies together. In addition, by conducting massive ceremonies, we can help poor community member to do their religious obligation. Conducting various massive ceremonies will also increase the merriness of the program because many community members join the ceremony compared to individual ceremony. This will attract foreign tourists to come to the area. In addition, by conducting massive ceremonies the frequency of the ceremonies in Bali will also increase because the poor people who used to get difficulty to conduct the ceremony can also join because they can share the cost. The frequency increase in one side and the improvement of ceremony merriness in the other side will lead to the increase of tourist's visits to Bali and this will reflect the increase of competitiveness of Bali tourism.

Another example that can explain how to minimize cost of ceremonies so that the poor people can still join the program is the massive teeth cutting ceremonies in Tanjung Bungkak, Sanur Badung Bali, on 27 June 2011. The program was sponsored by Ide Pedanda Manuabe who only charges the poor people with 750 rupiahs only as formality. He even has planned to conduct the teeth cutting ceremony every six month during the school holiday so any Balinese can join the program. Therefore, any massive programs can help to reduce per capita expense for ceremonies. With the same quantity of ceremonies, the expenditure can be reduced. Thus, it is not surprising that the cultural variable proxied by expenditure for ceremony has a negative sign.

In addition, there has been an awareness from the local government in doing the management of income from the retribution of tourist objects. Some of the money was used to help conducting several ceremonies such as what happen in the tourist objects of Tanah Lot. One third of the retribution income goes to the *Pakraman* Village's income. The local village government then uses the money for various activities and ceremonies. Consequently, even if there are several ceremonies conducted in the customary law village, the village people do not need to contribute their money because the funding is taken from one third of the income from the retribution. Thus, per capita expenditure for ceremonies decreased in the last few years. However, it does not mean that various cultural ceremonies and rituals as the proxy of culture decrease.

Meanwhile, the negative sign from the tourism tariff variable indicates that the cheap tariff becomes one of the attractions of the foreign tourists to come to Bali Province. It means that the cheaper the tariff, the more tourists will come to the province. The local government of Bali Province has determined a relatively cheap tariff with the expectation that foreign tourists will come to the Island repeatedly. This is in line with the finding from *Travelers' Choice Island Award* 2014, where Bali Island becomes the second cheapest tourist destination compared to the main tourist destination island in South East Asia.

Although the tourism tariff and culture have a significant influence, the analysis shows that the cultural influence is stronger in the improvement of tourism in Bali Province. This is indicated by the coefficient values of culture (0.326) that is higher than the co-efficient values of tariff variable (0.211)

Conclusion

Tri hita karana as the unique culture of Balinese is reflected by the balanced relations between Balinese people with the one and only God (*parhyangan*), with other human beings (*pawongan*), and with the surrounding nature (*palemahan*). The three forms of balance are mostly implemented through various rituals ceremonies.

In the last few years, several rituals and ceremonies that require big funding such as *ngaben*, teeth cutting, wedding, and other big ceremonies were conducted massively for several purposes such as:

(1) to help the poor Balinese to do their religious obligation without leaving the meaning and the essence of the ceremonies. (2) to increase the merriness of the program because many community members join the ceremony, and (3) to increase the frequency of the ceremonies because poor people who previously cannot do their religious obligation can now do the ceremony.

Consequently, the per capita expenditure for ceremonies and parties as the proxy of *tri hita karana* variable will decrease. In addition, there is tendency of income sharing in the management of tourist object to support the rituals and ceremonies in customary law village. Consequently, it will also decrease per capita expense for ceremonies and rituals. That is why it is not surprising that the elasticity coefficient from the cultural variable of *tri hita karana* has a negative sign.

Whereas, tourist tariff variable also shows negative sign. This means that cheap tourism tariff will attract foreign tourist to come to Bali. The government of Bali province has decided cheap tourism tariff to make foreign tourist visit Bali repeatedly.

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