CSR in Tourism Industry

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Nowadays Corporate Social Responsibility (CSR) is a recurrently pronounced terminology. There is enough scope of ambiguity also in 'meaning' of this expression. Generally, the corporate world and researchers emphasize on different focal points. Instead of such vagueness, certainly there are affirmative something in the whole process. Regularly number of socially responsible organizations is increasing and awareness in this issue is rapidly increasing among its stakeholders (e.g. investors, governments, media, and customers).

It is tough to specify a period when the sense of CSR evolved. But the researchers primarily tried to draw attention, in 1960s, about the responsibilities of businessmen to society. Gradually the conversation goes ahead and organizations sense its psychosomatic value. And so Multi National Corporations (MNCs), in early stage, welcomed CSR from their strategic point of view. A mentionable number of companies, all forms in nature, are now accumulating them in this pursuit. More than 3000 companies now publish their CSR report on a regular basis, new ones are adding in this stream continuously.

Understanding the Term CSR

Due to the complex character of the meaning there is not a commonly accepted term, though CSR is widely used globally[1]. The differentiation of terms is linked with the different culture, the different level of development of each country, the different priorities that exist in different regions. We notice that in the preliminary stage of developing this concept, the academicians draw attention to stakeholders that the business organizations are obliged to do 'something' for the wellbeing of the society besides their regular trade. Because very often, through their activities, cause harm to the society. And so... the obligation of businessmen is to pursue those politics, to make those decisions, or follow those lines of action which are desirable in terms of the objectives and value of the society (H. R. Bowen, 1953)[2].
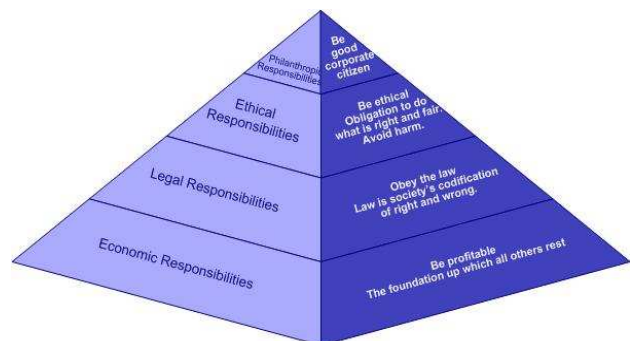
At the beginning of this century, EC starts to express its concern in this issue and develop some pertinent policies. It proclaims, "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". (European Commission, Green Paper, 2001)[3].

Occasionally it might be thought that new rules should be introduced, at national and international levels, so that the companies become constrained to accomplish CSR. It's not accepted by most of the researchers. Because they argue, "CSR is the voluntary commitment of businesses to also include in their business practices, social and environmental activities beyond their legal obligations and are related to those that directly or indirectly are affected by their operations" (Hellenic Network for CSR)[4].

The most up to date definitions are trying to solve the ambiguity of 'mandatory' or 'voluntary' by using a decent expression 'managing'. Because the organizations are somehow (at least morally) compelled to do but nobody is creating pressure to execute so directly. One of the representative definitions of CSR point out as "CSR is about how companies manage the business processes to produce an overall positive impact on society" (Mallen Baker, 2010)[5]. On the other hand, it is said, "CSR theories apply when an enterprise integrates social demands into its strategies[6]"

Carroll's Classification of CSR[7] by Nature of Responsibilities

Carroll's CSR Pyramid

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The base of responsibility should be 'economic' because the investors provide their money to get (at least) logical return at the end of desired period. If executives don't show reverence to their expectation; once they might become reluctant to prolong the business with such unacquainted organization. Then the existence will be questionable!

On the other hand, legal regulations (regional, state, international) have to follow strictly to achieve 'good image' and save money of penalty.

Beyond these two steps Carroll has emphasized more sophisticated two tiers in this pyramid. Socially responsible organizations certainly always consider the issue of right and wrongness. Above legal bindings, in real life, the policy makers have to consider 'moral' issues. Honest performance of ethics facilitates to gain loyal customers group, in the long term, which acts as a tool of competitive advantage.

Above all, philanthropic responsibilities are highly counted by the author. An example can be suitable of this. On a sunshiny morning, I reached the harbor of 'Man meets the Sea' of Esbjerg. I noticed an exceptional scenario there! Till then no people arrived at the beach and so many cans and bottles of alcoholic drink were around the statues and beach which was very unusual in Denmark.

The previous night was weekend and most probably the youngsters have dunked till to midnight and they left the place unconsciously. After sometimes the visitors started to arrive there. At first came two ladies and a gentleman who, after seeing this scenario, amazingly; started to collect and put those trashes in the nearest bin. Gradually others were joining with them and saying (with smile) that 'the guys have passed their nice weekend!' By fifteen minutes the area became clean and they started their walking on the beach. No body made them compelled to do so but intuitively they did. To practice CSR the company has to act like such 'a good citizen'.

Classification of Lantos

In another approach, Lantos (2001)[8] has explained the form of responsibilities in three major categories. Under *ethical* responsibilities the corporate bodies should perform economic, legal and ethical responsibilities to its stakeholders. Secondly, *Altruistic* responsibilities of business (focus is on going beyond preventing possible harm); and finally, *Strategic CSR* where the administration has to grip competently the benefits of the enterprise and positive publicity & goodwill.

Sustainable Tourism

In spite of the mentionable development of tourism industry, especially in last few decades, natural and manmade so many factors always throwing challenges toward this sector. According to the reports of UN formed commissions identified some powerful aspects. Those factors included increasing world population, ecological depletion of the ozone layer, air and water pollution, soil degradation, deforestation, loss of biodiversity, hunger, poverty, illiteracy and uneven development[9] (Liburd, 2010).

For this, the focus is going on sustainable development of tourism industry. Definitely every one is in favour of 'development' but not unconditionally. Most suitable definition of 'sustainable development' is given by World Commission on Environment and Development (WCED). It defines; sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (p.43)[10].

On the other hand, World Tourism Organization has defined sustainable tourism as…"tourism which leads to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems[11]." Researchers are also quoting the phenomenon as "Tourism which is in a form which can maintain its viability in an area for an indefinite period of time" (Butler, 1993)[12].

Sustainable Tourism Development

Developing through assurance of sustainability is indeed a vast challenge for the policymakers. STD efforts attempt to, "meeting the needs of present tourism and host regions while protecting and enhancing opportunity for the future" (Inskeep, 1991).

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According to the author, the goals of sustainable tourism are: to develop a greater awareness and understanding of the significant contributions that tourism can make to the environment, people, and the economy; to promote equity in development; to improve the quality of life of the host community; to provide a high quality of experience for the visitor; and to maintain the quality of the environment on which the foregoing goals depend (p.461)[13].

In the context of the United Nations sustainable development process, refers to tourist activities "leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological process, biological diversity and life support systems (p.6)[14].

Reasons of Adopting CSR in Tourism Sector

Generally to achieve the following reimburse the business organizations espouse and strive to pursue this conception:

- To improve performance of the products (introduce environmentally and socially new product).
- To support values & ethical bases of enterprises (it creates ability to claim best performer as well).
- To gain customers and employees loyalty (by gaining trust and respect of the present & potentials).
- To get favor of local community (through creating positive image and reducing conflict with the powerful bodies; e.g. municipality, CBA, general public).
- To improve PR and image to its stakeholders (frequent interaction in different events create the opportunity).
- To differentiate their brand and gain competitive advantage (by increasing brand equity & focus).
- To escape themselves from new laws and regulations (by showing 'good citizen' attitude).

Institutionalization of CSR

Though it's a buzz word all over the world, there is no meticulous organization that can assimilate the entire efforts and devise requisite policies time to time. In this case, last two decades some undertakings are notices. Such as:

- CSR has been endorsed in Europe since the late 1990s.
- European Commission (EC) launched, in 2001, its own strategy through forming 'Multi-stakeholder Forum on CSR'.
- EC forms finally, in 2006, 'European Alliance for CSR'.
- United Nations Organization (UN) is trying to promote the CSR agenda through the Global Compact.
- UN Global Compact is currently the largest and most recognized global CSR initiative (7700 member companies in 130 countries).

Application of CSR in Tourism

Most probably for isolated business ventures and lack of integration among its entrepreneurs has not strengthen CSR practices in tourism industry till now. For example, in other industries there are so many brands which operate their business all over the world (e.g. *CocaCola, Microsoft, Nokia*) but can we recall such name who has established theme parks, resorts, transport services all over the world? Some renowned brands of tourism industry, maximum, have concentrated their business in Europe and North America. In other parts of the world local ventures are visible whose 'will and ability' is simply very limited. For these…

- Till now CSR is in the 'infant' level at tourism industry.
- The scarcity of 'self-described tourism CSR initiative' is mentionable (not integrated approach).
- WB, IMF, and NGO community is working as watchdog from 2002.
- Focus is merely on 'environmental management' not human rights, good governance or employees' interest.

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- WTTC (world travel and tourism council)…working to motivate organizations to cope CSR activities.
- WTTC emphasizes on voluntarily adaptation of CSR ventures.
- In implementing CSR and other environmental policies, the tourism sector lags behind than other EU industries. Some initiatives have been taken to stimulate it.

CSR Stakeholders

Very often we apply the term 'stakeholders' in diverse industries. In tourism sector, it doesn't bear very different meaning as well. The stakeholders are…

Primarily: Tourism enterprises and its shareholders.

Secondarily: Local and national authorities (municipality, ministry), other civil society and public interest groups (academicians, environmentalists), international development agencies (USAID, GTZ) and other international tourism organizations (UNWTO)

Two Aspects of CSR in Sustainable Tourism[15]

Environmental CSR:
- Tourism CSR is only a part of Sustainable tourism development.
- Environmental impact minimization has received the *most attention* of CSR activities in tourism.
- According to UNEP study, around 30 codes of conduct were exercised by the stakeholders.

Social and ethical CSR:
- Tourism plays significant role in poverty alleviation (through creating employment opportunities and small business ventures; especially in African and Asian countries).
- Some discrepancies are found very often: Gender discrimination, Child sex tourism, labor exploitation, labor migration and trafficking etc.
- UNWTO Task Force has developed a code of conduct regarding 'Protection of Children in Tourism' (addressing trafficking, labor and sexual exploitation in travel and tourism) in 2000.
- WCTE (world committee on tourism ethics) is working to settle disputes among concerns.

Future Developments on CSR in Tourism

- Millennium Declaration by 189 countries (2000) was a milestone.
- UNWTO launches ST-EP (sustainable tourism-eliminating poverty) in 2002 which is complimentary to MDGs (Especially in Africa & Asia).
- ISO 26000 series is going to be assigned for satisfactory role in CSR tourism (Sweden and Brazil are working to make it more meaningful).
- Different awards have been introduced for CSR performance in tourism industry.

Criticism / Other Side of the Coin

CSR is highly criticized by different working groups. Some considers it 'indirect advertising', or successful application of 'word of mouth' strategy. One of our EMTM mates wrote on her facebook wall, "CSR...such a hypocrisy". In reply I quoted Henry Ford. He said, "A business that makes nothing but money is a poor kind of business[16]." Additionally my comment was "…at least it sounds good, don't so? Never forget that the corporate bosses have money, media, mechanism, and motion. If needed 'muscle' also. So, they are dominating…we are being exploited."

CSR is also criticized in different dimensions. For example, Friedman argues (1970) that the only responsibility of the managers is to increase shareholder value[17]. As only businessmen have given them money to do business so the executives should ensure desired return to them. On the other hand, a report of the *Economist* (2005) shows, corporations act in the best interest of society when they act in their own best interest[18]. It means at first they calculate their own profit from any venture. So, it can be said that CSR is simply a 'strategic weapon' to achieve marketing goals of any organization.

In another report of *Economist* strongly criticized "acting 'good' and advertising it may elicit charges of hypocrisy, leading other companies to decide that Corporate Social Responsibility might be more trouble than it's worth". The logic behind this dispute is once the so called social responsibility might be a matter of 'showcase' and unfair means can be adopted to gain name and fame by the companies.

In a study Orlitzky *et al.* (2003) found: "A positive association between CSR and Financial performance across industries![19]" On the other hand, CSR should be considered as 'a form of strategic investment'. (Porter and Kramer, 2006 & McWilliams *et al.*, 2006)

On August 23 of this year, The Wall Street Journal published a piece titled "The Case Against Corporate Social Responsibility" by Dr. Aneel Karnani, an associate professor of strategy at the University of Michigan's Stephen M. Ross School of Business. He raised two issues: (a) do companies have a responsibility to act in the public interest? and (b) will they necessarily profit from doing so?

It was, simply, not welcomed by the CSR practitioners. Dave Douglas (*co-author of "Citizen Engineer: A Handbook for Socially Responsible Engineering*) to reply the above criticism, warns us, "Be careful of academics talking about real world corporate issues: they can be irrelevant, and in some cases even dangerous".[20]

Then, certainly I should stop here! As they deal in practical fields of CSR, they have achieved the soul authority of speaking in that issue!!!

For further study

- Corporate social responsibility: 25 ways to be more socially responsible[21].
- Corporate Social Responsibility as a determinant of market strategic issues: An exploratory study (By Professor Vijaylaxmi Iyngar; *Free download the article*)[22].
- The role of the tourism sector in expanding economic opportunity (you have free download option)[23].

Supporting video clips

http://www.youtube.com/watch?v=GggyVO21hw8 (Greenwash)
http://www.youtube.com/watch?v=oJAbATJCugs&feature=fvsr (Global worming)

http://www.youtube.com/watch?v=PdkYieDuVvY (IBM study on CSR)

http://www.youtube.com/watch?v=2ge8YrJaQjY&feature=related (CSR @ Intel)

http://www.youtube.com/watch?v=VoOL2KfDuAA&feature=related (CSR of CocaCola)

http://www.youtube.com/watch?v=vSqIzZpfCqs&feature=related (McDonald's and the Road to Sustainability)

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[8] http://books.google.com/books?id=POKTUI3GyZoC&pg=PA60&lpg=PA60&dq=Three+types+of+CSR+given+by+Lantos&source=bl&ots=em4UhBqCwH&sig=G6hrou8LRkSAIvALFJm3M2eDHnc&hl=en&ei=dI2aTOT8IMb5OZT2tPoO&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBQQ6AEwAA#v=onepage&q&f=false
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[10] http://www.un-documents.net/wced-ocf.htm
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[12] http://findarticles.com/p/articles/mi_m1145/is_n9_v30/ai_17498055/
[13] http://www.thefreelibrary.com/What+research+says+about+sustainable+tourism+development.-a017498055
[14] http://www.tanzaniagateway.org/docs/sustainable_tourism_development_moving_beyond_environmental_protection.pdf (free download the DESA discussion paper)
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[21] http://www.caterersearch.com/Articles/2009/10/02/324141/corporate-social-responsibility-25-ways-to-be-more-socially-responsible.htm
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