Romanian tour-operators: A qualitative approach of corporate social responsibility and globalization

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The global economy is facing various challenges. Tour-operators are an essential key in the competitive environment of the travel industry. They influence consumers’ behavior and decision making process when choosing a travel destination. The paper aims to explore the concept of corporate social responsibility and elements of globalization in the Romanian tour-operator sector. When researching these aspects, the Romanian market is in an early stage. In order to reach the objective, the authors developed a qualitative research based on in-depth interviews with managers from tour-operators sector. The results show that corporate social responsibility is at the beginning of its development and managers have a low degree of knowledge about the concept.

Key words: Corporate social responsibility (CSR), globalization, tour-operators, Romania.

INTRODUCTION

In the last 20 years, international economy has suffered severe changes because of information and communication technology diffusion at the global level, accelerating the globalization process (Le’vy, 2007). Globalization is one of the most powerful concepts in the modern economy. It is widely spread in migration, trade, national identity, peace, production, distribution of income and welfare, as well as tourism which is the focus in this paper.

Tourism impacts many emerging sectors from agriculture to advanced service industries (Cole and Razak, 2009). It covers all geographic scales from global corporations to villages; it is facilitated by travel agents to local chambers of commerce and international agencies. Tourism implies interconnection between markets, travel destinations in the global economy. It combines transport service, trading networks through socio-cultural, political and environmental relationships among consumers and producers (Hall and Page, 1999).

Tourism is for many nations the largest export earner and an important provider of foreign exchange and employment (WTO, 2004). Tourism offers benefits from a social, cultural and environmental point of view and it brings preservation of cultures in times when globalization is a force for cultural homogenization (Cohen and Kennedy, 2000).

The literature review shows the background for the qualitative research in the area of tour-operators with focus on globalization and corporate social responsibility. The central motivation for this study is to test Romanian tour-operators’ knowledge, preferences and use of corporate social responsibility (CSR) and globalization and to identify potential consequences of such preferences.

For this purpose, we have conducted a qualitative interview with 15 Romanian tour-operators and the results showed that this post-communist Eastern country is less familiar with the concept of CSR; most of the tour-operators do not include activities based on social responsibility, except for the international ones which dealt with this concept and understood its benefits. To our knowledge this is the first study presenting results from this area in Romania.

Regarding globalization, Romanian tour-operators have a better understanding and knowledge, stating that it minimizes distances and differences between countries
and cultures.

**LITERATURE REVIEW**

**The pressure of globalization**

Globalization is the effect of factors like marketing, production, investment, new technologies in telecommunication and the internet, increased in world travel (Van Everdingen et al., 2005). Globalization is a new phenomenon where we expand our activities which are confronted with different cultures, over national borders, creating new social networks with new responsibilities. We find ourselves in a society without a world state or government (Beck, 2000). Since 1990s, globalization determined an economic order, where economic concepts and events are organized around the world, affecting people in different areas of life (Ukpere, 2011).

Crane (2002) examined globalization and issued that this concept study the processes and consequences of cross-national transmission of media forms, symbols, lifestyles and attitudes. Globalization is the process of emphasizing the social relations between actors from different locations and also the process of transnational interdependence of economic and social activities (Beck, 2000).

Zhou and Belk (2004) argue that people all around the globe are substituting preferences, symbols that come from the West for those from their traditional cultures. In other parts of the world, people reject foreign influences and maintain local culture (Ger and Belk, 1996).

Culture is a part of globalization integrated into local traditions, behaviours, beliefs and values. Global cultural forces incline to become indigenized more or less, according to Appadurai (1990). Many refer to glocalization as the process of “interpenetration of the global and local, resulting in unique outcomes in different geographic areas” (Ritzer, 2003).

In choosing an attitude towards travel consumption, there are four sets of responses to the global diffusion:

1. Assimilation/homogenization/convergence
2. Separation/polarization
3. Hybridization/creolization/glocalization
4. Lack of interest/marginalization.

All these are labeled as global consumption orientation (Alden et al., 2006). Consumers are exposed to media which provide a complex view of the world, encouraging imagination and desire, being more likely to develop positive attitudes toward consumption alternatives from other cultures. Also, mass migration has a very important influence in the diffusion of global culture (Appadurai, 1996), referring to people who move constantly out of their home and other cultures in today’s low cost and speedy travel (Dana et al., 2006). Alden’s findings that can be extended to tour-operators are that globalization and cultural homogenization are not equivalent. A more profitable global strategy is to blend global with local symbols.

Change is often seen in the world as a rule, this is why the key to international competitiveness is the ability to manage it at a fast rate (Herciu et al., 2011). Cultural factors influence economy by shaping the individual’s preference function through their attitudes toward work, savings, skills, innovation (Yanga and Lesterb, 2000). Globalization is shown as a movement in the direction of increasing world economic integration, reducing human-made barriers, making people and countries interdependent (Aramberri, 2009).

**Corporate social responsibility**

Corporate social responsibility is defined as the philosophy or ideology of integrating environmental and social issues into companies operations on a voluntary basis (Jamali et al., 2008) or a commitment of improving community health through discretionary business practices and participation of corporate resources (Kotler and Lee, 2006). The World Business Council for Sustainable Development (1998) defines corporate social responsibility as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

Carroll (1991) formed a pyramid to illustrate the four dimensions of corporate social responsibility: The economic level at the base, then the legal, ethical and philanthropic to the top. Like Maslow’s pyramid, the responsibilities that belong to different levels cannot be achieved sequentially, but only if the previous ones are simultaneously met. In other words, according to Carroll, a holistic understanding of social responsibility would encourage companies to implement a strategy that enhances performance, philanthropy being an opportunity only when the economic, legal and ethics dimension are met.

Schwartz and Carroll (2003) recall the pyramid of corporate social responsibility (Carroll, 1991) and propose a new model with three dimensions: economic, legal and ethical. The level of philanthropic responsibilities, believed to be benevolent, is embedded in the ethical responsibilities as such activities are an example of philanthropic activities motivated by ethical reasons. Even though between the ethical and philanthropic levels could theoretically be a clear distinction, there are many questions about how these two dimensions could be researched and measured individually (Clarkson, 1995).

Social responsibility is based on the relationship between business and society, but the nature of that relationship will always be an interpretable topic and can
be influenced by economic trends (Snider et al., 2003). There is no agreed definition of social responsibility and no agreement upon the basis for measuring the dimensions of these activities (Arias and Crowther, 2009). Therefore, conflicting views on corporate social responsibility still exist, but proponents maintain that companies’ objectives must include the financial performance, and, at the same time, the satisfaction of different categories of stakeholders (Freeman, 1984; Donaldson and Preston, 1995; Cheah et al., 2011).

Subsequently, attempts are made to integrate the existing literature on globalization with that of corporate social responsibility to investigate these two concepts in the Romanian tour-operators industry.

The impact of globalization on corporate social responsibility (CSR)

There is growing interest in corporate social responsibility aspects linked to the globalization process (Welford, 2002; Jenkins, 2005; Gokulising, 2011), and with particular relevance for the tourism industry (Miller 2001; Wijk and Persoon, 2006; Henderson, 2007). Globalization is a process of social change at the macro level of nations and it affects many economic or social phenomena, including corporate social responsibility.

Azamat (2010) examined whether the perceptions of social responsibility of immigrant entrepreneurs that come from less-developed countries are influenced by their home country contextual factors, such as culture, institutional environment and level of socio-economic development. The author argues that these factors have a positive impact on social responsibility perceptions of mature-aged first-generation rather than young second-generation entrepreneur. On the other hand, Stohl and Stohl (2010) explored how corporate globalization processes have shaped the nature, scope and time frame of corporate social responsibility and its development in time. The authors identify three generations of human rights’ values embedded within the Universal Declaration of Human Rights and argue that they inspire and influence discussions and practices of social responsibility. Discussions about UN Global Compact have produced attention to social responsibility as a norm of global behaviour. The authors conclude that society is facing an “evolving pattern of global relations which help communicatively constitute a new global CSR regime” (Stohl and Stohl, 2010).

Like companies in other industries that have been affected by globalization, tour-operators have to cope with an exponential interest in corporate social responsibility. At the beginning, CSR issues were thought to be the responsibility of destinations (Wijk and Persoon, 2006). Even though local authorities are maintaining the sustainability of a destination, tour-operators have proven to be relevant stakeholders as well (Carey et al., 1997).

In a competitive sector, where consumer power increased significantly, tour-operators are starting to play a key role. Subsequently, we briefly present features of tourism industry, with special attention dedicated to Romanian tour-operators, to highlight the socio and economic background for this study.

Characteristics of Romanian tour-operators

Modern travel has been characterized as adventure, relaxation, recreation, being related to complex processes like the appearance of new demographic structures, changing technologies or new open regions. It has been recently expanded in modern concepts like: ecotourism, cultural tourism, cruise or medical tourism. Tourism has also become a cross-cultural phenomenon relying on communication among world’s diverse cultures (Higgings-Desbiolles, 2006).

Tour-operators have become crucial actors of international tourism processes by selling complete vacation packages, collecting information about various world destinations, providing ratings of different destinations based on customer feedback and their own assessment of different facilities across the globe, by combining transportation, accommodation and other services and selling all of them to customers (Clerides, 2008). Romanian tour-operators have gradually evolved and integrated into today dynamic market, through sustainable efforts to transform from previously state owned companies of the ante 1990 communist era. Up to the 1990’s, due to a centralized economy, touristic services in Romania were undertaken by ONT Carpați, a company established in 1960, having as main purpose contracting and selling of outgoing or incoming touristic products. After 1990, as a follow up to the transition to a market economy, the company suffered many changes, through a decentralization process, resulting in a few autonomous companies. This allowed a more reasonable allocation of funds and a focus on profitable activities. Nowadays, there is a significant number of tour-operator agencies specialized in organizing programs and touristic actions, marketed directly or through travel agencies based on contracts or conventions.

The Romanian tour-operator industry has faced challenging times since 2009, as the global recession adversely affected international travel and also because of the rapid development of new global distribution systems and online booking agencies. The industry has been also influenced by the price of domestic and international travel (IBISWorld, 2009) closely linked to exchange rate movements, population age structure and geopolitical stability. In order to cope with the global economic downturn, Romanian tour-operators are cutting costs, reducing staff and limiting their social activities.

Lately due to concentration and increasing consumer power, tourism has grown into a demand-driven industry sector, with tour-operators playing an essential part. Like
tour-operators from other parts of the world, Romanian based operators will have to cope with an increasingly customer interest in corporate social responsibility issues, although previous research shows (Van Wijk and Persoon, 2006) that the public pressure on tour-operators to be more involved in corporate social responsibility activities is not yet demonstrated.

**METHODOLOGY**

The objective of the research is to explore Romanian tour-operator’s attitudes towards corporate social responsibility (CSR) and globalization of the travel industry. In order to reach this objective the authors aim at answering the following questions:

1. Are Romanian tour-operators familiar with the CSR concept? How do Romanian tour-operators perceive CSR activities?
2. What are the main influences of globalization in this industry?

Based on the previously research: (1) study of the ways in which UK outbound tour-operators respond to the new international expectations of their business ethic and practices, based on 13 interviews (Tapper, 2001); (2) article that examines the relationship between small and medium sized tourism accommodation enterprises and European tour-operators, that synthesizes the outcome of 25 interviews (Bastakis et al., 2004), and (3) a paper on conservation tourism industry in the UK used a sample of 21 organizations, we considered (Cousins, 2007) taking also into account the relative small scale of business in Romania, a sample of 15 subjects.

The research is based on interviews with senior staff in 15 Romanian tour-operating travel agencies. The characteristics of the companies interviewed are shown in Table 1. The interviewer’s task was to contact the managers face to face in their offices in order to ask the questions and record the responses.

In an analysis of qualitative personal interviews in international business, Wai-chung Yeung (1995) concludes that “if we take interviews as a form of symbolic interaction through which inter-subjective knowledge is gained, the validity of subsequent analysis of interview data will be based on ‘deep’ understanding of the respondents’ rationale and points of view.”

Qualitative interviews were carried out in July 2011 with industry experts; individuals knowledgeable about the firm and the tourism industry helped in diagnose the nature of the research subject. These experts were found among the managers of international, large and medium sized tour-operator travel agencies from all over the country. Most of the interviews were conducted with managers from travel agencies based in Bucharest, but also in key cities of Romania like Cluj-Napoca, Timișoara and Constanța.

The expert’s information about corporate social responsibility and globalization in tourism was obtained by using a semi-structured technique. A list of topics to be covered during the interview was prepared in advance. The order in which the topics were covered and the questions asked were not predetermined.

All participating companies and individuals were guaranteed confidentiality and thus, enabled all industry experts to be open. In order to maintain confidentiality, in this study the expert’s opinions was not nominally considered but representative for each type of enterprise category (Table 1 – tour-operator category).

In terms of the selection of the sample selected, after a research of the Romanian tour-operating market accomplished with data from ANAT (National Travel Agents Association), the tour-operators were first divided in two categories: national and international tour-operators. Only three international tour-operating companies are operating on the Romanian market, out of which interviews were taken to two of them. Then, taking into consideration the turnover and the number of employees, the large and medium sized companies were selected. A number of 4 large and 9 medium sized companies participated in the study.

**RESULTS AND DISCUSSION**

The findings from these studies are commented on briefly.

Only the two international tour-operators interviewed have a corporate social responsibility (CSR) policy. One stated: “Social involvement and corporate responsibility are essential points of the company philosophy.” Since

<table>
<thead>
<tr>
<th>Tour-operator category</th>
<th>Number of companies interviewed</th>
<th>Number of clients per year</th>
<th>Number of employees</th>
<th>The tour-operator is specialized on</th>
<th>Brief description</th>
</tr>
</thead>
<tbody>
<tr>
<td>International tour-operators (Romanian office)</td>
<td>2</td>
<td>50,000 - 100,000</td>
<td>20-25</td>
<td>Outgoing</td>
<td>Leisure tourism/ Business and incentives</td>
</tr>
<tr>
<td>National (large tour-operators)</td>
<td>4</td>
<td>10,000 – 50,000</td>
<td>10-15</td>
<td>Outgoing</td>
<td>Leisure tourism/ Cultural tourism and weekend breaks</td>
</tr>
<tr>
<td>National (medium sized tour-operators)</td>
<td>9</td>
<td>5,000 - 10,000</td>
<td>~10</td>
<td>Outgoing/ Incoming</td>
<td>Leisure tourism/ Cultural tourism and weekend breaks/Mountain Tourism Business and incentives/ Organizing events</td>
</tr>
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Table 1. Summary details of tour-operators interviewed for the research.
In today’s globalized market and increased competition, companies are constantly attempting to integrate the societal needs into their core activities to respond to stakeholders’ demand. Tour-operators’ sector is following the same trend.

This paper aimed to shed light on the corporate social responsibility in the context of globalization, based on the data obtained from Romanian tour-operators industry. It has developed a qualitative research based on in-depth interviews with managers of the companies that discusses...
the particularities of social responsibility in this sector. The framework and research provide useful evidence from the companies operating in this industry - an area that has not yet received a lot of academic attention – and help in developing an understanding of the motives of involving in CSR activities, different stakeholders categories that are targeted, the impact of globalization on the social responsibility activities, to name just the most important aspects that are explored.

One of the most prominent findings is that larger tour-operators in Romania are the one that implement and promote social responsibility activities in the market, whilst small and medium tour-operators have an unclear understanding of the concept and it is difficult for them to design, implement and promote CSR strategies.

The paper gives a small view of the dimension of social activities in tour-operators industry; therefore, the authors aim to elaborate a quantitative research to study the relationship between the companies in this sector and their stakeholders.

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