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**ВРЪЗКА НА КОРПОРАТИВНАТА СОЦИАЛНА ОТГОВОРНОСТ С
КОНКУРЕНТНОСПОСОБНОСТТА НА ТУРИСТИЧЕСКИТЕ ДЕСТИНАЦИИ**

**THE LINK BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND THE TOURISM
DESTINATION COMPETITIVENESS**

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Abstract: Tourism is one of the fastest growing industries on the planet, with nearly 700 million people travelling abroad in 2000 (est.1.6 billion people by 2020). Recent reports suggest that ‘holidaymakers do not want to enjoy themselves at the expense of those in destinations’. Consumers claim to be keen to be informed by travel agents and tour operators how they can support the local economy, preserve the environment and behave responsibly whilst abroad. Furthermore, holidaymakers also claim to be willing to pay more for holidays which have the ethical characteristics they aspire to. So that the Corporate Social Responsibility assures the competitiveness of the destination by integrating into suppliers business all the characteristics which customers desire and tour operators require.

Key words: CSR, sustainability, supply chain, customers` behavior, tour operators

CSR in tourism industry

The principal aim of this paper is to study the role of Corporate Social Responsibility (CSR) in the development of sustainable tourism in Bulgaria as a destination. It aims to seek to clarify companies` plans, strategies and current activities besides the challenges in sustainable development in the whole supply chain.

In today's rapidly changing tourism market, the only possibility for a tourism destination to compete on the market is through offering a distinguished sustainable tourism product. The concept of Corporate Social Responsibility¹ has a very close link with the sustainable development.

The main purpose of the paper is to stress the importance of the implementation of the concept of CSR in the tourism supply chain, specifically considering the impact

this adoption has on the achievement of sustainable development which is required by the tour operators and the customers. Special focus was put on the importance of social and economic aspects of the concept.

Tourism destinations are confronted with great difficulties while competing on the global level. As Bulgarian economy highly depends on the tourism industry all the services and products suppliers are highly dependent on the tour operators` strategies which are result of the customer behavior.

All the services suppliers in the tourism industry should focus on creating a unique, attractive and safe product. The tourism product presents the quality of the tourism destination. The quality of a tourism product includes the assurance of safety and security as a very basic factor, together with a professional approach to do things right at all times and meet the legitimate

¹ Bowen, H. R. (1953) *Social responsibilities of the businessman*, New York: Harper and Brothers.

expectations of consumers¹. Creating this kind of tourism product is, in a way, helping to implement the principles contained in the Global Code of Ethics for Tourism. With the international tourism forecast to reach 1.6 billion arrivals by 2020, members of the World Tourism Organization believe that the Global Code of Ethics for Tourism is needed to help minimize the negative impacts of tourism the environment and on the cultural heritage, while maximizing the benefits for the residents of tourism destinations. The Global Code of Ethics for Tourism (GCET) is a comprehensive set of principles which purpose is to guide stakeholders in tourism development: central and local governments, local communities, the tourism industry and its professionals, as well as visitors, both international and domestic. The Global Code of Ethics for Tourism has been created in order to promote equitable, responsible and sustainable world tourism order which benefits will be shared by all sectors of society in the context of an open and liberalized international economy and is based on many internationally recognized instruments². It was derived from taking into consideration the human development issues. When going through the articles of the Global Code of Ethics of Tourism, one could note that the focus is on the active involvement of all stakeholders in tourism – national, regional and local administrations, enterprises, business associations, NGOs, workers in the tourism sector, tourists and others involved in the tourism industry in order to achieve sustainable and responsible tourism.

This means that it is important for

¹ Miller, G., Rathouse, K., Scarles, C., Holmes, K., and Tribe, J. (2010). Public understanding of sustainable tourism. *Annals of Tourism Research*, Vol. 37 No. 3, pp. 627-645.
<http://dx.doi.org/10.1016/j.annals.2009.12.002>

² UNWTO, WTO (1999) *Global Code of Ethics for Tourism*,
<http://www.unep.org/bpsp/TourismWTO%20Code%20of%20Conduct.pdf>

everyone involved in the tourism sector contributes to the achievement of a highly competitive tourism product that could be attractive on the global level and give a destination the possibility to compete internationally. So here comes the CSR which gives the perception of how to enhance the tourism product quality and how to distinguish the Bulgarian tourism product at the global level. Despite the wide spectrum of approaches to CSR, there is a large consensus on its key features³ (COM 2002):

- Economic – the main responsibility of every company is to make profit;
- Social – sensitiveness and respect towards different and changing social and cultural norms and values which should be integrated in the whole supply chain;
- Environmental – to respect the environment and to care for the constant improvement of its condition which is the main resource in tourism industry.

In the most countries, especially low income countries as Bulgaria, tourism is seen as a viable option for economic growth, but current unsustainable tourism practices, especially in the summer and winter mass tourism, can impact the health and well-being of the environment and community as well as tourism itself. Tourism industries often create negative impacts on the environment, society, culture, and sometimes even on the economy⁴. However, few countries are using economic, regulatory or institutional policy

³ Commission of the European Communities (2002). COM(2002) 347 final Communication from the Commission concerning Corporate Social Responsibility: A business contribution to Sustainable Development, Brussels: Commission of the European Communities,
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0347:FIN:en:PDF>

⁴ Miller, G., Rathouse, K., Scarles, C., Holmes, K., and Tribe, J. (2010). Public understanding of sustainable tourism. *Annals of Tourism Research*, Vol. 37 No. 3, pp. 627-645.
<http://dx.doi.org/10.1016/j.annals.2009.12.002>

instruments for tourism management¹. In the most industries CSR standards and practices have been developed by the private sector in purpose to respond to external pressure. In tourism, however, the use of codes of conduct and certification is not widespread and is not based upon international accepted standards. It is difficult to make generalisations about CSR without first examining the context in which sustainable tourism operates, its demand and also assessing the numerous certification schemes, codes of conduct and best practices within the industry.

In the condition of higher living standard, people tend to spend a lot of money for entertainment and travel besides their basic needs for eating, clothing, and living.

The definition of CSR has many similar elements with sustainable tourism in the focus of how stakeholders should be identified and engaged and what initiatives should be measured to determine their impact on others². Whereas CSR relates to a company's obligation to be accountable to all of its stakeholders in all its operations and activities with the aim of achieving sustainable development not only in the economical dimension but also in the social and environmental dimensions³, sustainable tourism was first seen mainly from an environmental perspective and has only recently incorporated social and community aspects. Today, it is commonly recognised that sustainable tourism is more than just environmental conservation of a natural area, but according to the CSR practices adopted by the tour operators it must also

address the quality of life of the visitors and those who have being visited.

Sustainable tourism development in the context of CSR is about making all tourism more compatible⁴ with the needs and resources of a destination area. Tourism needs to take into account a holistic and comprehensive approach that balances tourism development with other activities. Tourism is made up of many sectors and is very fragmented, therefore effects and monitoring processes through one company or mechanism is very difficult. The supply chain of the tour operators is not often controlled by solely one party or individual and it consists of different elements which are often operated by multiple stakeholders.

The tour operators` supply chains and their impact on the destination`s competitiveness

The supply chain comprises the suppliers of all goods and services that go into the delivery of tourism products to consumers. It includes all suppliers of goods and services whether or not they are directly contracted by tour operators or by their agents (including ground handlers) or suppliers (including accommodation providers). Tourism supply chains involve many components – not just accommodation, transport and excursions, but also bars and restaurants, handicrafts, food production, waste disposal, and infrastructure that supports tourism in destinations.

Supply chains operate through business-to-business relationships and supply chain management delivers sustainability performance improvements alongside financial performance by working to improve the business operations of each supplier in the supply chain. Tour operators have enormous impacts over the activities

¹ Logar, I. (2010). Sustainable tourism management in Crikvenica, Croatia: An assessment of policy instruments. *Tourism Management*, Vol. 31 No. 1, pp. 125-135.
<http://dx.doi.org/10.1016/j.tourman.2009.02.005>

² Blowfield, M.; Murray, A. (2008) *Corporate responsibility: a critical introduction*, Oxford: Oxford University Press

³ Cetindamar, D.; Husoy, K. (2007) Corporate Social Responsibility Practices and Environmentally Responsible Behavior: The Case of The United Nations Global Compact, *Journal of Business Ethics*, No.76, pp. 163-176

⁴ Jamali, D.; Mirshak, R. (2007) Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context, *Journal of Business Ethics*, Vol. 72, No. 3, pp. 243 - 262

throughout the tourism supply chain because they direct and influence the volume of tourism, the tourism destinations and facilities that are used. Tour operators can use this to help in promoting general improvements in sustainability performance as a part of good commercial practice. In planning actions for sustainable supply chains, tour operators and The Travel Foundation should note that there are examples of good practice throughout the direct supply chain of tour operators as well as in a variety of tourism destinations but these are only implemented by some companies and many others can learn from them. It will be easiest to implement sustainability requirements in accommodation and most difficult in transport, most visible in excursions and activities while most beneficial to the local economy when this supports food and craft production. Destination sustainability efforts will require wider stakeholder partnerships¹ and if only for this reason will be more time consuming to implement.

A secure income stream, with stable contracts and foreseeable contracting conditions including prices is paramount, both to facilitate the necessary investments by the supplier, and to cement the trust in the relationships. Projects require time for companies to build knowledge and develop relationships and tour operators tend to require a steady and significant volume of operations with a supplier or destination if they are to make a significant contribution and expect changes in local operations. Three conditions in the tour operator-supplier relationship are particularly important for the success of supply chain initiatives: long-term partnership, fair pricing and a consistent volume of operations.

Successful supply chain relationships between companies and their suppliers are developed and implemented according to a

¹ Ritchie Brent J., Crouch, G.J. (2003) *The Competitive Destination: A Sustainable Tourism Perspective*, London: CABI Publishing

defined series of steps:

1. to establish a sustainable supply chain policy and management system.
2. to support suppliers in reaching sustainability goals, including raising awareness on sustainability issues amongst suppliers and demonstrating why sustainability performance is important
3. to integrate sustainability criteria into suppliers' contracts and preferentially contract suppliers that meet those criteria.

Business benefits from adopting good practices for tourism supply chain management include retention of clients, as there they increasingly expect responsible behaviour even from those not willing to pay for it; increased revenue; reduced costs and improved operational efficiency, remaining competitive to assess and respond the risks and opportunities of the market; management of risks and staying ahead of legislative requirements; enhanced staff performance; achievement of better recruitment and staff retention, as satisfied staff are a key asset; protection of the core assets of the business (environment and culture); and enhanced brand value, reputation and market share; protecting image and status, particularly for companies publicly quoted on stock markets².

The supply chain comprises the suppliers of all the goods and services that go into the delivery of tourism products to consumers. It should also be considered that some tourism goods and services are supplied direct to tourists and are purchased by consumers themselves and it should not be forgotten that tour operators can influence their customers in this area too. The initiatives reviewed in this report focus on improving benefits to the destination, consumers and the tourism industry.

The impacts of a tour operator come from the impacts of all components of the

² Porter, M.E. and Kramer, M.R. (2006) *Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility*, *Harvard Business Review*, December, pp. 76 - 93

products they sell, including use of raw materials and their processing and production, as well as impacts from transport and distribution. Understanding the sustainability of each tourism product means going right back to the raw materials from which they are produced, through suppliers, suppliers' suppliers, and so on, right back to source, as well as ensuring that the company meets sustainability criteria in its own internal operations¹.

The supply chain management is applied to deliver sustainability performance improvements alongside financial performance, by working to improve the business operations of each supplier in the supply chain. The main differences between tourism supply chains and those of other sectors are that tourists travel to the product, and the product that they buy has a particularly high service component – in other words, it involves a higher proportion of people in the immediate production of the holiday experience.

Suppliers are more willing to adopt tour operator requirements when they have long term contracts that guarantee the return on investment. A large part of sustainable supply chains depends on first ensuring the socio-economic sustainability of the suppliers. The move in the early 1990s towards "guaranteed" accommodation contracts, in which operators would guarantee payment regardless of occupancy, was designed to secure accommodation and to mitigate financial risk but in fact laid the foundations of a more sustainable supply chain partnership. Because projects require time for companies to build knowledge and develop relationships, supply chain initiatives are unlikely to produce measurable short term results. Tour operators tend to require a steady and significant volume of operations with a supplier or destination if they are to

make a significant contribution and expect changes in local operations, whether this is in terms of contracting local people or influencing decision-making of suppliers.

It is very important nowadays to start '*doing business as unusual*', i.e. in a responsible way. The issues addressed in corporate responsibility practices are perceived as increasingly significant. Within the tourism industry it is generally agreed that there are increasing overall societal and environmental concerns, and that this will increase the demand for more sustainable destinations and travel preferences. These will increase the pressure for destination management policies and tour operator responsibility. The destination which were the result of overbuilding, are expected to face severe decline as consumers look for more attractive destinations that feature clean environment and well preserved natural and cultural attractions. Another trend affecting sustainable tourism is health and wellness. Active or adventure holidays, wellness and spa products and sun destinations are likely to increase in popularity. Authenticity or 'experiential tourism' is another trend. Artificial type destinations (e.g., theme parks), which do not meet higher consumer quality standards, will decrease as the consumer searches for the greater authenticity. Furthermore, there has also been an increase in tourists seeking meaning from their vacation experiences with resultant noticeable increase in the number of organisations that offer volunteer based travel or educational travel, notably from non-traditional NGO's such as Volunteer Services Overseas (VSO), etc. All those trends mean that we should expect decline in the demand of the Bulgarian mass tourism product. So what is necessary to develop the alternative tourism forms which we have the potential to offer but considering the importance of the summer and winter mass tourism forms for Bulgaria as a destination it should be stressed that developing the tourism

¹ Morrison, P. et al. (2006) Corporate social responsibility and economic performance, *Journal of Productivity Analysis*, Vol. 26, No. 3, pp. 207-211

product of the country according to the sustainable and CSR principles is vital for the Bulgarian tourism industry.

Analyzing customers' perceptions of CSR and sustainability

The market share of sustainable tourism is difficult to assess as many consumers do not just purchase one type of holiday. During the same year, they may choose a typical package sun and sand holiday as well as one that specifically caters to nature and adventure. Sustainable tourists are approximately 50% free and independent travellers (FIT) and 50% package tour travellers (those travelling with a tour operator). The majority of tourists seeking nature or adventure type holidays typically travel with niche or small scale operators as mass operators tend to accommodate sun, sea and sand packages.

Consumers claim to be keen to be informed by travel agents and tour operators how they can support the local economy, preserve the environment and behave responsibly whilst abroad. Furthermore, holidaymakers also claim to be willing to pay more for holidays which have the ethical characteristics they aspire to. However, as with many surveys of this nature, the following data is likely to be aspirational and biased by social desirability. The research of the Travel Foundation prepared by Nunwood in 2007¹ has aimed to minimise the impact of explicit questioning to uncover just how important sustainability factors are when choosing a holiday. It can be used to identify the characteristics of the tourism product which clients desire of. That gives the suppliers and the tour operators the main characteristics which should be integrated into the tourism product and would be estimated higher by the visitors. The results could be used to concentrate the efforts

required by the CSR and the sustainable tourism principles in the industry.

All the factors influencing the decision making for purchase a particular product which have sustainable elements are ranked by the costumers in order of importance.

The evening entertainment options are ranked 1st in order of importance of sustainable factors – 11%. The sustainable option of offering local music & dance would not dramatically increase the chances of a hotel being chosen if it already offered comedy & cabaret – but it is the highest ranked option. The survey shows 17% importance of level in impacting decision to purchase if the hotel offers no evening entertainment. Improving the service by offering evening entertainment of comedy/cabaret uplifts the importance within 22% and offering evening entertainment of local music and dance uplifts within 5% more. So 44% of the clients will take decision to book in a particular hotel because it offers evening entertainment of local music and dance which enhance the cultural interaction between the tourists and the host community.

Having a look at the results by subgroups gives us the profile of those who rank this sustainable factor as 1st in decision taking. They are well educated, at the age groups 25-34 years old and older than 65 and they spend more than 600 pounds per person per week stay.

In order of importance of the sustainable factors influencing the tourists' choice excursions were ranked 2nd with 9% of impact on the purchase decisions. Offering excursions to local attractions (than to tourist attractions) has a significantly positive impact on tourists choosing a particular holiday. 25% of them prefer excursions to be available to nearby tourist attractions when they book a trip. If there are even no pre-organised excursions 32% will prefer that and across the board the highest preference is for local attractions –

¹The Travel Foundation Consumer Research, Nunwood, 1st February 2007, [http://www.thetravelfoundation.org.uk/images/media/1_Consumer_Research_\(nunwood\)\(1\).pdf](http://www.thetravelfoundation.org.uk/images/media/1_Consumer_Research_(nunwood)(1).pdf)

43%. The differences between subgroups are the following:

- Less than £100 and £200-£299 spenders and 25-34s prefer tourist attractions over no pre-organised excursions;
- 18-24s prefer tourist attractions over local attractions.

Holidaymakers' greatest preference would be for a combination of well-known brands as well as local food. So that food & drink options are ranked 3rd in order of importance of all sustainable factors with 9% rating. Hotel offers a range of top international brands of food and drink will be chosen by 15% of those either wholly or jointly responsible for making the holiday decision. The percent uplifts within 20 if the hotel offers a range of food and drink from the local region. Having both international brands and local food & drink is the most preferred option by 49% of the clients. It is only the subgroup of the 18-24s with higher preference for international brands than for local food & drink.

Hotel type importance rating is 8%. A locally owned hotel is far more preferable to holidaymakers, though it must be remembered that this factor is lower down the importance ranking overall so it will have less impact on consumer preference. A hotel that is part of a bigger chain of hotels will be chosen by 24% of the tourists and a local family owned and managed hotel will be preferred by 76% of those responsible for making holiday decision. Differences by subgroup are:

- 18-24s have no difference in preference between the two types of hotel.
- The older the age group is the stronger the preference for locally managed hotels is.
- The more is spent on the holiday, the stronger the preference for a hotel chain is.

Ranked 5th in order of importance of sustainable factors is the hotel rating – 7%. This factor plays very little part in determining choice of a holiday, but

holidaymakers do see a 4 star hotel with an environmental award as being almost as desirable as a 5 star hotel which proves that sustainable and responsible behavior gives the opportunity to enhance the product quality and competitiveness. A 4-Star hotel rating is preferred by 26% but 4-Star hotel rating with a green award for its environmental practices is preferred by 35% of the tourists while the difference between this and a 5-Star hotel rating is just 4% (39% of those making holiday decisions). Differences by subgroup show that:

- Less than £600 spenders have no difference in preference between a 4* with a green award and a 5*.
- More than £600 spenders see no difference between a 4* and a 4* with a green award.

Tour operators and their suppliers should focus to maximise the sustainability and responsibility of their business and the future holidays with minimal harm to the standard of holiday as perceived by the consumer. They can do that by:

1. Using evening entertainment options as a key area to promote sustainability through.
2. Offering excursions to local attractions which also represent a key area to promote sustainability.
3. Using food & drink options potential for sustainable tourism: this is potentially an area where holiday makers will compromise for the sake of sustainable tourism.
4. Using holidaymakers' preference to go to green hotels that are locally run as another area of sustainable tourism that could be promoted.

However, factors linked to sustainable tourism which do not just benefit the host country, but also benefit the holidaymakers, specifically local culture through evening entertainment and culture & heritage through daytime excursions, represent key areas to promote to maximise sustainability of future holidays – these areas are still very important to the holidaymakers.