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# The Responsibility of Corporations for Sustainable Tourism Development

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The purpose of this chapter is to provide an understanding of the principles and practices of Corporate Social Responsibility (CSR) and to discuss how the concept of collaboration can facilitate the implementation of CSR strategies and operations. Increasing numbers of tourism companies are incorporating the concept of CSR in their business models, to improve the environment, the quality of life of local communities and the welfare of their employees. The chapter first illustrates and discusses the principles of CSR, and identifies the key benefits of incorporating CSR such as efficiencies, improved stakeholder relationships and enhanced profitability. Next, the chapter highlights the necessary changes in organisational attitudes and behaviour needed to underpin the implementation of CSR. Finally, it identifies the roles of internal and external stakeholders and suggests how collaboration among stakeholders can contribute to positive societal change.

## Understanding corporate social responsibility

The tourism industry shares with local residents, governments, and community the obligation to protect and maintain the natural and cultural heritage resources of our planet, both to sustain economies and to be passed on unimpaired to future generations. On 1 January 2016, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development with the 17 Global Sustainable Development Goals (SDGs) to be the plan of action for global sustainable development. The 2030 Agenda for Sustainable Development does not only call for all stakeholders to act in collaborative partnership to implementing the SDGs, but also explicitly addresses businesses “to apply their creativity and innovation to solving sustainable development challenges.” (United Nations General Assembly, 2015: 29).

The most comprehensive approach to achieving sustainable operations of businesses (i.e., to integrate economic, environmental, and social thinking into core business activities) is Corporate Social Responsibility (CSR).

Research on CSR concepts started in the 1950s when Howard Bowen defined CSR, in his book *Responsibilities of a Businessman*, as the obligations of companies to reflect the expectations and values of the society in their performance, and thus to envision the total benefit to society as the most important factor for their operations (Bowen, 1953). Despite criticism of this social value approach (Friedman, 1970), businesses' were increasingly seen as members of the society which serve the needs of society by fostering social morality in business behavior (Lund-Durlacher, 2015). Several definitions of CSR have emerged and the CSR concept became more specific (Frederick, 1960: 60; McGuire, 1963: 144; Davis, 1967:46; Walton, 1967:18; Carroll, 1979 & 1991; Dahlsrud, 2008; Sheldon and Park 2011:398). In particular, Stakeholder Theory, introduced by R. Edward Freeman (1984), had great influence on contemporary CSR concepts as it states that corporations have relationships with many groups in society (stakeholders) and that responsible corporations must consider the interests of all stakeholders in their operations.

Today, although there are many deviating definitions and numerous terms used to describe CSR, it is the economic, social and environmental performance, combined with the voluntary nature and the consideration of stakeholder relations, which describe the comprehensive scope of CSR. This gives CSR an explicitly strategic character. It is a management approach based on moral commitment, which aims to create shared values for the shareholders, stakeholders and society as a whole (European Commission, 2011 in Fifka, 2017).

Simple explanations of the terms, however, belie the deep philosophical change required of business and the expanded role, responsibility and accountability that change will embody (Dwyer, 2017). The dilemma that businesses face in adopting the new philosophy is one of identifying, in the first instance, the accountable areas in the environmental and social pillars, and then to develop adequate indicators of performance. Recognising that a single, universally-agreed definition of CSR is elusive, our understanding of the concept can be advanced by identifying the principal elements of a responsible approach to business operations and management (Crane, Matten and Spence, 2008; McElhany, 2009; Porter and Kramer, 2011; Visser, 2011):

## **Voluntary approach**

CSR is typically seen as related to voluntary activities that go beyond those prescribed by the law. This does not of course preclude a role for legally mandated accountability where the government deems this to be appropriate.

## **Beyond philanthropy – strategic CSR**

'Real' CSR is more than just philanthropy and community giving, but about how the entire operations of the firm – i.e. its core business functions – engage with society. CSR is considered a philosophy or set of values that underpins these practices. This debate rests on the assumption that CSR as a management philosophy needs to be integrated into corporate strategy and core business practice rather than being left to discretionary activity (McElhanye, 2009). The attempt to consider how CSR might be 'built in' to the core business of firms as opposed to 'bolted on' as an added extra has become a major theme in the CSR practitioner world (Grayson and Hodges, 2004).

## **Commitment to CSR by senior management**

Social responsibility lies with senior management and not within the company as an organization, since only natural persons are able to have a conscience and sense of responsibility (Bowen, 1953). Since CSR is a morally grounded concept, such conviction of executives is even more important. This includes the recognition and commitment of the social responsibility and a vision of which path the company wants to take in the future. It is therefore about the fundamental management philosophy and is reflected in the central question: "Who are we and what do we want to achieve?" A vision which integrates a CSR perspective thereby reflects the values of the company.

## **Multiple stakeholder orientation**

Companies are part of society and communicate continuously with members of the society, the so-called stakeholders. It is this society that enables economic activities in providing not only the necessary resources such as well-educated employees, infrastructure and legal frameworks but also sales markets. Stakeholders have expectations of responsible corporate governance and addressing their interests and impacts is central to credible CSR management. Major stakeholder groups include consumers, employees, suppliers, and local communities.

## **Organisational cultural change**

Organisational cultural change is inevitable when implementing sustainability practices within an organisation. The role of senior management in driving and leading a strategy, fitting the strategy within the organisation's operations and strategic planning and communicating the strategy to employees are important considerations. With the positive encouragement of government, firms are attempting to develop ways to cultivate an organisational culture of compliance, including an awareness of the possibility of illegality, a personal ethic of care