

## Chapter 4

### Corporate Social Responsibility in the Tour Operating Industry:

#### The Case of Dutch Outbound Tour Operators

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#### **Introduction**

Corporate Social Responsibility (CSR) has become a leading concept in contemporary management and business literature (Egri and Ralston, 2008; Zadek, 2004). Numerous industries and firms, both in emerging and mature economies, have put CSR theory into practice by adopting responsible policies and practices like housekeeping measures, implementation of Codes of Conduct and certification schemes, development of green products or services and the formation of strategic partnerships with stakeholders like NGOs and local communities. This development towards CSR is also noticeable in the tourism sector, considered as one of the world's largest industries. Social and environmental issues are increasingly taken into account within tourism firms' daily operations, along their supply chain and in holiday destinations where they operate. Although the pros and cons of tourism development have been subject to debate ever since the 1970s (see for example Turner and Ash, 1975), only under the influence of broader post-Rio 1992 discussions on sustainable development, have they become part of the business agenda of tourism enterprises.

While CSR activities have been extensively studied in the hospitality industry (e.g. Bohdanowicz and Zientara, 2008; Henderson, 2007; Holcomb, Upchurch and Okumus, 2007) and the airline industry (e.g. Cowper-Smith and de Grosbois, 2011; Lynes and Andrachuk, 2008), understanding of CSR in the tour operating industry is limited (Dodds and Kuehnel, 2010). Addressing this knowledge gap is essential, as tour operators have a central position in the tourism supply chain and thus play a key role in directing tourism flows and coordinating

supply chains, especially in the mainstream holiday market (Budeanu, 2009; Van Wijk and Persoon, 2006). Accordingly, this chapter draws on an intensive case study of Dutch outbound tour operations to examine how tour operators engage in CSR. Over a period of more than two decades, Dutch tour operators have increasingly adopted distinct management tools to enhance their CSR performance. Our case study presents a brief historical outline of this transformation process, identifies the main management tools in use and draws conclusions on the prospects of CSR in outbound tour operations.

As such, this chapter makes two important contributions to the discussion on the role of tour operators in “steps towards sustainability”. First, our study contributes to the academic literature on CSR in the tour operations industry. Although the importance of tour operators in enhancing sustainability in tourism supply chains is widely recognised, few studies to date have systematically examined the generative mechanisms behind tour operators’ engagement in CSR. Our study reveals the pivotal role trade associations play in this transformation process, thereby addressing Tyler and Dinan’s (2001) call for more research on business-interest organisations in tourism. Second, the present work nuances the dominant view of tour operators as defensive players (e.g. Mowforth and Munt, 2009). By showing how Dutch frontrunner firms act in concert with their trade association and sustainable tourism proponents to develop and apply new management tools that address sustainability issues, this study illustrates the innovative role tour operators may play in transforming the tourism sector.

The remainder of this chapter comprises four parts. First, we introduce the concept of CSR in the tourism industry. Then, we discuss the scope of CSR in the tour operations industry. Third, we present the case study of CSR in Dutch outbound tour operations. Finally, we draw conclusions.

### **CSR in Tourism**

Scholarly and managerial attention for CSR has rapidly evolved in the tourism business community as a consequence of increasing concerns over the negative impacts of tourism on

the natural and socio-cultural environment. The International Standards Organization (ISO, 2007 as cited in Dodds and Kuehnel, 2010: 222) defines social responsibility as:

The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practiced in its relationships.

Based on an extensive literature review into CSR definitions, Dahlsrud (2008) concludes that consistently five dimensions are used in defining the concept of CSR; the environmental, social, economic, stakeholder and voluntariness dimension. The *environmental dimension* points at the relation between business and the natural environment. Examples in the tourism setting include the relation between airlines and emissions (Gössling and Peeters, 2007; Mak and Chan, 2006; Lynes and Andrachuk, 2008); cruise lines and waste disposal (Johnson, 2002); hotels and natural resource management (Bohdanowicz and Martinac, 2007; Le, Hollenhorst, Harris, McLaughlin and Shook, 2006; Scanlon, 2007); and tourism and biodiversity (Van der Duim and Caalders, 2002). The *social dimension* refers to the business and society linkage. Social dimensions in tourism are found in issues like sex tourism (Garrick, 2005; Kibicho, 2005; Montgomery, 2008); fair trade in tourism (Bohdanowicz and Zientara, 2009; Cleverdon and Kalisch, 2000); and pro-poor tourism (Mitchell and Ashley, 2010). The *economic dimension* of CSR focuses on the firm's contribution to socio-economic development, for example illustrated by the debate on linkages and leakages (Meyer, 2007). *Stakeholders* are identified when developing sustainable destinations (Jamal and Stronza, 2009) and sustainable businesses (Amaeshi and Crane, 2006; Cespedes-Lorente, Burgos-Jimenez and Alvarez-Gil, 2003). Finally, the *voluntariness dimension* refers to actions that firms are not legally obliged to take, as for example illustrated by the debate on Antarctic tourism (Haase, Lamers and Amelung, 2009).

Although CSR definitions thus have demonstrated congruence along these five dimensions, uncertainty remains with respect to what exactly constitutes social responsibility

and how related challenges should be managed in practice. As argued by Dahlsrud (2008: 6): ‘The only conclusion to be made from the definitions is that the optimal performance depends on the stakeholders of the business’. Hence, an answer to the question what CSR is, largely depends on stakeholders’ expectations of the firm and the context in which the firm operates. To delineate the scope of action for CSR it is essential to consider the context of CSR . The core business activity of a sector and the context of a particular enterprise define the emphasis on particular issues of the people-planet-profit axiom (Mair and Jago, 2010). While the accommodation sector is predominantly concerned with issues of natural resource management, local procurement to reduce leakages, labour conditions and in some regions, the combat of child-sex tourism, the core issue for the transportation sector is climate change. The tour operating industry is somewhat different as its core activity is brokering and not physically accommodating or mobilizing goods or people. This intermediary position in the tourism supply chain has long provided tour operators with an excuse not to accept their responsibility towards sustainability, ‘[claiming] to be simultaneously the innocent victim in satisfying existing consumer demand while helplessly responding to the existing supply stock’ (Miller, 2001; 590). Nevertheless, tour operators are increasingly called upon action and to take CSR seriously (Font, Tapper, Schwartz and Kornilaki, 2008; Van Wijk and Persoon, 2006). In the next section, we will discuss what CSR entails in tour operations.

### **CSR in Tour Operations**

Tour operators engage in the procurement of holiday package components such as accommodation, transport and excursions; they assemble these components in an attractive holiday package and then sell them by adding value in the form of pricing, convenience or expertise. In order to enhance their sustainability performance, tour operators may take action at three different levels: at the firm level, along their supply chain, and at the holiday destination level.

#### *Firm level*

While tour operators previously considered sustainable tourism development the primary responsibility of the governments in holiday destinations (Forsyth, 1997), tour operators

nowadays include sustainability in their business strategy (Font et al., 2006). In the context of UNEP's *Tour Operators' Initiative* numerous practical guidebooks with 'best practice' examples have been developed to help tour operators in establishing CSR policies and practices (e.g. Font and Cochrane, 2005; Tepelus, 2005; TOI, 2003). Several programmes and management tools implemented in the last decade have improved the environmental performance of tour operators. For example, research by Van der Duim and Van Marwijk (2006) showed that in 2004 over 90 per cent of the tour operators in the Netherlands informed their clients about sustainability issues, 70 per cent separated waste and reduced the use of paper, almost 60 per cent lowered the distribution of brochures and almost 50 percent informed or trained staff on CSR. Most likely these percentages will now be much higher. To illustrate their policy of 'buying, flying, selling, sharing and being green and good', recently TUI Nederland published, as the first Dutch tour operator, a sustainability report (TUI Nederland, 2011).

#### *Supply chain level*

Although the tourism sector includes many actors, to date tour operators still have significant power in selecting and assembling suppliers in a holiday package, as well in influencing consumers' choices with respect to destinations, accommodations and additional services (Font et al., 2008; Van Wijk and Persoon, 2006). Moreover, larger tour operators are also often in possession of hotels and airlines, as for example TUI Travel PC owning almost 150 airplanes, over 3500 retail shops and hotel chains like Greccotel, Iberotel and Rui-hotels (Allart, pers. com. 2011). By virtue of these activities, supply-chain management is a key component of the tour operating business (Budeanu, 2009; Font et al., 2008; Schwartz, Tapper and Font, 2008). Supply-chain management can be defined as 'a philosophy of management that involves the management and integration of a set of selected key business processes from end user through original suppliers, that provides products, services and information that add value for customer and other stakeholders through the collaborative efforts of supply chain members' (Ho, Au and Newton, 2002 as cited in Schwartz et al., 2008: 299). The supply chain approach offers a more clearly delineated context and framework for

tour operators to pursue CSR policies and practices, implying that the degree of supply chain sustainability depends on the performance of all the components, the suppliers and their links with the supply chain (Sigala, 2008).

The CSR performance of different suppliers poses several challenges. Many of the grassroots' suppliers in developing countries lack the capacity and ability to implement advanced techniques for waste management and pollution control. Dismissing them in favour of more environmentally friendly and often more wealthy suppliers would be unsustainable from a socio-economic perspective. In this respect the brokering role of inbound tour operators and local agents provides a great opportunity to pursue social and environmental responsibility along the chain. However, these local agents and inbound tour operators often lack the urge or capacity for taking on this role. More generally, local knowledge concerning sustainable development is often absent or minimal. In sum, although the concept of sustainable supply chain management has received increasing recognition and few doubt the importance of sustainable supply chain management for supporting CSR in the tour operating industry, for many companies pursuing genuine sustainable supply chain management is still a bridge too far.

#### *Holiday destination level*

Unsustainable development of tourism can have serious negative impacts on destinations, while tourism largely depends upon these destinations' natural and cultural resources. Therefore, tour operators increasingly engage in sustainable destination management. However, greening destinations requires significant investments, whilst returns will – if ever – generally pay off in the long run. Furthermore, the implementation of these greening efforts needs to be monitored and evaluated. The basic question therefore is: who is responsible for coordinating this endeavour and for bearing the costs? Destinations are *de facto* the products in tourism, but in contrast to products and services in other industries, tourism products are not completely controlled for in supply chains. Despite tour operators' key role in the supply chain, the relationship between tour operators and destinations at large lacks the necessary elements of mutual interdependency that determine business relationships. Although types of

business relationships vary extensively in strength and duration, determinants of its success relate to its dyadic nature including reciprocity, balanced distribution of risks and benefits and intrinsic need (Dabholkar, Johnston and Cathy, 1994; Donaldson and Toole, 2000; Dwyer, Schurr and Oh, 1987; Holmlund, 2007). Starting with the latter, tour operators generally lack the intrinsic motivation to invest in sustainable development of a destination. Bluntly speaking, if tourism destinations tend to get overexploited, with all its social and environmental consequences, tour operators can easily shift their focus to other destinations, as can their competitors. Tour operators are thus not only in the position to *include* destinations in their offering, but also to *exclude* those that seem to lose their attractiveness for tourists. Conversely, destinations, being the producers and the product in one, do have intrinsic arguments to remain attractive, hence to prevent negative or downward exploitation of their natural and cultural beauty. But destinations are hardly ever corporate entities (with exceptions such as Disneyland); rather they are public domain.

In the case of tour operators being intrinsically motivated to invest in the sustainable development of destinations, they face particular risks that likely outweigh the benefits. Investing large sums of capital would need to be balanced with assurances that for the decades to come tour operators would be capable of sending vast numbers of tourists to the destination, or in financial terms: they should be sure about their return on investment. Therefore they would almost need to monopolise the destination, not being rivalled by competitors parasitizing on the investment made, a phenomenon known as 'free riding'. Apart from competitors, externalities as for example terrorist attacks, political upheaval, and natural disasters pose another major threat to such investment. For example, the political unrest in Kenya after the 2008 elections resulted in a significant drop in the number of tourists to Mombasa and the outbreak of swine flu in Mexico in 2009 almost completely shut down tourism flows to Cancun. Lastly, due to the numerous interests and stakeholders at the destination level, a reciprocal relation between the tour operator and, for instance, local governments, NGOs, village councils, is not that obvious. If tour operators put serious efforts into sustainable destination development and attempt to partner up with different

stakeholders, it is still unsure that their efforts will be met by similar constructive efforts from other stakeholders. There is no guarantee that partners stick to their agreements and or that tour operators have teamed up with the right parties.

Nevertheless, voluntary initiatives that aim at sustainable destination development are increasingly encouraged among tour operators, and these initiatives might even positively spin-off across the industry. For instance, the UK Travel Foundation is a charity that ‘cares for the places tourists love to visit’, running projects across the world to show the good “greener holidays” can do. They work closely with UK travel companies to encourage and support wider action. However, Miller (2001: 593) reminds us that the implementation of CSR in the tour operating industry should not be judged against the broader need of sustainable development at destinations, arguing that ‘all steps are bounded by the limitations of the industry structure’.

### **Case Study: The Development of CSR in Dutch Outbound Tour Operations**

The previous sections have introduced the concept of CSR in tourism in general and the scope of CSR activities in tour operations in particular. This section examines what CSR practices Dutch outbound tour operators have adopted over time. The case study is based on two dissertations (Van der Duim, 2005; Van Wijk, 2009), using interviews with tour operators, representatives of the trade association and sustainable tourism proponents; documentation like CSR reports, policy reports, newsletters, firm histories and trade journals; archival materials like minutes of meetings of the trade association’s Executive Committee on Sustainable Tourism and the multi-stakeholder platform on sustainable outbound tourism; and participant observations. We extended these materials with more recent information drawn from secondary sources and expert interviews. In presenting this case study, we first provide a brief historical outline of why CSR (or more broadly: sustainable tourism) became an issue in this sector. Second, we list the main management tools developed and deployed in this industry. Finally, we assess the progress made in the transformation towards CSR and the prospects for further change.

#### *Historical outline*



Similar to the emergent debate on the negative impacts of tourism and supported by evidence of environmental degradation in popular holiday destinations like the Mediterranean, in the early 1980s several individual and organisational actors challenged the Dutch tour operating industry to move towards sustainable tourism. These actors, for example, were concerned about the environmental impacts of mass winter sports holidays in the Alps as well as the social impacts of mass tourism to developing nations. They organised conferences, published articles and books, generated media attention for the topic and developed practices such as public information campaigns on how to behave as a responsible tourist (see for an overview: Van Wijk, 2009).

In the mid-90s the societal critique towards the negative impacts of holidays mounted, particularly after a publication by the Dutch Advisory Council for Nature Policy in 1994, tellingly titled ‘Are we going too far?’ The Council posed the provocative question: *Do we have to go and see everything which seems attractive and interesting to us, and at what price do we allow ourselves the space and freedom to do so?* The report, and particularly its proposal to introduce an eco-tax on holiday flights, caused a shockwave, resulting in a confrontation between the industry and environmental NGOs. In response to the report, together with other departments, the Ministry of Nature Conservation organised the first national conference on sustainable tourism in 1995 and launched the multi-stakeholder Platform IDUT in 1996 to spearhead the debate (now known as the Initiative Group for Outbound Sustainable Tourism. In Dutch: *Initiatiegroep Duurzaam Uitgaand Toerisme*, IDUT). Members included representatives of the tourism industry, governmental organisations, NGOs and educational institutes. The Dutch Association of Travel Agents and Tour Operators (ANVR) took up and still is chair of the Platform.

Against the backdrop of this debate, ANVR formally installed an Executive Committee on Sustainable Tourism in 1995, as part of the Association of Tour Operators (VRO; *Vereniging Reisorganisaties*). It marked the official launch of sustainability in the tour operating industry and perhaps more importantly, the explicit acknowledgement of tour operators’ and travel agents’ responsibility towards sustainable tourism development. Soon

after, the first policy paper on sustainable tourism was published, recognizing the essence of sustainable development for the survival of the industry. The policy paper included two central assumptions; measures should be taken collectively, preferably at the international level, and consumers should continue to have the right to travel. Indeed, the ANVR called for the International Federation of Tour Operators (IFTO) to take appropriate action in 1995. Likewise, the Executive Committee made efforts to develop collective measures to facilitate ANVR tour operators to take action. For instance, information on the *Blue Flag* label for beaches and marinas was included in a database for ANVR members. However, in spite of this formal recognition of sustainability issues by the tour operators, governments in destinations were still seen as the stakeholders ultimately responsible for sustainable tourism development, and it was up to the tourists themselves to make informed decisions on responsible travel behaviour.

By the end of the 1990s, this view on the tour operator's role in sustainable tourism development significantly changed. Propelled by the continuous efforts of numerous advocates of sustainable tourism pushing for change and the potential threat of governmental interference, the ANVR started to demonstrate a more proactive attitude towards sustainable tourism. For example, in 1998, it published a brochure on tourism and the environment, publicly announcing the positive role that tour operators and travel agents have in sustainable tourism development. Together with various tour operators offering holidays in the Netherlands Antilles, the association also supported a project to promote sustainable diving holidays on these islands. In addition, responding to the critique on the detrimental impacts of air transport, policy documents in this period reported on sustainable holiday transportation. Hence, sustainable tourism increasingly became part of the tour operators' and travel agents' business agenda, with the trade association as one of the proponents of change. As expressed by the ANVR on its website: 'CSR in general and sustainable tourism entrepreneurship in particular [...] signifies that besides profit and continuity, enterprises should also consider the effects of their operations on the natural and social environments'. The next section details how Dutch tour operators put these ideas into practice.

### *Overview of the main industry tools*

Over the past decades, the ANVR – in close cooperation with sustainable tourism proponents and frontrunner firms – has developed several programmes and management tools to assist its member tour operators to systematically and structurally incorporate sustainability issues in their strategy and daily operations. These initiatives intervene at the individual firm level (*POEMS* and *DTO*), in the supply chain (*Travelife* and *Intour*) and at the holiday destination level (*IDH*).

#### **POEMS (1998-2008)**

The development of a Product-Oriented Environmental Management System (POEMS) (in Dutch: *Product georiënteerd Milieu Zorgsysteem*, PMZ) was announced in the 1998 policy document of the ANVR. POEMS structures the efforts and activities within a company in order to control, minimise and, where possible, prevent products and services within the chain from having environmental impacts (Berg, 2000 as cited in Van der Duim, 2005; 190). Existing initiatives like eco-labels, informative websites and carbon emission schemes were structured along the main elements of the tourism product (travel – accommodation – leisure). In this way, POEMS translated the existing initiatives into a language tour operators would understand. Pilot-projects among different tour operators were used to test the scheme. Although member tour operators agreed to make POEMS a mandatory standard for ANVR membership in late 2000, it would take until 2005 to have all tour operators awarded with the POEMS certificate.

In order to receive this POEMS certificate, a tour operator was required to (1) formulate an environmental policy statement, (2) formulate an environmental programme related to transport, accommodation, entertainment, internal actions, and communication, (3) appoint a POEMS coordinator who was trained and certified, and (4) refrain from offering travel products that were on the list of non-responsible or non-ethical products. Whereas the scope and impact of POEMS is arguably limited to some environmental aspects, it certainly demarcated a shift in thinking about the industry's responsibility. That is, sustainable tourism moved from a collective responsibility taken care of by the representative body ANVR to an

individual firm responsibility. It should be noted that not all tour operators welcomed the POEMS scheme. Research into the implementation of POEMS in 2004 (Van der Duim and Van Marwijk, 2006) distinguished three groups of tour operators with different responses to POEMS (see Table 4.1).

#### **Table 4.1 Typology of tour operators having implemented POEMS**

The ‘unconvinced minor participants’, a relatively small group comprising approximately 10 - 15 per cent of the tour operators, never accepted the solution proposed by the ANVR. Initially, these tour operators were indifferent, but when the deadline for POEMS implementation came closer, the compulsory character of POEMS irritated them. They either did not show a real interest in solving the problem or they perceived a lack of power to improve their sustainability performance. A second group comprising 60-70 per cent of the tour operators and labelled ‘open-minded yet sceptical participants’, did put much more emphasis on the sustainability problems caused by tourism, principally thought POEMS was a good idea, but questioned its compulsory character and effectiveness. This group accepted the solution (although with mixed feelings) and took action, such as informing their clients on sustainable tourism or having another look at all offered products from a POEMS perspective. For ‘loyal actors’ (20-30 per cent of the tour operators), POEMS worked as a catalyst that structured and guided their efforts towards sustainability. This group includes the frontrunners that took action towards sustainability issues even before the POEMS scheme was introduced. It should be noted that the frontrunner firms consist of both specialist and mainstream tour operators.

#### **DTO (>2008)**

In 2008 the DTO-programme (*Duurzaam Toeristisch Ondernemen/Sustainable Tourism Entrepreneurship*) replaced POEMS. In DTO the focus shifted from mainly environmental concerns as in the POEMS-scheme to the triple bottom line for sustainable development. The DTO-mission is to ‘stimulate and support the development of sustainable tourism products and services, implying that positive impacts will be strengthened and enhanced, and negative social, cultural and environmental impacts of travelling will be reduced to a minimum’

(ANVR, n.d.). DTO policy prescribes that all associated tour operators follow ANVR-DTO standards, including (1) the appointment of a DTO-coordinator, certified with a personal Travelife Exam certificate that remains valid for three years, (2) the formulation of a DTO-policy declaration, and (3) the delineation of a DTO-action plan. Tour operators are required to submit a bi-annual DTO-report to an independent DTO-foundation. By late 2010, all member tour operators appointed a certified DTO-coordinator and formulated a DTO-policy statement, and the majority submitted an action plan. Although the plans have not yet been analysed and evaluated, the ANVR recently confirmed that all plans fulfil the minimum ANVR requirements (see Table 4.2). Reporting standards, however, exceed these minimum conditions, as they require tour operators to report also on issues as philanthropy, internal labour policy, training and education, waste and energy management, CO<sub>2</sub> compensation initiatives, carrier selection and pro-active actions towards sustaining destinations. A number of tour operators already act and operate beyond these minimum standards and reporting requirements.

#### **Table 4.2 DTO Requirements**

Although it is too early to assess the implementation of DTO, there is no reason to believe that the conclusions of the 2004 POEMS evaluation (Van der Duim and Van Marwijk, 2006) have fundamentally changed. Within current initiatives, such as the Travelife programme, the same frontrunners are pulling the strings as in the process of introduction and implementation of POEMS. For those who are lagging behind in this process still the same arguments seem to count.

#### **Travelife (>2008)**

Another major development within the Dutch tour operating industry's transition towards sustainability has been the collaborative project of Travelife, under the umbrella of the EU-funded project of Tourlink. The UK Federation of Tour Operators (FTO) and Leeds Metropolitan University, in collaboration with ANVR, Platform IDUT and ECEAT-Projects have collectively developed a Sustainability Management System for the tourism sector, integrating prior certification and management systems from the tourism sector, other sectors

and general systems such as the EU EMAS system (Environmental Management and Assessment System), ISO 14001 and the UN supported Global Reporting Initiative (GRI). The aim of the Travelife project is to render a method for coherent and easy assessment of sustainability performance of different suppliers in the tourism supply chain in order to improve transparency and stimulate the use of sustainable tourism products among suppliers and consumers. In short, Travelife is a web-based checklist on a wide range of sustainable tourism criteria and, according to the degree to which these are met by the accommodation provider, awards can be achieved, ranging from bronze, silver to gold. Awards are rewarded after inspection by an independent auditor. This information then becomes publicly available to all associated tour operators, helping and encouraging them to work with more responsible suppliers. By November 2010 in total 533 accommodations had been awarded out of 1286 audits. In addition, 1056 accommodations had performed a self-check (Hardeman, pers. com. 2010).

Dutch tour operators very much welcome the Travelife scheme. It provides them with a concrete tool to preferentially select suppliers. The firm-level DTO programme aims to institutionalise such choices and preferences at the firm level, embedding them into corporate policies and routines. Nevertheless, Dutch tour operators have expressed their fear of ‘free riders’ in using the Travelife system. To build up a database with certified hotels takes time, energy and costs, which later entrants can make use of without bearing these costs. Moreover, a business model for generating sufficient revenues in order to account for the enforcement and monitoring costs of the Travelife certificates has not yet been established. In light of this uncertainty of the prospects of Travelife, it is essential to question by whom these investment and enforcement costs should eventually be borne. Finally, environmental issues still tend to dominate the indicator sheets for sustainability. Although issues of waste and energy management are undoubtedly important, prioritizing them might divert attention away from socio-economic dimensions of sustainable development that are particularly important in, for example, developing countries.

**Intour (2010)**

Recently, the industry has sought further collaboration with partner associations in other European countries through the Intour project. Intour is a market-led, cluster-based approach to EMAS III (third version of the Eco-Management and Audit Scheme) and eco-labelling. It aims at integrating sustainability tools with EU voluntary instruments and implementing them in the tour operator supply chain. The project runs from 2010 to 2013, is chaired by ECEAT-Projects and involves 11 European tour operators' associations (Intour, 2010). It aims to increase the number of certified accommodations, to develop the compatibility and sustainability of the sector, to support innovative initiatives and to develop a common strategy for European standards (Intour, 2010).

### **IDH (>2009)**

ANVR has also partnered with the Dutch Sustainable Trade Initiative (*Initiatief Duurzame Handel*; IDH). The objective of the Dutch Sustainable Trade Initiative is to improve the sustainability of international supply chains, by tackling social, ecological and economical bottlenecks for chain actors in developing countries. The Initiative is a multi-stakeholder process in which actors from both Northern and Southern countries actively participate. The sectors that are already implementing a programme in the context of the Dutch Sustainable Trade Initiative are: tropical timber and other forest products, soy, nature stone, cocoa, tea, aquaculture, cotton and tourism. For tourism the idea is to eventually execute destination management projects and implement the Travelife management system in six popular tourism destinations for the Dutch, being Thailand, Brazil, Egypt, Turkey, Kenya and Tanzania. Although IDH ultimately aims at incorporating the whole tourism supply chain, it now primarily focuses on the accommodation sector, using the Travelife system. The audits and self-checks have delivered a significant volume of information concerning the environmental and social performance of the accommodations, however the translation of this information into viable action strategies and programmes, not only within the accommodations themselves but also at the level of the destination more broadly, still appears to be lacking.

*CSR assessment and prospects*

Overall, the development of CSR in the Dutch outbound tour operating industry has been a gradual process of attitudinal change. The five-stage model for firm's actions towards CSR developed by Zadek (2004) provides a sound framework for assessing the current CSR status of the industry. The model suggests that the adoption of CSR policies and practices is a process that every business goes through, albeit at a different pace. Zadek (2004) differentiates five subsequent stages starting with the defensive stage. In this stage organisations practically deny the problems or at least their responsibility for addressing them. After the stage of defence, organisations enter the compliance phase, where minimum efforts and costs are taken in order to comply with laws and standards. The first two stages can be earmarked as reactive or, at times, even ignorant. The third stage reveals a more proactive attitude, rather than organisations being forced to take action. In this managerial stage, organisations assign responsibilities for social and environmental issues, and their solutions, to operation managers, and responsible business practices are integrated into daily operations. The fourth stage is strategic, where responsibilities for today's and future social and environmental issues are taken up as a core business strategy. The ultimate fifth stage of CSR in organisations is the promotion of strategic CSR policies and practices across the entire industry.

Drawing on this model, we argue that the development of CSR in the Dutch outbound tour operating industry currently evolved into stage 3, with the trade association ANVR as a pivotal player behind this transition. By 2010, 213 tour operators, 124 business travel agents and 1463 travel agents were associated with the ANVR (De Reus, 2010), comprising roughly 90 per cent of the industry. Hence the ANVR has a solid and authoritative reputation within the industry. In addition, the ANVR is not only the representative of the industry; it also advocates the interests of the tour operators and travel agents to governments, NGOs and society at large. As such, the association has played a key role in the advancement of sustainable development policies and practices on the industry's agenda. While a frontrunner group has emerged, of which some have moved to Zadek's (2004) fourth stage, for many other firms in the industry full implementation of CSR is yet to come.



Nevertheless, the transition towards CSR is remarkable if we take into account that most of the driving forces that are generally considered to be relevant to a firm's CSR engagement, are almost absent in the Dutch setting or have waned over time. According to Bansal and Roth (2000) there are four drivers of greening businesses. The first driver is *legal requirements*, pointing to the legal framework in which organisations need to operate in order not to be fined, penalised or even sued. The report 'Are we going too far' in 1994 provided several recommendations to regulate the tourism industry and generated the threat of governmental interference into outbound tour operations. However, this threat did not materialise in regulations. Apart from some generic policy instruments and a short-lived introduction of eco-taxation for international flights in 2008, the Dutch Government did not send out a clear message that there is a need for changing practices – let alone stimulate and facilitate innovation in tourism in any substantial manner. Of course, some new initiatives and niches have been welcomed and supported, but usually not in an enduring way. Moreover, in the Netherlands the four most involved government departments and sectors (i.e. Economic Affairs, Nature Conservation, Development Cooperation, and Environmental Affairs) continuously have scratched each other's back when discussing primary responsibility. The global character of contemporary tourism, the consequent deadlock of national competition positions and confusion about accountability suggest that regulatory pressure is not likely to become a significant driver for greening the industry in the near future (Mair and Jago, 2010). Put differently, governments at different scales are caught in a *Catch 22*. This was clearly demonstrated by the introduction of the 2008 flight eco-taxation, which was being reverted within a year. As many Dutch travellers started to book their flights from neighbouring airports in Germany and Belgium to avoid the taxes, the Dutch government cancelled the levy.

Beyond legal regulations, organisations can be pressured by *stakeholder groups* such as local communities, civil society organisations, customers or suppliers to adopt more responsible policies. In our case, stakeholder pressure has waned over time. One of the focal organisations in the Netherlands that consistently challenged the industry (*Stichting Retour*)

ceased to exist after being very active in the 1990s, while other organisations that potentially could perform this role have joined collaborative arrangements with the industry, formalised in the IDUT Platform. Whereas broad-scale societal campaigns to create consumer awareness about unsustainable industry practices by, for example, Oxfam Novib have proven to be highly effective in other industries such as cocoa, similar initiatives have been absent in tourism. Contrary to the production of tangible goods, in the service industry responsibilities often are less overt (Mair and Jago, 2010). Nevertheless, NGOs could start to target consumers in their campaigns rather than the tour operators so as to enhance consumer understanding of how sustainable holidays differ from non-sustainable ones. By stimulating the market demand for sustainable products, commercial arguments for change will provide a stronger business case for CSR.

Thirdly, Bansal and Roth (2000) identify *economic opportunities*, such as scaling production, outsourcing and green marketing as a third corporate motive for thinking and acting responsibly. While Dahlsrud (2008: 6) argues that at the conceptual level CSR is nothing new since ‘...business has always had social, environmental and economic impacts, been concerned with stakeholders [...] and dealt with regulations’, corporations have come to identify the business case for explicitly addressing social and environmental issues. As Carrigan and Pelsmacker (2009: 683) argue: ‘Those firms who treat sustainability as an opportunity, rather than a costly add on are most likely to reap the rewards long term by exploiting the opportunity it brings to differentiate, make cost savings, build consumer trust, and help consumers continue to make more sustainable purchasing decisions’. Obviously some of the frontrunners and especially tour operators in niche-markets have seen and capitalised on these opportunities. However the majority of the tour operators still face the absence of a clear business case. Although consumer awareness is on the increase, it is not yet translated into a clear quest for sustainable tourism (NBTC/NIPO, 2010). Other industries are confronted with more overt and strategic necessities for being concerned with environmental sustainability and social responsible practices, particularly where they depend on the increasing scarcity of natural resources (Dahlsrud, 2008; Mair and Jago, 2010). The

fragmented and diverse nature of the tourism sector is one of the major limitations for adopting coherent CSR strategies in the tourism supply chain (Budeanu, 2009; Schwartz et al., 2008; Miller, 2001).

Despite this lack of clear-cut corporate motivations, as depicted above, in the last decade policies and practices associated with environmental and social responsibility have been institutionalised in the Dutch outbound tour operating industry. The *ethical or moral motivation* is the fourth and remaining driver to explain this change (Bansal and Roth, 2000). For the ANVR responsible business is 'the right thing to do' and therefore the association still actively promotes CSR among its members. In that sense the Dutch tour operating business indeed entered the third stage as depicted by Zadek (2004), where ANVR and the frontrunners actually take their responsibility, rather than being forced to do so. In this managerial stage, these organisations have attributed themselves responsibilities for social and environmental issues, and their solutions, and have integrated responsible business practices into daily operations. Although this undeniably is a major step forward, the question remains how solid these moral concerns are in running a business under challenging economic conditions.

## **Conclusion**

This chapter briefly introduced the concept of CSR in tourism in general and tour operations in particular. We argued that tour operator's scope of action for CSR is to be found at three levels; the firm level, the supply chain level and the destination level. With regard to the tour operator's responsibility we noted that the industry is bound by the limitations of the industry structure (Miller, 2001). Tight margins, many, different and scattered suppliers and above all the exogenous factors composing the tourism product, make in all reasonableness that tour operators cannot be held accountable for the sustainable development, or lack thereof, of the *holiday destination* at large. Notwithstanding that, tour operators are increasingly encouraged to contribute to sustainable destination development. Tour operators also play a key role in *supply chains*, by assembling holiday packages, by selecting suppliers of accommodation and transportation, directing large flows of tourists, and marketing destinations particularly in

mainstream tourism. Hence, tour operators do have a chain responsibility. However the principal driver behind broad-scale acknowledgement and action towards chain responsibility – the business case at *firm level* for ‘going sustainable’ – has not yet been clearly defined or made accessible for the majority of tour operators. Tour operators are to a large extent locked into existing technologies and old ways of doing (Van der Duim, 2005). According to Dodds and Kuehnel (2010), externalities seem to control most of the operations within the tour operating industry, whereas tour operators do not consider themselves in control of the content and resources (nature, culture, beaches, events) they ‘sell’.

Nevertheless, the Dutch case study on outbound tour operations illustrates that tour operators do signal opportunities for change. Over more than two decades, serious efforts have been taken to endorse social and environmental responsibility across the industry, reflected by the adoption and implementation of the POEMS-scheme, followed by the current DTO-framework, and the Travelife management system and its implementation within the IDH framework. The merits of *people* and *planet* have thus become part of the commercial business agenda. While PR arguments in the anticipation of a market pull for sustainable holidays clearly play a role in the steps taken to date, many efforts are based on a strong sense of moral responsibility towards the natural environment and local populations. The major achievement in that respect has been the institutionalisation of this moral responsibility, beyond philanthropic support. As such, our case study nuances the negative portrayal of tour operators as irresponsible actors. Moreover, by showing how the trade association ANVR took and still takes the lead in pushing its members towards sustainable tourism, our study heeds Tyler and Dinan’s (2001) call for more research on business-interest organisations in tourism. While Tyler and Dinan emphasise the role of trade associations in influencing public policies on tourism, our case study reveals the key role trade associations play in promoting CSR in the industry itself. As suggested by Gupta and Brubaker (1990), trade associations are in the position to develop and define CSR standards; to inform and convince their members on the need for CSR and to proffer possible solutions; to promote the diffusion of these solutions and monitor their implementation through the association’s channels of

communication and education; to safeguard the industry's green image; to educate the public about the relationship between tourism and society at large; and to actively engage in stakeholder consultations, here institutionalised in the IDUT Platform. While Dutch frontrunner tour operators suggest that it is possible to be successful in carving out a niche for sustainability, not all tour operators signal these opportunities as yet.

It is here that future research is warranted. Research on CSR in tour operating has tended to focus on frontrunner firms in order to identify 'best practices' (e.g. Tepelus, 2005), leaving the motivations of laggards *not* to engage in CSR little understood. Are these firms differently positioned in the market, constrained by the type of holiday products they offer, the countries they operate in or the customers they serve? Moreover, a comparative case study of the driving forces behind CSR in the tour operations industry across different EU countries could enhance our understanding of external and internal drivers of CSR. For instance, it would be interesting to systematically compare the Dutch transformation process with the process unfolding in the UK industry where the NGO Tourism Concern has played a significant role in pressurizing tour operators to act socially responsible. By understanding the driving forces behind CSR in outbound tour operations, interventions to instigate change can be better designed. Given the expected growth rates of tourism in the years to come, these interventions for sustainability are urgently needed and ask for bold actions. Indeed, as Zadek (2004) argues, making business logic out of a deeper sense of corporate responsibility requires courageous leadership and insightful learning, and a grounded process for organisational innovation.

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