Tourism as an agent of social and environmental improvement: The importance of understanding the business model.

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Abstract

Tourism contributes significantly to the global economy and as an industry has been considered as a vehicle for social and environmental improvement. Sustainable development and poverty alleviation have become global goals and international agencies have embraced tourism as a means to demonstrate positive social and environmental outcomes within business and industry. This paper introduces tourism as an agent of change and corporate social responsibility before reviewing a study that investigated organisational culture and the adoption of sustainable practice within tourism businesses. The study emphasises that while social and environmental practices are being adopted by tourism operations, these practices still require that the business perceives some element of benefit (not necessarily economic) to justify practice adoption. The paper then reflects on the implications of these findings for the development of community-based tourism as a means to reduce poverty and or minimise environmental exploitation. It is proposed that while tourism may be able to contribute to social and environmental improvement, it cannot do so effectively without an understanding of the business model where positive social and environmental outcomes are linked with good business practice. The paper will demonstrate this through a review of corporate social responsibility literature supported by the findings of the adoption study and followed by a reflection upon current perceptions of tourism as an agent for social and environmental improvement in relation to community-based tourism development.

Keywords: sustainable practice, corporate social responsibility, organisational culture, community-based tourism, ecotourism.
1. Introduction
Tourism has been promoted as a tool for providing communities with economic advancement that is complimented by social and environmental improvement, especially in developing nations (Novelli & Tisch-Rottensteiner, 2012). The United Nations World Tourism Organisation (UNWTO) Declaration for “Harnessing tourism for the Millennium Development Goals” is but one demonstration of the global interest in tourism as a mechanism to achieve sustainable development (UNWTO, 2005). The purpose of this work is to reflect upon tourism as an economic activity, understand the drivers of sustainable practice within the sector and to finally emphasise that while social and environmental practices are being adopted by tourism, these practices still require that tourism businesses perceive some element of benefit, not necessarily economic, to justify practice adoption. This being the case, what are the implications of these findings for the development of community-based tourism as a means to alleviate poverty and or promote environmental conservation? Recognition of tourism as a business model is essential if benefits are to be achieved from the introduction of tourism. The paper will demonstrate this argument with an exploration of corporate social responsibility literature, supported by the findings of a study that reviewed tourism adoption of sustainable practice. This is followed by a reflection on current perceptions of tourism as an agent for social and environmental improvement in relation to community-based tourism development.

2. Tourism as an agent of change
During the 1990s, the United Nations and World Bank initiated tourism related projects to achieve environmental conservation and poverty alleviation agendas (Hawkins & Mann, 2007). These projects cited that the potential economic returns of tourism could value-add and support socio-cultural development and or environmental conservation.

Non-government organisations have also promoted tourism for it potential to achieve more sustainable resource use. The World Wildlife Fund for example state:
“WWF is using tourism as a conservation tool. Ecological accommodation and nature educational trails are some of many examples of how tourism is being used to promote nature protection …” (WWF, 2012).

Tourism appears to be the choice of lesser evil compared to extractive industries if conservation and community development are priorities. However, the expectations of tourism are not always seen within context, sometimes tourism is seen as a panacea to solve a multitude of problems, for example, “an enormous economic opportunity exists for governments to protect the remaining red gum forests of NSW and invest in regional communities to create sustainable, long term jobs that protect red gum forests and capture real opportunities like those in tourism and agroforestry initiatives (ACF, 2009).”

While tourism is perceived as less socially and environmentally harmful, impacts are deceptive in that they tend to be less obvious than those of brown or extractive industries given that they tend to be incremental and cumulative in nature (Carter, Whiley, & Knight, 2004). Of more interest to this discussion is that these “greener” expectations of tourism (Novelli & Tisch-Rottensteiner, 2012), often tends to undervalue market and business constraints that may impact on business viability within a given context. The following discussion will therefore explore ways that businesses can contribute to sustainable development goals through corporate social responsibility.

3. Corporate social responsibility
Corporate social responsibility is, according to Jones (1980), the notion that a corporation or firm will respond to externalities including
social and environmental objectives. This diverges from traditional interpretation of the firm which was “based on the assumption that firms will always be motivated purely by the desire to maximise their short-run profits” (Fuller, 1997, p. 123). Literature associated with the “greening of business” crosses many fields and disciplines including organisational theory, management, economics, law, policy, social sciences and environmental science. Given this broad disciplinary base, the literature is often contested and debated (Bowen, 1953; Carrol, 1979; Epstein, 1987; Freeman, 1984; Friedman, 1962; Wood, 1991). However, according to Allouche & Laroche (2006), there is a common theme within the literature that recognises a requirement for firms to respond to social and environmental externalities, within the constraints imposed by economic and regulatory expectations.

A green firm subsequently may be referred to as “an independent productive institution subject to a mixture of legal, social and market disciplines. It must make some profit to survive. But consistently with that it does, and should, serve the purposes and respect the just rights and expectations of capital owners, employees, creditors, customers and the society of which it is an organized part” (Streeten, 1999, p. 368). These observations legitimise an expectation within modern society that firms are required to act ethically according to cultural norms.

This construct is consistent with understandings of organisational theory where internal and external factors influence decision making. Literature focused on the greening of tourism highlights the importance of an environmental ethic within decision making frameworks and argues incorporation within the organisations culture is critical for an ongoing commitment to sustainable practices (Knowles, Macmillan, Palmer, Grabowski, & Hashimoto, 1999; Malloy & Fennell, 1998; Palmer, 1997). Therefore, the “adoption and commitment to sustainable practice (or CSR), if not consistent with organisational goals and values, will produce limited results long-term, producing at best, only peripheral change, with operational practice remaining predominantly ‘business as usual’” (Whiley, 2006, p. 124).

This discussion contributes by highlighting that while business may respond to sustainable development through the adoption of practices that achieve socio-cultural and environmental outcomes, adoption will also be constrained the economic realities. This will be demonstrated in the following section by a conceptual model that explains the decision making frameworks of tourism firms in relation to sustainable practices.

4. Adoption of sustainable practice within tourism

Corporate social responsibility explains why firms might rationalise socio-cultural and environmental considerations into the business model. To provide a greater understanding of the opportunities and constraints that might influence decision making within tourism, a study of tourism accommodation will now be explored. The study reviewed the sustainable practices of twenty accommodation firms within Australia. Issues of relevance to this discussion relate to proactive adoption based on a personal or organisational ethic and adoption influenced by external sources.

The findings are best explained by introducing the Tourism Environmental Drivers Model (Whiley, 2006). The conceptual model outlines that in response to a growth in environmental awareness and the development of an environmental ethic within society, the environmental lobby grew and certainly within developed nations, this lobby increased in political influence. Environmental activism and awareness influenced nation states and global policy, as demonstrated by the earlier discussion of the UNWTO Declaration “Harnessing tourism for the Millennium Development Goals”. Sector 1 of the model Figure 1, Demonstrates that where a business
has a pre-existing environmental ethic and knowledge of relevant environmental practices they will institute change based on the following three factors:

- Accept an increase in operating costs to facilitate adoption (sector 1a.),
- Introduce practice in response to a perceived market demand (sector 1b.), and, or,
- Practice results in reduced operating costs (sector 1c).

Where the proactive, ethically founded motivations are absent, adoption of sustainable practice has been influenced by government and or industry initiatives that enhanced existing knowledge and highlighted economic benefits. The two main factors that influenced adoption in these instances were:

- Perceived market demand (sector 2a.) and or,
- Reduction in operating costs (sector 2b).

These findings are consistent with our understanding of corporate social responsibility where external factors such as social and environmental goals may influence decision making within the business model. Adoption of practice will occur where a business has the knowledge, capacity and understanding of potential costs. It was found however that some practices that induced a cost to the business were also adopted. This is perhaps less consistent with our understanding of the business model, as we would expect that the adoption of practice that induced a cost is not in the firm’s financial best interests. This finding suggested that the business perceived some form of additional benefit that off-set or negated the financial cost to the firm (sector 2A). Benefits included:

- Improved business practice,
- Improved quality /experience,
- Employee morale, and or
- Community perceptions.

Figure 1: The tourism environmental drivers model (Whiley, 2006)
These benefits are less financially tangible but create real value for a business within a highly competitive industry like tourism. This understanding of the drivers of sustainable practice within tourism demonstrate potential opportunities and constraints that a tourism business model might experience when attempting to attain sustainable development goals. The application of corporate social responsibility and the tourism business model will now be discussed in relation to community-based tourism development.

5. Community-based tourism development

This discussion aims to highlight issues that have been found to enhance or detract from the success of community-based tourism projects through a reflection on the principles of corporate social responsibility and effective integration within the tourism business model. The discussion will commence with an overview of issues associated with community-based tourism development.

From the literature there appears to be mixed results in relation to the success of community-based tourism projects (Novelli & Tisch-Rottensteiner, 2012; Salazar, 2012; West & Carrier, 2004; Zapata, Hall, Lindo, & Vanderschaeghe, 2011). This is not unexpected, due to the different contexts in which the development takes place. Socio-cultural, environmental, political, economic and infrastructure issues will play a role in the viability of a community-based tourism project (Salazar, 2012). Further to this, the concept of success is value laden and is perhaps best defined by those directly involved (Goodwin & Santilli, 2009; Salazar, 2012). However, when seen as a tool for sustainable development either, poverty alleviation or environmental conservation, and projects are funded by external agencies (Novelli & Tisch-Rottensteiner, 2012) success will likely be defined by agency objectives and may be ideologically based.

Bottom up or top down decision making is discussed within the literature with various levels of success and failure. Discussions are predominantly based on individual case studies in which the contextual environment varies widely. In cases where communities have some level of business capacity success is often cited (Agrusa & Albieri, 2011), however, in other situations where capacity is low, the ability to adapt, understand and control tourism development is virtually non-existent (Novelli & Tisch-Rottensteiner, 2012). Similar debates exist with the importance of stakeholder participation and power within tourism decision making (Salazar, 2012). Tourism may not always benefit all within the community and can lead to changes in power relationships and create social contention (Choibamroong, 2011; Salazar, 2012). There is also concern that foreign based interest and lack of local control are merely an extension of the colonialist past where western ideologies are forced upon communities (Novelli & Tisch-Rottensteiner, 2012; West & Carrier, 2004).

Market demand for authentic experiences also poses problems for communities seeking development. The trappings of development are often at odds with the markets desire to seek and experience the exotic (Novelli & Tisch-Rottensteiner, 2012). Various specialist forms of tourism such as ecotourism and ethnic tourism aim to seek out unique experiences that allow exchange of culture. The concern here is that small niche markets may only have marginal economic benefits as market expectations often leads to economic leakages (Salazar, 2012) and contributes to cultural change (Choibamroong, 2011). As cultural exchange occurs the exotic nature of the experience diminishes.

This brief overview of community-based tourism development represents key issues associated with tourism development generally. Tourism is a consumptive (McKercher, 1993), short-term, price sensitive (Bramwell & Lane, 2002), and hedonistic (Muller, 1994) activity; it
is market driven and from the supply-side it is perishable in nature and highly competitive (Pomering, Noble, & Johnson, 2011). Incorporating corporate social responsibility is possible but economic viability remains an essential component.

6. Reflections

The commonality within the community-based tourism development discussions appears to be a mismatch between the operation of tourism as a business model and the promotion of tourism as a tool that provides a community with the means to enhance economic capacity. For tourism to provide income it must be reviewed in context. To produce benefits, the community will be required to promote and deliver a product, which will require an understanding of the tourism market (either local or global). It will also demand some form of commodification of culture and or the environment to attract the market within a highly competitive sector. To minimise impacts, an understanding of tourism as a system will assist decision making. Developing this type of capacity within communities requires considerable commitment and ongoing support. Therefore, the one size fits all approach attributed to the concept of tourism as means for poverty alleviation appears flawed. On one hand there are the ideological goals of cooperation, consensus, fairness and equity and on the other are the commercial realities of the business model which requires capacity, market, product and viability to enhance economic returns. Our understanding of corporate social responsibility suggests that ideological goals and viability may not be mutually exclusive however there are limitations as to how far a viable firm may go to achieve social and environmental outcomes. The same can be seen within the discussion of community-based tourism, where there is evidence of success in some instances where tourism is developed as a business model.

7. Conclusions

Argument in the tourism literature appears to be divided between those espousing the development of capacity building in communities, to those that focus on tourism as a form of socio-cultural and environmental conservation. The first view essentially viewing tourism development within the framework of a tourism business model, building capacity and knowledge within the community to create a tourism product that will provide economic benefits and hence contribute towards poverty alleviation. The second view claims neo liberal western philosophies should not be the central theme of community-based tourism projects. Environmental and socio-cultural benefits are also important outcomes according to this view and should be valued. While this might be the ideal, it appears to negate or ignore that tourism is a commercial activity and that with economic benefit it may also bring dis-benefits; impacts that may be detrimental to community or cultural values. Therefore, if it is considered that limited viability and continued donor support are appropriate; perhaps a tool for economic development with lesser impacts should be chosen as a way to alleviate poverty.

The paper has presented a conceptual model that demonstrates factors that motivate the adoption of sustainable practice, and demonstrates corporate social responsibility within the tourism framework. It was proposed that tourism is an economic activity based on a business model where capacity to respond to sustainable development is balanced with economic viability. The promotion of tourism as a tool for poverty alleviation and environmental conservation continues to dominate global policy.

It must be recognised in the context of aid and project design that while tourism may provide some incentive for socio-cultural and environmental improvements, economic viability is equally important, as tourism brings both positive and negative impacts. There has also been a lack of detailed analysis and
evaluation of projects designed to improve the livelihoods of communities through cultural and eco-tourism. Further research in this area is essential and must go hand in hand with project design and delivery.

8. References


