THE SECOND INTERNATIONAL RESPONSIBLE TOURISM CONFERENCE ACADEMIC PAPER SUBMISSION

PAPER SUBMITTED BY: Rachel Dodds Assistant Professor,
Ted Rogers School of Hospitality & Tourism Management, Ryerson University
and Jacqueline Kuehnel, J K Enterprises/Ted Rogers School of Hospitality
and Tourism Management, Ryerson University, Canada

TITLE OF PAPER: Corporate social responsibility practices of Canadian outbound mass tour operators

ABSTRACT: Corporate Social Responsibility is gaining momentum worldwide as companies begin to realize that their stakeholders are demanding accountability which go beyond shareholders' interests. Subsequently, reporting levels are increasingly being regulated and corporate strategic initiatives focusing on improving their social and environmental responsibility are on the rise. This paper examines Canadian outbound mainstream tour operators and assesses their level of awareness and participation in corporate social responsibility activities as well as their attitude to current issues such as climate change. Although the Canadian outbound leisure mass market is relatively small compared to that of the UK, Canadian travellers are a significant source of tourism to Mexico and Caribbean islands such Cuba and the Dominican Republic. Existing sustainable tourism best practices in the destinations they operate will also be gauged.

CSR Participation and Awareness among Canadian Outbound Mainstream Tour Operators: Contributing to Responsible Tourism?

Dodds, R.

Assistant Professor,

Ted Rogers School of Hospitality & Tourism Management

Ryerson University

350 Victoria Street

Toronto, ON

M5B 2K3

Tel: 416 979-5000 x 7227

Fax: 416 979-5281

Email: r2dodds@ryerson.ca

Kuehnel, J.

JK Consulting Enterprises

25 London Street

Toronto, ON, Canada

M6G 1M8

Tel. 416.564.0302

Fax: 416.535.0600

Email: jkuehnel@rogers.com

All correspondence should be sent to r2dodds@ryerson.ca

Keywords: tour operators, CSR, responsible tourism, Canada, Caribbean, climate change

Author Bios:

Dr. Rachel Dodds is an Assistant Professor at Ryerson University and the Director of Sustaining Tourism, a consultancy. With a PhD in sustainable tourism policy, her

current work and research interests include sustainable tourism, corporate social responsibility, climate change and stakeholder roles in sustainable destination management and development.

Jacqueline Kuehnel has her own consultancy in travel and tourism focusing on climate change and corporate social responsibility. Jacqueline started working with outbound Canadian tour operators in 1980 and her travel experience includes sales and marketing, aircraft scheduling, operations, destination development, product strategic planning and accommodation contracting.

ABSTRACT:

Corporate Social Responsibility is gaining momentum worldwide as companies begin to realize that their stakeholders are demanding accountability which goes beyond shareholders' interests. Subsequently, reporting levels are increasingly being regulated and corporate strategic initiatives focusing on improving their social and environmental responsibility are on the rise.

This paper examines Canadian outbound mainstream tour operators and assesses their level of awareness and participation in corporate social responsibility activities as well as their attitude to current issues such as climate change. Although the Canadian outbound leisure mass market is relatively small compared to that of the UK, Canadian travelers are a significant source of tourism to Mexico and Caribbean islands such Cuba and the Dominican Republic. Existing responsible tourism practices in the destinations they operate will also be gauged.

CSR Participation and Awareness among Canadian Outbound Mainstream Tour Operators: Contributing to Responsible Tourism?

INTRODUCTION

If used responsibly, tourism can be a force for positive growth and economic success. It has the capacity to create employment, encourage new small and medium sized enterprises, generate opportunities in many areas where other economic activity may not exist, bring earnings and foreign exchange, provide infrastructure such as roads and airports, help preserve the local environment and provide well-being to the local community. On the other hand, the travel and tourism industry can also be responsible for leakage, low pay and seasonal employment, instability and low job status, high job turnover, environmental degradation, displacement of local people, inflation, crime and the dilution of culture (Agarwal, 2002, Dodds, 2005, McElroy, 2002, UNEP, 1996). There is, therefore, a challenge to harness these positive benefits while curbing the negative effects of unmanaged growth and development. Governments are upheld to exercise good governance; however, businesses must also play in being responsible. Responsible tourism is often known as corporate social responsibility (CSR) among the business community.

The concept of CSR is now being adopted by many key leaders in the private sectors of industries such as natural resources extraction, manufacturing, textiles and forestry. Therefore, there is a need to further increase travel and tourism's participation in CSR as it continues to gain worldwide momentum across most businesses sectors.

This study attempts to examine two elements to further CSR literature within tourism. First it explains the outbound travel market in Canada which is dominated by package tour operators and discusses their main markets, key issues and concerns. Second, this paper examines these Canadian outbound tour operators to determine their level of awareness and participation in CSR activities.

CSR & RESPONSIBLE TOURISM

Responsible tourism is defined in the Cape Town Declaration (2002) as:

- "minimizing the negative economic, environmental and social impacts;
- generating greater economic benefits for local people and enhancing the well-being of host communities;
- improving working conditions and access to the industry and involving local people in decisions that affect their lives and life chances;
- making positive contributions to the conservation of natural and cultural heritage, to the maintenance of the world's diversity;
- providing more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues;
- providing access for physically challenged people and;
- is culturally sensitive, engenders respect between tourists and hosts, and builds a local pride and confidence."

Responsible tourism in the business community is often termed as CSR and they share many similar characteristics. The World Business Council for Sustainable Development refers to CSR as 'business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life' (Kotler & Lee, 2005: 3). The Canadian non governmental organization (NGO), Canadian Business for Social Responsibility (CBSR) (www.cbsr.ca) defines CSR as "it encompasses a company's commitment to operate in an economically and environmentally sustainable manner, while acknowledging the interests of its stakeholders". The World Business Council for Sustainable Development (WBCSD) highlights that CSR is driven by 'human rights, employee rights, environmental protection, community involvement, supplier relations, stakeholder rights and monitoring (www.wbscd.org, 1999). Definitions are similar in that they share the idea that the stewardship of society's resources must be expanded to also serve society (Lantos, 2005).

Within the tourism industry, CSR is only just starting to take preference (Dodds & Joppe, 2005). Tourism operators and destinations are starting to realize the negative impacts that tourism can have on their product and are becoming aware that the very resources that attract tourists need to be protected for long term business sustainability. Within the industry, there are some examples which showcase how companies have attempted to be more responsible (The International Hotel Environmental Initiative (IHEI) which now falls under the International Tourism Partnership, the UK's Travel Foundation and the Tour Operators Initiative (TOI). These two initiatives, however, focus on international hotel chains (IHEI) and mainly European based tour operators -few, however, are relating to Canada.

There are also few studies which examine CSR in tourism and tourism (Dodds & Gaudreault, 2007; Kasim, 2006) and even fewer Canadian companies and CSR (Hudson & Miller, 2005), however many of these address sustainability in general rather than the level of CSR among companies and specific strategic business. Other studies on tour operators and sustainable tourism (Miller, 2001; Tapper, 2001; Curtin and Busby, 1999) are mainly UK analysis and many focus on the destinations rather than the operators which are responsible for much of the impacts. Of these studies, however, neither are mass market package holiday operators, nor are they outbound.

CANADIAN TOURISM ABROAD

Tourism is one of the top five export categories for as many as 83% of countries and is a main source of foreign exchange earnings for at least 38% of countries (WTO in UNEP, no date). Direct and indirect employment in the industry account for about 200 million jobs or 8% of employment, when the travel and tourism industry and its suppliers are included in the estimates.

The Caribbean, one of Canada's main outbound markets, is the most tourism intensive region in the world. Tourism accounts for approximately 14. 8 percent of total GDP and is expected to increase to 16.5 percent by 2014. In the Caribbean, tourism generates 15.5 percent of total employment and this is forecasted to rise to 17.1 percent by 2014 (World Travel and Tourism Council (WTTC), 2004).

In Mexico, another of Canada's outbound markets, there were 21.4 million arrivals in 2006 and over half the gross value added of hotels and restaurants (51.4%) is explained by tourism demand, as is 28.6% of transport activities and 18.6% of all leisure activities. The share of tourism in total GDP was 8.9% in 2000 according to preliminary figures, up from 8.1% in 1993 (OECD, 2001)

Of the 21.1 million outbound trips taken by Canadian tourists in 2005, a record-high 29.5% of them were to overseas destinations (6.2 million were international, 14.9 million were to the USA) (Statistics Canada, 2005).

Although technology and demographic shifts are changing the way in which people research and book travel, pre- packaged holidays to sun, sand and sea destinations remain the most convenient and economical way to vacation for Canadians. Canada's geography and population density is not conducive to the development of complex scheduled air networks such as those in the USA and Europe, nor has it fostered the growth of low cost carriers such as Southwest Airlines and JetBlu in the USA and Easyjet and Ryanair in the UK. Therefore, the Canadian leisure market to sun destinations is still dominated by charter air travel which is bundled with accommodation and ground services. Airlines such as Air Canada and WestJet, which have in-house tour operators and may use a scheduled route, operate as traditional tour operators offering mostly packaged holidays. Charter air service contracted by a tour operator may still be the most direct and well priced way to access tropical destinations in regions like the Caribbean, Mexico and Central and South America.

While many destinations are themselves starting to focus on responsible tourism, tour operators and their level of CSR need to be assessed in order to establish their role in moving these initiatives forward.

METHODOLOGY

The purpose of this study is to understand the outbound market of Canadian tour operators and their level of CSR activities, including responsible tourism practices in destinations. The research question aimed to identify the following objectives:

1. What is the level of participation in CSR related activities among Canadian tour operators
2. What are the key issues and concerns of Canadian outbound tour operators and how are operators addressing them.
3. What are operators doing with regards to responsible tourism in destinations

This research first identified the largest Canadian outbound tour operators. The questionnaire and interview questions were pilot tested with personnel from tour operators to ensure validity and clarity of questions. Then CEO's or Vice Presidents of mainstream tour operators were approached for their participation and were first given a questionnaire via email or post and then surveyed via in-depth interviews in person and by telephone. The survey consisted of closed and open-ended questions and was divided in two parts. The first part asked about the company's product, size, number of clients served and the second part asked for agreement/disagreement with a number of statements and then asked about the company's participation in CSR elements and reporting. An in-depth interview was then undertaken to discuss issues, concerns and future actions of operators. Interviews took approximately 1-2 hours to complete. Surveys were collected from five of the seven main large outbound operators within Canada. This sample, although small, represents between 70 % and 80% of all outbound package travel from Canada. In order to gather data on company characteristics and understand company motivations, awareness and involvement in CSR behavior, human subjects were needed. Although not directly asked about their personal motivations or preferences, human subjects provided key company data. The study was undertaken in the Spring/Summer of 2007.

FINDINGS

Many of the respondents referred to elements of responsible tourism as per the Cape Town declaration. This paper, however, provides context for how these relate to the over- arching responsible tourism framework within CSR

Industry Structure:

When clustered by their ownership structure, table 1 displays their ownership and affiliation. The outbound Canadian leisure market is dominated by seven major tour operators. The ownership structure influences Canadian tour operators in the following areas. First, aircraft availability determines their seat capacity and the scheduling of Canadian gateways to outbound destinations. Second, destinations are scheduled based on the organizations' ability to operate year round (Canada in the winter, UK/ Europe in the summer). Third, accommodation contracting is leveraged against passenger volume and also the ability to operate a year-round program. Lastly, policies regarding CSR are influenced by their ownership status in Canada as well as regulatory corporate pressures as experienced in the UK by PLC travel companies.

Table 1 - Ownership Structure of Large Mainstream Canadian Tour Operators

Ownership structure	%
Vertically integrated UK based travel companies which trade in the FTSO 100. The parent company provides their Canadian operation a fleet of aircraft which are then scheduled to fly from Canadian gateways on a year round basis.	40%
Privately owned and operate their own charter aircraft fleet.	40%
Canadian publicly traded vertically integrated travel company which owns its aircraft, tour operators (inbound and outbound), and a large conglomerate of retail travel agencies as well as other travel companies in the UK and France.	20%
Schedule airline carriers which own in-house tour operators (not part of this research).	40%

Destinations:

Over 80% of the Canadian outbound packaged leisure market travels to three countries: Mexico, Cuba and Dominican Republic and cover a network of over 24 destinations (see table 2). In the English Caribbean, Jamaica receives the most Canadians tourists and in the Spanish Caribbean, Cuba has the most Canadian arrivals.

Other geographical regions, but with smaller passenger volume, include Central America with destinations such as Costa Rica, Panama, El Salvador and northern Latin American countries like Venezuela and Colombia. USA destinations such Florida, California, Hawaii and Las Vegas, Nevada are also offered by some operators but are sold mostly as air only, fly and drive or as fully independent travel (FIT).

Table 2 - Destinations

Top Destinations for Canadian package holidays
Mexico: Cancun, Cozumel, Puerto Vallarta, Mazatlan, Ixtapa, Huatulco, Acapulco, Manzanillo, Los Cabos
Cuba: Varadero, Havana, Holguin, Cayo Coco, Santiago de Cuba, Cayo Santa Maria, Cayo Largo, Cienfuegos, Manazanillo
Dominican Republic: Puerto Plata, Bayahibe, Santo Domingo, Punta Cana, Samana

Jamaica: Montego Bay, Ocho Rios, Negril

Distribution and Booking Methods:

The tour operators' travel product is sold mainly through retail travel agents (see table 3). All tour operators carry over 100,000 passengers per year and have an estimated total seat capacity of 1.4 million. Three operators also own travel agencies and directionally sale their product through their internal network.

Table 3 - Booking Methods

Customers booking their trips via travel agents	
Operator 1	90%
Operator 2	76%
Operator 3	80%
Operator 4	94%
Operator 5	95%

As consumers now have the ability to assemble their own vacation packages via web based technology, tour operators cited desegregation as a concern. Tour operators are therefore, seeking new ways to add value to their customers' vacation. They recognize the consumer trend of having greater control of the travel components such as length of stay, package inclusions and booking method and are looking for ways of offering a travel product which provides price value and has a degree of flexibility. Operators cited their imperative is to remain competitive and profitable in such a highly commoditized environment. At the moment this is a priority over responsible tourism practices. . Changing consumer trends for researching and booking travel, as well as competition from the travel and tourism value chain were cited. These include:

- Online travel merchants such as Expedia and Travelocity
- Transportation and accommodation companies' direct consumer web marketing
- Destinations' web marketing going beyond information and also offering booking links
- Consolidators and travel portals such as hotels.com

Threats and Challenges of Operators:

- A number of threats and challenges were identified by respondents: changing consumer preferences, cl

Table 4 - Key Issues

Global Challenges Affecting Operators in Next 5-10 Years	
Operator 1	• GHG – flying is key transport in Canada • Profound changes in source markets for tourists and their destinations • people looking for different experiences • Tourism is growing – but protecting market share is more challenging • Preoccupation for sustainable tourism = sensitivities
Operator 2	• Degradation of tourism resorts • Geopolitical stability • Pandemics/health issues • Competitiveness • Social unrest/crime • Climate change/extreme weather
Operator 3	• Changing consumer trends • Reduced demand for package holidays • Scheduled airlines expanding to leisure markets • Online booking vs./ travel agents • Dynamic packaging • Environmental sensitivity • Pandemics
Operator 4	• Low cost flying • Excess capacity • Consolidation – w/existing operators in Canada • Environment – climate change • Political – terrorism

	• Terrorism / pandemics • Extreme weather • Transportation – cost of fuel
Operator 5	• Demographic changes • Dynamic packaging • More consolidation • Internet merchants • More suppliers going direct • Terrorism • Climate change & extreme weather • Environment – implication on tourist

The environment and climate change was mentioned by 80% of operators. They identified extreme and fr destinations is in the Caribbean and Mexico, the impact of hurricanes and other extreme natural events ca

With regard to practices undertaken by tour operators to address this issue, there are no known actions wh operational processes related to crises management Business continuity is therefore, the tour operators' co

Sixty-six percent of tour operators considered terrorism a major threat to their business.

Although the tourist regions in which they operate are relatively safe from possible terrorist attacks, it wa

Other issues related to political stability in tourist areas are a possible regime change in Cuba. The recent 657,000 Canadian travelers in 2007.

Social unrest and crime was also cited as a concern. Tourist security in the destination is a major issue fo

The threat of pandemic was noted as a potential threat to outbound travel. The outbreak of SARS in Cana the prevention and control of pathogens in food, water and beverages which can cause outbreaks of gastro

One operator mentioned the sector's sensitivity to fuel prices. Outbound tour operators have had to impo strength of the Canadian dollar against the United States dollar (USD).

Participation and Reporting of Responsible Tourism Practices:

Although 80% of operators have heard of the triple bottom line (environment, social and economic), only companies, only one did not have a great concern about CSR type issues and did not rank concerns of the

Table 5 - Tour Operators Position on CSR

(Ranked response 1=extremely concerned, 5= not at all concerned)

	Operato
Companies should be concerned with the welfare of the community	1

Companies should inform their shareholders on what they are doing for the environment	1
Companies should not focus entirely on making a profit	1
Companies should be legally forced to be environmentally responsible	3
Companies should be concerned about their moral obligations to the society	1
Companies should be concerned with all stakeholders' interests	2

Looking specifically at responsible tourism practices – as identified by the Cape Town Declaration, the le
building orphanages, or trying to reduce water, waste and energy. . However, most of these initiatives see

When asking specifically about what the operator had put in place when it came to responsible tourism m
studies before entering destinations. One company had best practices for excursion operators. Although s
Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes Act (ECPAT)), conserva
transporting blankets, food and other humanitarian aid – often not considered in responsible tourism pract

> "We do transport humanitarian cargo for free quite regularly, on behalf of various organizations a
> not exactly reinvent the wheel here. Our "reps" may be involved informally in some initiatives, bu

Tourism growth, responsible tourism and the sustainability of tourist destinations was cited as a concern;
their European counter parts in destination based projects in Mexico and the Dominican Republic.

Only one tour company made any attempt to educated clients: this company sometimes (but not always),

Only one company (the largest operator in Canada) – assisted with local development projects, donated a
in Canada and the Caribbean.

IMPLICATIONS & DISCUSSION

Canadian companies are lagging behind compared to UK and European tour operators with regard to CSR
corporate responsibility lists only five (33%) produced an annual or bi-annual CSR report. In comparison

The main motivations for operators to move forward with CSR are that they believe it is 'the right thing t
forward on CSR practices is that they must do it as driven by owners in Europe.

As Dodds & Gaudreault (2007) explain that major tour operators in Europe seem to have embraced the co
as the production of annual reports regarding their CSR practices. These actions will transform the way in
managing director for TUI UK ,Ireland and Canada, which carries 30 million passengers a year across Eu

Dubois and Ceron (2006) argue that in order to be viewed as environmentally responsible, tourism compa
working to meet the increasing pressures that are placed upon them from consumers for responsible envir
practices, but if they do not communicate and share these practices with their various stakeholders then th

Although the internet is giving consumers a higher level of independence by providing the option of dyna
Canadians seeking to vacation in sun resorts.

CONCLUSION

Within the tourism industry, it is generally agreed that there are increasing overall societal and environme responsibility (Bramwell & Lane, 1993; Butler, 1993; Muller, 1994; Swarbrooke, 1999; Wall, 1997).

Tour operators in Canada remain an important source of tourism to Mexico and the Caribbean making the The main concern of Canadian tour operators is the commercial viability of their operation as it is such a of the product is still distributed via travel agents, making the cost of distribution higher than in markets s makes for a business environment which is highly commoditized.

To date, there is no regulatory pressure from the Canadian federal government for the implementation of tourism guidelines are available; however, none of the operators in this study are members of this organiz

Consumers are somewhat aware of issues around responsible tourism (Expedia, 2007, Conference Board Consumer driven groups in Canada are not as well developed or combative as those in the UK and Europ conducted in the destinations in which they operate.

From the results of this research and current media within Canada, the authors believe that CSR will be g time in its history and will be providing recommendations for its members regarding industry wide initiat management. Second, two of the larger operators in this study are owned by FSTE 100 travel companies, policies which will give them a higher profile in the travel industry sector and in the investment communi implement some best practices regarding hotel and excursion contracting but may not be able to adopt CS

BIBLIOGRAPHY

Argawal, S. (2002). Restructuring Seaside Tourism: The Resort Lifecycle, *Annals of Tourism Research*, 2

Bramwell, B., & Lane, B. (1993). Sustainable Tourism: An Evolving Global Approach, *Journal of Sustai*

Butler, R.W. (1993). Tourism- An Evolutionary Perspective, In: Nelson, J. Butler, R. & Wall, G., eds., *To*

Cape Town Declaration on Responsible Tourism. Accessed February 1, 2008 from http://www.gdrc.org/u

Canadian Business for Social Responsibility, Good Company Guidelines for Corporate Social Performan

Curtin, S. & Busby, G. (1999) Sustainable destination development: the tour operator perspective, *Interna*

Dodds, R. (2005). Barriers to Implementing Sustainable Tourism Policy. Unpublished Thesis, Guildford,

Dodds, R & Gaudreault, F. (2007) The Role of CSR in the Tourism Industry

(in review Journal of Corporate Citizenship)

Dodds, R. & Joppe, M. (2005) CSR in the Tourism Industry: the Status of and Potential for. Certification,

Dubois, G., & Ceron, J.P. (2006). Tourism and Climate Change: Proposals for a Research Agenda. *Journ*

Hudson, S. & Miller, G. (2005) The responsible marketing of tourism: the case of Canadian Mountain Ho

Kalisch, A. (2002) Corporate Futures: Social Responsibility in the Tourism Industry. Tourism Concern, L

Kotler, P & Lee, N (2005). Corporate Social Responsibility: Doing the Most Good for Your Company an

Market-makers: How to make travel companies go green (2007) Retrieved February 1, 2008 from http://v

McElroy, J.L. (2002). Tourism Development in Small Islands Across the World, In: *Islands of the World*

Miller, G. (2001). Corporate responsibility in the UK tourism industry, *Tourism Management 22(6)*, 589-

Muller, H. (1994). The Thorny Path to Sustainable Tourism Development, *Journal of Sustainable Touris*

OECD (2001) National Tourism Policy Review of Mexico. Mexico pp 1-22 Retrieved February 1, 2008 f

Redekop, D. (2007) Canadian Travellers Willing to go Green. Conference Board of Canada. Retrieved fr

Statistics Canada (2005) International Travel: highlights - August, 2007

Swarbrooke, J. (1999). *Sustainable Tourism Management.* New York: CABI.

UNEP, (1996). *Guidelines for Integrated Planning and Management of Coastal and Marine Areas in the*

Wall, G. (1997). Sustainable Tourism – Unsustainable Development, in: S. Wahaband & J.J. Pilgram (Ed

WTTC (2004) The Caribbean. The impact of travel and tourism on jobs and the economy. WTTC, Londo