CORPORATE SOCIAL RESPONSIBILITY IN TOURISM - THE MOST POPULAR TOURISM DESTINATIONS IN CROATIA: COMPARATIVE ANALYSIS

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In today's rapidly changing tourism market, it is getting more and more difficult for a destination to be competitive on the global level. Hotel companies, as well as tour operators have a very important role in creating the tourism product. Tourism companies should be able to create the tourism product whilst operating in a responsible way. With the implementation of a socially responsible business practice, tourism companies contribute to the achievement of sustainable tourism and, consequently, to the achievement of sustainable development. The discussion about the importance of corporate social responsibility (CSR) in the tourism industry makes the very essence of this paper. The aim of the paper is to present and discuss the level of social and environmental sensitivity of managers of the highest category hotels in the Dubrovačko-Neretvanska, Istarska and Primorsko-Goranska counties. Results presented in this paper are based on the research conducted in the summer of 2008. The research was enriched with the analysis of the web sites of the selected companies in order to get an idea of whether the corporate social responsible practice has been somehow underlined. Results have shown that the practice of CSR has still not been widely recognized.

1. INTRODUCTION

In today's rapidly changing tourism market, the only possibility for a tourism destination to compete on the market is through offering a distinguished
Hand in hand with the notion of sustainable development goes the concept of corporate social responsibility (or CSR hereafter). There is no single definition of corporate social responsibility because there are arrays of issues to which one can refer when using the term. Corporate social responsibility means making the best of business – going beyond ordinary day-to-day operations, beyond legal compliance, involving many stakeholders.

As an antecedent term, the CSR concept has been known for more than two thousand years – i.e. in India in the period of Chandrahupta (Muniapan and Dass (2008)). In the Roman Empire, the values which are today incorporated into the CSR term have been much appreciated. Although CSR, as a modern term, has been introduced already during the 1950s (Bowen, 1953), it has only recently been recognized and supported by most companies throughout the world. Multinational companies can have a greater impact on the achievement of sustainable development (bearing in mind their size and their influence on the country’s GDP), thus contributing to the achievement of Millennium Development Goals, but small and medium-sized companies can also have benefits in doing their business responsibly.

In recent years, many academics were focusing their research on the CSR issues with the aim of describing perspectives on CSR and providing a context for considering the strategic motivations and implications of CSR. (McWilliams and Siegel (2001), Al-Khater and Naser (2003), Porter and Kramer (2006), Scholtens (2006), Cetindamar and Husoy (2007), Jamali and Mirshak (2007), Smith (2007), Beurden and Gössling (2008), Prado -Lorenzo et.al., Blowfield and Murray (2008) etc.) There have also been initiatives in Croatia regarding the genesis of CSR, and the initiatives resulted in the publication which presents the overview of corporate social responsibility in Croatia (MAP Savjetovanja d.o.o. et al., 2006). There have also been many initiatives worldwide stressing the importance of CSR and some of them resulted in building a partnership and network between and among business companies. Some of these initiatives are: AccountAbility, Business Ethics Network, Global Compact, Global Reporting Initiatives, The World Business Council for Sustainable Development, The Croatian Business Council for Sustainable Development, etc.
The main purpose of the paper is to shed some light on understanding the importance of the implementation of the concept of corporate social responsibility in tourism, specifically considering the impact this adoption has on the achievement of sustainable development. Special focus was put on the importance of environmental awareness among the managers of the highest category hotels in the Istarska, Primorsko-goranska and Dubrovačko-neretvanska counties in the Republic of Croatia. The focus, here, is narrowed to environmentally responsible behavior with a specific emphasis on the corporate information provided on the web site of each analyzed hotel or hotel company it belongs to in order to get a holistic idea of its social responsibility. Recommendations for the development of a sustainable tourism destination are provided. These recommendations imply the establishment of corporate strategy for social responsibility in tourism companies. We propose further empirical research on CSR in Croatia, with an emphasis on tourism companies which could generate a deeper and wider focus on all aspects of CSR.

2. TOURISM DESTINATION AND TOURISM PRODUCT

Tourism destinations are confronted with great difficulties while competing on the global level. It is not easy to compete or to maintain the competitive position among many tourism destinations that are competing on the global level. The success of a destination, according to Ritchie and Crouch’s conceptual model of destination competitiveness (Ritchie and Crouch, 2003), is determined by two different kinds of advantages: comparative and competitive advantage. Comparative advantage reflects the resource endowments of the destination, provided either by nature or by the overall society within which the destination resides (human, physical, historical and cultural resources; knowledge; capital; infrastructure; and tourist superstructure). Competitive advantages are those that have been established as a result of effective resource deployment (maintenance, growth and development, efficiency, effectiveness and audit) – in other words, how well the destination utilizes the available resources, or the ability of the destination to add value to the available resources (Vanhove, 2005:128). Destinations should not always solely rely on the comparative advantage because it is no longer enough and should, therefore, focus on competitive advantage as well. The competitive advantage of a destination could be interpreted as the efficient and effective use of all resources available in the destination staying within the carrying capacity of the destination to keep its development on a sustainable track. Basically, the possibility to compete is very much connected also with national and industry efforts to attract domestic and international tourists to the destination.
Destinations should focus on creating a unique, attractive and safe tourism product which should be the sum of contributions and processes resulting from many stakeholders, both private and public. A tourism product presents the quality of a tourism destination. The quality of a tourism product includes the assurance of safety and security as a very basic factor, together with a professional approach to do things right at all times and meet the legitimate expectations of consumers. Creating this kind of tourism product is, in a way, helping to implement the principles contained in the Global Code of Ethics for Tourism. With the international tourism forecast to reach 1.6 billion arrivals by 2020, members of the World Tourism Organization believe that the Global Code of Ethics for Tourism is needed to help minimize the negative impacts of tourism on the environment and on cultural heritage, while maximizing the benefits for the residents of tourism destinations. The Global Code of Ethics for Tourism (GCET) is a comprehensive set of principles whose purpose is to guide stakeholders in tourism development: central and local governments, local communities, the tourism industry and its professionals, as well as visitors, both international and domestic. The Global Code of Ethics for Tourism has been created in order to promote equitable, responsible and sustainable world tourism order whose benefits will be shared by all sectors of society in the context of an open and liberalized international economy and is based on many internationally recognized instruments (UNWTO, 1999). It was derived from taking into consideration the human development issues. When going through the articles of the Global Code of Ethics of Tourism, one could note that the focus is on the active involvement of all stakeholders in tourism– national, regional and local administrations, enterprises, business associations, NGOs, workers in the tourism sector, tourists and others involved in the tourism industry in order to achieve sustainable and responsible tourism.

This means that it is important that everyone involved in the tourism sector contributes to the achievement of a highly competitive tourism product that could be attractive on the global level and give a destination the possibility to compete internationally. Otherwise, the development of a sustainable tourism product would be impossible. However, the question is how to make this kind of a unique tourism product, or what does a unique tourism product consist of? The answer to this question is not easy. If we think of the tourism product as intangible, then the destination should offer something to assure the best possible experience. This brings an even greater concern to the question of what kind of product today's tourist will accept. Being aware of the growing ecological and societal consciousness of today’s people, creators of the tourism product should focus more on creating a sustainable tourism product which will be sustainable in the long run.
Hotel companies as well as the tour operators have a very important role in defining and creating the tourism product. Destinations are characterized by the comparative advantage, but hotel companies and tour operators are among those creating the competitiveness of a destination. Making a tourism destination more competitive is of mutual benefit for hotel companies and tour operators as well as the tourism destination.

Sustainable tourism should make optimal use of environmental resources, respect the socio-cultural authenticity of host communities, and ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders. Sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building (WTO, 2004). As such, a sustainable tourism product should be a product which integrates the core elements of sustainable tourism development – a product which respects the environment and society, and is economically sustainable.

3. THE EVOLUTION OF THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

Today, humanity is facing new challenges. Globalization, a major current buzzword, has created new opportunities for tourism companies, but it also has increased their organizational complexity giving them new responsibilities. Bringing into focus challenges as climate change, demographic shift and poverty, globalization is bringing positive, as well as negative consequences. Today, the inclusive globalization is getting even higher priority and interest because it is focusing on the human development issues which do consider all of the main elements contributing to the positive development of humanity.

In light of this, a new way of approaching business is starting to be implemented – a responsible business. Companies are aware that sustainable business success and shareholder value cannot be achieved solely through maximizing short-term profits, but instead through market-oriented responsible behavior. In this context, an increasing number of companies have accepted a culture of corporate social responsibility (hereafter, the term CSR will be used). This new way of doing business is known as corporate social responsibility, or may be called corporate governance, corporate citizenship, etc.

There are different aspects and different definitions of the CSR concept. Namely, it is very dependent on different stakeholders that might be included
whilst defining corporate social responsibility. Despite the wide spectrum of approaches to CSR, there is a large consensus on its key features (COM 2002):

- Economic – to make profit
- Social – sensitiveness and respect towards different and changing social and cultural norms and values and
- Environmental – to respect the environment and to care for the constant improvement of its condition.

Stakeholders, as a broader group of interested parties (shareholders, employees, customers, property owners, suppliers, business partners, local and global communities, authorities), all influence a company and have the right to obtain information on the company, its performance and behavior, as it is affecting also their lives. A company should take care of the environment and involve the community as much as possible (assistance programs, supporting educational needs, ensuring community health and safety, sponsorship, philanthropic giving, etc.). It should respect different cultures and disadvantaged people. It is important to continually monitor and improve their performances and show greater accountability. Transparency is a key element of the CSR as it helps businesses to improve their practices and behavior. Transparency also enables businesses and third parties to measure the results achieved. In order to provide transparency, the social and environmental performance of a business can be measured and compared with other companies. These measurements can facilitate an effective and credible benchmarking. The interest in a benchmark has resulted in an increased number of instruments (for example, the OECD Guidelines for Multinationals), principles and codes of conduct in the last decade. It is important to exchange the experience and good practice of CSR between companies in order to develop the concept further.

To emphasize the ever growing importance of the CSR concept, every year the Organization for Economic Cooperation and Development (OECD) holds a roundtable on corporate responsibility addressing emerging issues and new developments. The 2009 roundtable was focused on the responsibilities of multinational companies toward consumers and how consumers can encourage multinational enterprises to live up to the recommendations of the OECD Guidelines (OECD, 2009). In tourism, as well as in other sectors, the client, i.e. the consumer/tourist should be respected and encouraged to respect the product he/she has been using. This means respecting the local community, the environment, and the culture whilst enjoying the holidays.
4. THE CSR CONCEPT IN THE TOURISM INDUSTRY

Tourism is one of the most important economic activities in the world in terms of revenues and generation of employment. This sector has been strongly hit by the world economic crises. Nevertheless, it is also one of the fastest sectors showing signs of recovery. Worldwide, international tourism arrivals increased by 7% between January and August 2010. This shows that the recovery trend is continuing. Results are positive in all regions, although the emerging economies show better signs than developed ones. (8% growth compared to 5% growth in developed economies). (UNWTO Baromoeter, 2010, pg. 3). The contribution of travel & tourism to the gross domestic product (GDP) is expected to rise from 9.2% (US$5,751 billion) in 2009 to 9.6% (US$11,151 billion) by 2020. The contribution of the travel & tourism economy to the total employment is expected to rise from 235,785,000 jobs in 2010, 8.1% of the total employment, or 1 in every 12.3 jobs, to 303,019,000 jobs, 9.2% of the total employment, or 1 in every 10.9 jobs by 2020. Real GDP growth for the travel & tourism economy was -4.7% in 2009, down from 1.0% in 2008, but to an average of 4.0% per annum over the coming 10 years (WTTC, 2010).

Tourism, besides bringing benefits, poses both negative and positive impacts on the environment. Hotels have a significant physical footprint. Basically, the buildings are, in most cases, sizable and the landscape premises encompass considerable areas. Hotels generate a substantial amount of waste, consume energy and water.

Climate change is both a global threat and a development issue. Tourism contributes to human induced climate change. The share of tourism in the emission of CO2 was 4.95% (UNWTO, et al. 2007 :132). In order to develop sustainable tourism, adaptation and mitigation strategies should be accepted. This is the way tourism companies and all those involved in the tourism industry could contribute to minimize the emission of green-house gases. Tourism is dependent on a healthy local economy, cultural and natural heritage, and this should not be forgotten. Tourism companies contribute positively to the social and economic development of the region they operate in. Furthermore, they are dependent on the goodwill of the community and making additional investments in the area together with working with the local community could help them maintain good relations. The long-term success of tourism companies depends on the ability to address the needs of those affected by the operations of a tourism company.
Tourism can help alleviate poverty. However, this potential is closely linked to the accessibility of financing sources. In the publication "Tourism and Poverty Alleviation: Recommendations for Action", the ST-EP (Sustainable Tourism Eliminating Poverty) programme presented seven different mechanisms through which the poor can benefit directly or indirectly from tourism. These mechanisms include: employment of the poor in tourism enterprises; supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor; direct sales of goods and services to visitors by the poor (informal economy); establishment and running of tourism enterprises by the poor - e.g. micro, small and medium-sized enterprises (MSMEs), or community based enterprises (formal economy); tax or levy on tourism income or profits with proceeds benefiting the poor; voluntary giving/support by tourism enterprises and tourists; and investment in infrastructure stimulated by tourism also benefiting the poor in the locality, directly or through support to other sectors (UNWTO, 2004, 10-11).

If we shift to today's global economic crisis which can be considered as a crisis of confidence in business and market capitalism, we definitely conclude that tourism companies should change the way they do business and start with doing business as unusual or to be corporate socially responsible.

When creating a tourism product, hotel companies should be environmentally sensitive, have a deeper sense for the community, respect their culture and diversity, be open for dialogue and bring decentralized decisions. At the same time, they should be open and ready for innovations in order to keep the position on the ever so challenging tourism market and to compete. This is the way they could enhance economic growth and increase the competitiveness of the tourism destination. Different hotel companies and tour operators in the world have accepted the challenge of sustainable development to be one of their priorities when doing business (The Rezidor Hotel Group, Starwood Hotels and Resorts, Marriot, etc.).

5. CSR IN HOTEL COMPANIES - COMPARATIVE ANALYSIS: DUBROVNIK-NERETVA, ISTARKSA AND PRIMORSKO-GORANSKA COUNTIES

According to the World Travel and Tourism Council, the economic contribution of travel & tourism sector to the gross domestic product was 24.8% in 2007, rising to 25.7% in 2008. It dropped down to 24.7% in 2009. The contribution of the tourism to employment was 28.1 % in 2007, rising to 28.9 in 2008. It dropped down to 27.5 in 2009. Export earnings from international
visitors and tourism goods are expected to generate 44.8% of the total exports (HRK 54,358.6 million) in 2010, growing (nominal terms) to HRK130,535.0 million (34.8% of the total) in 2020 (WTTC, 2010).

Considering the previously described significance of the implementation of the concept of CSR practice in hotel companies as well as in other sectors, research has been carried out. The aim of the research was to estimate the commitment of the management of four and five-star hotels in the Dubrovnik-Neretva County, Istarska County and Primorsko-Goranska County to environmental issues and their acceptance of the notion of CSR. The research results were already published, but separately for each county.

The research was conducted in August and September 2008 collecting the necessary data on a sample of seven hotels with more than 30 rooms in the Dubrovnik-Neretva County and on a sample of 28 hotels within the Primorsko-Goranska and Istarska counties.

All of the hotels in the Dubrovnik-Neretva County were five-star hotels, taken from the list of categorized objects by the Ministry of Tourism of the Republic of Croatia. Hotels in the Istarska and Primorsko-Goranska counties were four-star category hotels, taken from the list of categorized objects by the Ministry of Tourism of the Republic of Croatia.

Six hotels in the Dubrovnik-Neretva County returned the questionnaire, i.e. 85.7%. On the other side, all of the hotels in the Istarska County returned the questionnaire, i.e. 100%, whilst in the Primorsko-Goranska County, 14 hotels or 70% returned the questionnaire. The sample can be considered representative.

For the purpose of this paper, we will comment on the environmentally responsible behavior of the analyzed hotels, but focus on a cross-county comparison and enrich it with the analysis of their web sites where companies may publish all of the important information regarding their corporate responsibilities.

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governance or social responsibility. The web site is a valuable resource of information, particularly considering the CSR because of transparency being one of its most important features.

Considering the importance of implementing an environmental management system according to ISO 14001, the authors wanted to know whether there is any kind of voluntary environmental tools implemented in the analyzed hotels (i.e. EMS according to ISO 14001, person in charge for the protection of the environment...) as a response to the environmental concern of managers. The results are shown in Figure 1.

![Figure 1. Organization of environmental protection in the analyzed hotels](image)

Source: Research results.

As much as 50% of the hotels in the Dubrovnik-Neretva County have already implemented the EMS according to ISO 14001, while in Istria, only 14% of them have done the same. What is notable is that in the Primorsko-Goranska County, none of the hotels have implemented the EMS according to ISO, what is not at all positive, bearing in mind that the county has been very famous for tourism for more than 150 years (i.e. Opatija), specially linking its tradition back to the period of the Austro-Hungarian Monarchy when the first hotel was built in the region in 1844. Namely, the difference between counties is huge. Basically, being the most developed tourism region in Croatia, Istria is still far behind going hand in hand with the actual tourism challenges. The implementation of the EMS according to ISO 14001 should be put as a priority in developing tourism in the county, as well as in the Republic of Croatia in general. Most of the hotels in Istria (78.57%) have a person in charge for environmental protection, and 7.15% of them are planning to implement EMS
according to ISO 14001 this year. What is very worrying is that in the Primorsko-Goranska County, there seem to be no initiatives focused on environmental protection. Hence, none of the hotels has implemented the EMS according to ISO 14001. Furthermore, the hoteliers in the mentioned county are not planning to implement the EMS according to ISO 14001. There is also no one in charge for the environmental protection in the hotels covered within this survey, which is also disappointing.

The sensitiveness about the EMS according to ISO 14001 in the Dubrovnik-Neretva County seems to be very clear. Most of the respondents think that the implementation of the EMS according to ISO 14001 would diminish the costs, and consequently increase the profit, gather them a better market position (external market), enhance cooperation with different stakeholders, lower the possibility of rising incidents and would contribute to the protection of the environment. From the point of view of Istrian hotel managers, the most important factor is environmental care, i.e. they can be considered to be environmentally sensitive. The next most motivating factor is lowering the possibility of rising incidents. Furthermore, 20% of managers think that the implementation of the EMS according to ISO 14001 would benefit a hotel's position on the ever so turbulent market position.

The responsible business policy means providing accurate and transparent information to shareholders. In order to achieve recognition and a better reputation, hotels have to measure and benchmark their performances (social and financial). Therefore, it is important to regularly publish the sustainability or environmental reports. They may be also included in their annual reports if not published separately. The results are presented in Figure 2. It demonstrates that the practice of publishing the sustainability or environmental reports has not been recognized yet. Basically, none of the hotels in the Dubrovnik-Neretva County are publishing these kinds of reports. The same thing is with 85% of the hotels in the Primorsko-Goranska County. Only in the Istarska County that 43% of the hotels publish sustainability reports. If hotels want to improve their performance (social and environmental, as well as financial), they have to measure it, which is also a precondition for the continuous improvement.

Based on the analysis of the web sites, it is noted that none of the analyzed hotels in these three counties provides their corporate information to different stakeholders. Corporate information may include information on social responsibility and community engagement, its core values and its corporate culture, its environmental care, etc. Publishing sustainability reports online is not the case because most of the hotels, as seen from Figure 2, do not publish
these kinds of reports. These results are very disappointing as they reveal that the social consciousness is still lacking among hotel companies in three of the most popular tourism destinations in Croatia.

![Figure 2. Elaboration of the environmental/sustainability reports in analyzed hotels](image)

Source: Research results.

6. CONCLUDING REMARKS

It is very important nowadays to start ‘doing business as unusual’, i.e. in a responsible way. The issues addressed in corporate responsibility practices are perceived as increasingly significant. The research results have shown that the surveyed hotels are still at the beginning of their journey in acquainting themselves with the global challenges on the tourism market and in general. In line with all the above-mentioned, the following recommendations for the development of a sustainable tourism destination can be presented, taking into account the research results obtained. They also provide some new ideas, which may accelerate the change and produce innovation and, therefore, foster the overall economic development. Those recommendations are as follows:

- Tourism companies should publish sustainability reports as separate reports or in combination with annual reports.
- Tourism companies should make sustainability reports available to different stakeholders (on the web site).
- It is important to educate and train employees through different courses. Different trainings should be one of the priorities in the tourism industry.
• Educate managers on MBAs which offer CSR studies.
• Tourism companies should respect co-dependency and strengthen the community.
• Tourism companies should hire local people whenever and wherever possible.
• Tourism companies should not fail to uphold human rights.
• Tourism companies should support local charities through participating in different programmes.
• Tourism companies should support the restoration of cultural sites.
• Tourism companies should sponsor local events and be partners in the research projects of the community.
• Hotel companies should implement a strong climate change strategy.
• Hotel companies should implement energy efficiency measures.
• Hotel companies should obtain third party environmental certification (ISO 140001 or ISO 9001, etc.).
• Hotel companies should maintain the high levels of safety and security that guests, employees and owners may expect.
• Hotel companies should organize internal trainings for employees (for example, on energy and waste management).
• Hotel companies are strongly encouraged to redesign their web site, putting more corporate information available to different stakeholders.
• It is important to raise and foster links between the higher educational system and business environment (tourism companies).
• Partnership between tourism companies and regional universities.

Corporate social responsibility should be considered as a “win-win” concept for all those involved in it.

REFERENCES


DRUŠTVENA ODGOVORNOST PODUZEĆA U TURIZMU – KOMPARATIVNA ANALIZA NAJPOZNATIJIH HRVATSKIH TURISTIČKIH DESTINACIJA

Sažetak