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# Taking Responsibility for Tourism

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# 3

## The Business Case for Responsibility

*Doing well is the result of doing good. That's what capitalism is all about.*

Ralph Waldo Emerson

Two young women, friends, meet on the concourse at a London station, late in a long, wet British summer. The story quickly told: anticipation of a great holiday, poor hotel, the food, the beach – none of it as she had hoped, and the tears, at Victoria, in the rush hour. The young woman had saved all year for a holiday that had not come close to her expectations, and told her friend it would take her another year to save enough to have the holiday that she deserved. I know because I watched, embarrassed, as she blurted out her story amidst the commuters. For many British people their summer holiday is their most expensive annual purchase, something they save for all year; precious holiday entitlement and money put aside for the annual indulgence. They need to be able to trust the company to deliver what they purchase.

As we have seen, the changes in the UK and other originating markets over the last fifteen years have raised people's expectations. They aspire for more, a richer experience and one about which they need not feel guilty. No longer are people automatically satisfied with a clean room, cheap booze and access to a crowded beach – although some do still want only that. Increasing numbers of holidaymakers are defining a real holiday as an authentic experience of somewhere exotic. They want and expect the operator, the person who puts together and sells them the package, to ensure that it meets their expectations and that they get the most out of their annual indulgence.

More is expected of tourism businesses, and in the UK more is expected of the tour operators in particular. This expectation results from the broad changes in consumerism and from the continued campaigning that we looked at in the last chapter. In this chapter, we shall look first at how tourism businesses have responded to changing expectations among consumers, and the opportunities and challenges presented. Then we shall turn to corporate social responsibility (CSR) and how that relates to Responsible Tourism;

and finally at the business case for facing up to responsibility. The chapter concludes with some reflections on opportunities and pitfalls, at the case for green or sustainable tourism business certification and the limitations of that approach from a business perspective.

The travel industry has had to shoulder increasing responsibility for ensuring the delivery of holidays that meet the purchasers' expectations. This has extended from financial security and contractual obligations to health and safety and, more recently, to the broader experience of the destination and its sustainability. The Association of British Travel Agents (ABTA) is the trade association that has for sixty years represented the interests of its members. From the outset, ABTA has taken responsibility for ensuring that its member tour operators and travel agents adhere to minimum standards of trading – ensuring that British holidaymakers get what they pay for. ABTA enforces compliance through fines and expulsion, and provides an arbitration service for holidaymakers who have complaints against operators and agents.

In August 1974, in a time of recession and three-day weeks, caused by the first oil shock and the miners' strike respectively, package holiday bookings were down 30%. Court Line, a major UK tourism business went bankrupt. The cost of repatriating 49,000 holidaymakers 'marooned at holiday destinations' was put at £1.5m, and hotel and other bills were estimated at a further £0.5m.<sup>1</sup> Those stranded abroad were repatriated, but there were insufficient funds in the bond to provide financial protection for all customers, and those who had paid but not travelled lost out. Consequently, the bonding system was strengthened; UK travellers and holidaymakers who book through ABTA were subsequently protected against the financial insolvency of the business through which they have booked and ABTA enforces a code of conduct on its members which goes well beyond the statutory minimum.<sup>2</sup>

Consumers purchase package holidays long before departure, and consumer legislation has developed to provide for their protection in these circumstances. The EU Package Travel Directive requires that all packages – any combination of transport, accommodation or other services purchased on a pre-arranged basis at a single price – comply with minimum requirements on the provision of accurate information, consumer remedies where failure to deliver occurs, and refund and repatriation in the event of financial failure.

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1 Flight International, 22 August 1974, pp. 197–198

2 Details of the decisions of the Code of Conduct Committee and the Appeal Board, and the fines imposed, are published on the ABTA website.

Originating market legislation on health and safety also applies to products sold to consumers in one country and consumed in another. In order to protect the consumer rights of holidaymakers travelling beyond national borders, governments and trade associations have effectively enforced legislation, regulations and codes of conduct in other states. Developed country consumer regulations are enforced in developing countries. For example, in the Gambia, hotels have had to raise their balcony barriers and food hygiene standards to comply with European legislation. For commercial and legal reasons, the tour operators, as wholesalers and major retailers, have put the onus on their suppliers to comply with source-market developed-country contract law, regulations and health and safety. Compensation paid to UK consumers (sometimes without the destination country supplier being part of the decision-making about the validity of the claim or appropriate amount of compensation), is charged to the supplier and deducted from invoices before payment.

The Responsible Tourism agenda has been pursued within the context of the regulatory framework and the broader expectations of consumers. Outbound tourism businesses are recognising and accepting a much broader definition of responsibility: the agenda now extends well beyond legal compliance. In 2004 the major UK operators signed a statement of commitment to the sustainable development and management of tourism. They recognised that 'tourism can contribute to the viability of local economies' and also that 'tourism can have negative impacts on the economy, environment, nature, social structures and local cultures.' The ABTA operators who signed the declaration – and all the large ones did – committed to 'prevent or minimise' these negative impacts: they accepted their responsibility. In 2004 this was a major step forward: the operators moved beyond denial.<sup>3</sup> In 2010 the larger tour-operator ABTA members, using the language of the Cape Town Declaration, recommitted to tourism that 'creates better places for people to live in and better places to visit'.<sup>4</sup> They affirmed that as 'responsible tourism operators we are committed to the development, operation and marketing of sustainable tourism'.<sup>5</sup>

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3 The FTO Responsible Tourism Committee, Statement of Commitment was signed in January 2004 by all those businesses which were members of the Federation of Tour Operators. The operators committed to 'adopt, as appropriate, the steps and procedures of the FTO Integrated Responsible Tourism Programme' and to encourage their partners, suppliers and sub-contractors to improve their contribution to sustainable development.

4 They recognised that whilst the 'industry can be a powerful force for positive change' it also has 'the potential to cause negative impacts on host-destination environments, economies and communities'.

5 FTO/ABTA Responsible Tourism Committee – Tour Operator Statement of Commitment 2010. The FTO merged with ABTA in July 2008

Individuals in the tourism industry adopt a responsible approach for a wide variety of reasons, ranging from an ethical commitment to straightforward commercial advantage. In companies, which are after all comprised of many individuals, there is unlikely to be one reason. It is also erroneous to assume that the idea of social responsibility in business is entirely new. Quakers were pursuing socially responsible investments from the early years of the Industrial Revolution in the 1750s: they respected wider social values, including good employment practices, customer and supplier relationships and philanthropic engagement with the community which their business was a part.<sup>6</sup>

## Facing up to responsibility

Many will contest the quote from Ralph Waldo Emerson at the head of this chapter. It is used to justify the operation of the hidden hand of the market. The objective of 'doing well by doing good' is not restricted to individuals or groups working for profit-making companies. Social entrepreneurs often use the same phrase as do business people more generally, when they are explaining their enlightened self-interest, taking a longer-term perspective and having objectives that include more than short-term commercial gain through maximising profit or shareholder value. There are many examples of the damage that can result from irresponsible business practices, where people have done well by doing bad, and tourism is clearly not a pollution-free industry.

The VSO campaign, discussed in the previous chapter, was an opportunity to undertake research<sup>7</sup> with the Association of Independent Tour Operators (AITO) into the activities and attitudes of its members towards ethical tourism. The research undertaken in the summer of 1999 revealed that 40% of respondents felt that their company's ethical commitment meant very little to their travellers; 30% felt that it meant something; 12% felt that it meant a great deal. We asked AITO members the open question: 'What motivates you, or might motivate you, to follow an ethical trading policy?' The answers were then clustered, each reply being placed in only one cluster according to the balance of their response (Box 3.1).

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6 Adkins (1999): 144

7 The research was conducted by Harold Goodwin and Caroline Warburton. Covered by confidentiality clauses, the research has not been published.

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