

## ENVIRONMENTAL SUSTAINABILITY: THE TOUR OPERATOR'S PERCEPTIONS

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*This paper discuss about the main issue of the environment and the initiatives taken by the tour operators in the conservation, minimization of the environmental degradation, as an undeniable fact the tourism industry is one of the major contributor of pollution. The comparative approach has been adapted from the sustainability tourism handbook by the European tourism commission is followed in the paper, different perceptions and approach taken by the tour operators towards the environmental sustainability are compared and presented. And much has already been written on the direct, physical impacts of tourism on ecosystems and host communities (Matthieson and Wall, 1982; Jenner and Smith, 1992; Price, 1995). Yet so far, only a few researchers have attempted to explore ways in which industry may be involved creatively in regulation (Poon, 1993; Goodall, 1995; Eaton, 1996), which insists on the assessment of the role of the tour operators in the environmental sustainability.*

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JEL Classification: *L83, M1, O1*

### INTRODUCTION

Tourism is one of the largest and fastest growing global industries, creating significant employment and economic development, particularly in many developing countries. Tour operators are an important part of this growth. According to the International Federation of Tour Operators, outbound tour operators represent 12 percent of international arrivals, while in Europe they represent 35 percent of leisure air holidays. This figure does not take into account packages sold by inbound tour operators, or incoming agents, directly to tourists in destinations. This growth has led to an increase in the negative environmental and social

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impacts of tourism, from resource consumption, pollution and the generation of wastes. Tourism activities can also disrupt or destroy local cultures and introduce unwanted activities such as drugs and prostitution. Because of their significant market share, tour operators are in part responsible for these negative impacts of tourism, as they determine where many tourists go and which facilities they use. They also act in some ways as a catalyst bringing other tourism sectors together.

Also tour operators play a central role in the tourism industry. As intermediaries between tourists and tourism service providers, tour operators can influence the choices of consumers, the practices of suppliers and the development patterns of destinations. This unique role means that tour operators can make an important contribution to furthering the goals of sustainable tourism development and protecting the environmental and cultural resources on which the tourism industry depends for its survival and growth.

A clean and pristine environment, with authentic local culture and friendly people, are the reasons why people travel. It is thus in the tour operators' interest to preserve the environment in their destinations and to establish good relationships with local communities, to improve the quality of their tourism products and increase customer satisfaction. More and more surveys show that customers respond positively to actions taken by tour operators to improve the sustainability of their businesses. Besides strengthening their brand values and reputations with consumers, integrating sustainable principles into tour operators' business practices can also create better relationships with suppliers, staff and local communities, increasing their respect as a partner in destinations and limiting the risk of problems or conflicts. A strong positive reputation and a low risk of conflict can lead to increased access to key resources such as capital, the ability to develop products in an increasingly competitive market, and motivated and loyal staff. From a financial standpoint, sustainable practices can also increase revenue and shareholder value, particularly through the generation of more repeat business, acquisition of new clients, cost savings and increased operational efficiency. To address the negative impacts of tourism, the industry needs new tools and methods that can prevent environmental and social harm while developing and managing tourism activities in ways that contribute to sustainable development and protect tourism resources. Effectively integrating sustainability into the tour operators' business will mean

considering environmental, social and economic aspects throughout the process of developing a holiday package.

Recently, Harry Recher (1999) predicted that “Australia will lose half of its terrestrial bird species in the next century.” Frank Talbot (2000) wrote that “without fresh thinking and fundamental attitudinal and management changes the Great Barrier Reef will not ‘survive’ as we enjoy it today.... It will be slowly and continuously degraded both biologically and aesthetically.” Tour operators’ role on environmental sustainability is expressed in the words of Sternberg (1997, p. 9), a company “cannot afford to ignore any stakeholder concern that might affect its ability to generate long-term owner value.” And in layman words, the precautionary principle can be taken to mean “better safe than sorry” or “prevention is better than cure”. The principle thus assumes action prior to an activity being carried out and before its results are known (Paterson, 2007). Despite these simplifications of the principle’s remit, its application is far from straightforward (De Sadeleer, 2002).

## **LITERATURE REVIEW ON SUSTAINABILITY**

The Brundtland Commission’s brief definition of sustainable development as the “ability to make development sustainable—to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs” is surely the standard definition when judged by its widespread use and frequency of citation. Brian Barry has argued that in order to pursue their idea of the good life – whatever that happens to be – future people will have need of some basic resources, such as food, water, minimum health and so on (Barry, 1999). Barry thus argues that our obligations lie with ensuring that we do not prevent future generations from meeting their basic needs. This, in turn, forces us to consider and appropriately revise our levels of pollution, resource depletion, climate change and population growth. In the words of Collins Earth is to be treasured and nurtured, something precious that must endure (Collins 1980: 6).

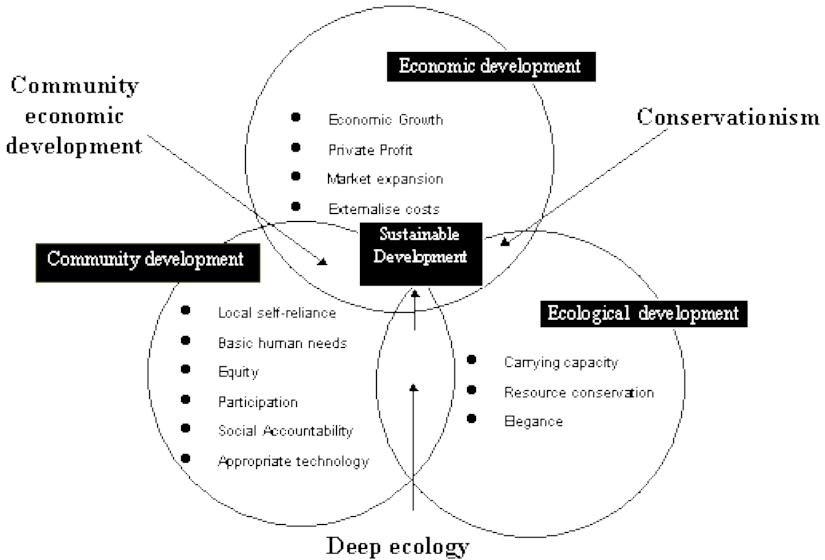
The European Commission defines corporate social responsibility as “a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment.” (European Commission, 2001, p. 5) It is related to complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, relations with suppliers and consumers. Liu (2003) has

observed that sustainable tourism became a critical research topic in tourism management (at both micro and macro levels) in the 1980s. Continuous efforts have been made to formulate suitable, sustainable tourism programs with different conditions and different levels in different countries. Most researchers agree that a successful sustainable tourism program requires support and participation from the government, local communities, visitors, tourism businesses, and other influences such as media and international forces, as well as certain non-governmental organisations (Butler, 1999; Dewhurst and Thomas, 2003; Horobin and Long, 1996; Lele, 1991; Liu, 2003). However, Dewhurst and Thomas (2003) and Liu (2003) pointed out that successful examples of sustainable tourism often begin at the micro or firm level. Thus, a tourism firm's voluntary participation can play a crucial role in the success of a sustainable tourism program (Rangel, 2000).

And in terms of consumption of the natural resources like water, fossil fuels, metals and other minerals must not be extracted at a faster rate than their slow deposit on the earth's crust. Substances must not be produced faster than they can be broken down and reintegrated into the cycles of nature or to be deposited into the earth's crust. The productive services of nature must not be exploited at a higher rate than can be created and renewed. Basic human needs must be met with the most resource-efficient methods possible, including equitable resource distribution. (Gehrke, 2000, p.27). Which to some extent is used heavily by the tourism industry suppliers like hotels, golf resorts using water and the air transportation industry which is the backbone of the travel and tourism sector consumes lot of fossil fuels and emits the greenhouse gases in to the atmosphere at a massive rate.

Self regulation has been described as preferable to traditional command-and-control forms of regulation because it allows companies to use environmentally-responsible practices to increase competitive advantage (see Smith, 1990; Eden, 1993). However, critics have suggested such measures may be too shallow to produce effective regulation, or that the full commercial advantages of these measures have yet to be utilized (Cairncross, 1995:188; FOE, 1995). Many have now proposed that a pro-active response to environmental responsibility may actually result in environmental regulation plus competitive advantage in business (e.g. Elkington *et al*, 1991; Schmidheiny, 1992; Gladwin, 1993; Cairncross, 1995; Porter and van der Linde, 1995). The term, 'sustainable tourism' emerged in geographical debate in the 1990s to describe tourism

development without such negative environmental or social impacts (e.g. Nelson, *et al*, 1993; Burns and Holden, 1995; Coccossis and Nijkamp, 1995). Sustainable tourism needs to be defined more closely in terms of achievable targets of social and environmental performance for business (Goodall, 1995; Goodall and Stabler, 1996).



**Figure 1. Sustainable Development**

Source: [http://lewishistoricalociety.com/wiki2011/tiki-read\\_article.php?articleId=110](http://lewishistoricalociety.com/wiki2011/tiki-read_article.php?articleId=110)  
 (Accessed the 15<sup>th</sup> February 2013, at 16.00)

## **THE CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY, DISCLOSURE AND THE CONTROVERSIES**

The term ‘environment’ is used to describe our surroundings – both the natural physical surroundings such as the land, water, climate, plants and animals that we can see, and the places in which we live with their social, cultural, economic and spiritual dynamics (usually called the human environment). People depend on the natural environment for survival. Our food, medicines, shelter, fuels and clothing are all sourced from it. For example, a farmer’s crop relies on adequate water, sunshine,

fertile soil, unpolluted air and soil, and balanced insect life and micro-organisms. Without any one of these, the crop is threatened and the farmer may not have enough food to feed the family or to sell in the market. Corporate provide inadequate environmental disclosures which showed no relationship with the firm's environmental performance (Wiseman 1982; Harte and Owen 1991; Fekrat, Inclan and Petroni 1996), and still others even showing a negative association between environmental disclosures and environmental performance (Patten 1991, 1992, 2002; Hughes, Anderson and Golden 2001). Ullmann (1985) criticized these inconclusive results and attributes them to inconsistent definitions of measures of social performance, disclosures and economic performance and deficiencies in databases available. He argued that CSR models developed in prior studies are misspecified because the relationship between firm strategy and social responsibility decisions is not included in the empirical tests. Ullmann proposed that these data need to be analyzed from the context of theories, hence the title of his paper, "data in search of theory".

Numerous studies from the 1980s through to 2000s report either no significant or negative relationship between environmental disclosure and performance (see Wiseman 1982; Rockness 1985; Patten 1991, 1992, 2002; Freedman and Jaggi 1996; Hughes, et al. 2001). As a result, Freedman and Jaggi (1996) conclude that environmental disclosures as they exist cannot be used as a proxy for environmental performance. Stakeholders are "groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions." (Freeman, 1998, p. 174). The stakeholder power, prior studies (Christopher and Hassan 1996; Craswell and Taylor 1992; Mckinnon and Dalimunthe 1993; Malone, Fries and Jones 1993; Frost 1999) suggest that the wider the shareholder dispersion, the greater the likelihood that firms disclose more information. It also appeals to intuition that firms with widely dispersed ownership are more likely to incorporate good environmental performance in their strategic planning in order to attract investors. A growing volume of research offers empirical support to the fact that the market incorporates the firm's environmental performance in their assessment of the firm's unbooked environmental liabilities which investors consider in their stock valuation (Barth and McNichols 1994; Cormier and Magnan 1997; Hughes 2000; Clarkson, Li and Richardson 2004).

Nasi et al. (1997) found that forestry companies in Canada and Sweden focused on issues that were relevant to the most powerful stakeholders rather than on those issues that were relevant from an ethical or socially responsible point of view. On the one hand, some scholars argue that companies can “do well by doing good” (Godfrey, 2005; Margolis et al., 2007; Porter and Kramer, 2011). It is also based on the belief that not meeting the needs of other stakeholders can destroy shareholder value through, for example, consumer boycotts (e.g., Sen et al., 2001), the inability to hire the most talented people (e.g., Greening and Turban 2000), and punitive fines by the government. With regards to stakeholder management, prior literature has suggested and empirically shown that it is directly linked to superior financial performance by enabling firms to develop intangible assets in the form of strong long-term relationships, which can become sources of competitive advantage (e.g., Hillman and Keim, 2001).

Watts and Zimmerman (1978) argue that corporations use socially responsible activities to reduce the risk of governmental intrusions that may affect firm value. Hence, the government can be viewed as a powerful stakeholder which the management needs to satisfy. It is conceivable that companies belonging to highly sensitive industries will face more stringent government regulation as these firms are more likely to damage the environment through the use of hazardous substances and/or discharge of hazardous wastes and effluents. Prior studies (Deegan and Gordon 1996; Jaffar, Iskandar and Muhamad 2002; Chan and Kent 2003; Eljido-Ten 2004) provide evidence that firms belonging to environmentally sensitive industries (ESI) provide more environmental disclosures most likely to minimize government sanctions thus suggesting positive relationship.

## **BARRIERS IN IMPLEMENTING SUSTAINABILITY**

The literature suggests a range of issues limiting supplier’s ability to respond to buyers’ requirements for sustainability. First, sustainability activities may carry a financial cost, or they are at least perceived that way (Bohdanowicz *et al.* 2011). Cash flow and ever-diminishing tour operator contract rates are blamed by many authors for the lack of financial investment in technical solutions (Bastakis *et al.* 2004; Font *et al.* 2006; Tapper 2001). Payback from no-cost/low-cost measures could be used to fund technical solutions that require initial financial

investment; however, a lack of willingness or ability to engage means that this opportunity is not always exploited.

Second, human barriers include resistance to change, a lack of qualified staff and training programmes, a lack of understanding and the inability to plan (Amoah and Baum 1997; Bohdanowicz *et al.* 2011; Dong and Wilkinson 2007). Tour operator resources and those of their suppliers may be too limited to engage in technical assistance or investment programmes (Schwartz and Font 2009). The third issue cited repeatedly is lack of demand. A “green gap” exists between the results from surveys claiming customers want sustainable products and their actual purchasing behavior. Also, the industry has been encouraged to demonstrate its efforts to make *all* holidays more sustainable at no increased premium (ABTA 2011). It is in this context that tour operators claim to face a huge challenge in the perception and reality of Health and Safety (H&S) as the barrier to implementing environmental measures. For over a decade, hotel managers have been bombarded with H&S codes of practice, Hazard Analysis of Critical Control Points, legionella procedures and more. Managers are wary of implementing new initiatives that appear to conflict with H&S.

There are very similar comparisons in the building trade between “minimum standards” of codes of practice for safety versus “best practice initiatives” for sustainability (Dong and Wilkinson 2007). The EC Travel Package Directive (1990), transposed into UK law by the Package Travel Regulations 1992, which places liability on tour operators for the performance of their suppliers. This factor alone is a significant barrier to environmental sustainability (Schwartz and Font 2009; Schwartz *et al.* 2008; Tapper 2001). Regulation 15(1) provides that the tour operator is liable to the consumer for proper performance of the obligations under the contract, whether these are performed by the tour operator or any of its suppliers (Grant and Mason 2007; Saggerson 2007). It is obvious; therefore, which criteria will take priority in supplier management. The standard response of tour operators, fearful of compensation claims, has been to show increased due diligence through a stricter level of control over their suppliers and the application of risk management strategies. Personal communication with tour operating staff highlights that even they are wary of making suggestions for environmental improvements due to the apparent H&S environmental conflict. Operatives usually prefer to fall on the side of caution and over apply the solutions to manage or eliminate the risk without understanding the consequences of doing so.

Service recovery methods in hotels tend to focus on applying discounts or providing free services, rather than being guided by hotel contract law (Bech-Serrat 2011) to avoid potentially higher court costs.

A tour operator is liable for their negligence (measured by UK standards) and supplier's negligence (measured by local standards). UK standards are used in the destination as a yardstick not because they are applicable (or liable against), but because understanding local standards in each destination is more difficult than applying one blanket set of standards, whether these are higher or lower. This does, however, generate a fear of the unknown and reticence to make changes. Most aspects of quality that the client or tour operator will expect are not part of the contract established between the hotel and the tour operator, or the hotel and the direct customer—much of the contract is based on unspoken expectations law (Bech-Serrat 2011; Grant and Mason 2007). For example, there is no standard that says that pools must be lit at night, but if that's the accepted practice and therefore the accepted standard, there might be liability but under quality complaints (strict liability) and Health & Safety complaints (fault liability). In this case, operatives usually prefer to fall on the side of caution and over apply the solutions to manage the risk without understanding the consequences of doing this. Fear of not meeting health standards leads for example to the overuse of pesticides, over chilling of foods, the use of disposable rather than reusable plastic, over-wrapping of prepared food, and so on.

## **RESEARCH METHODOLOGY**

Based on the sustainable development principles, a comparative frame work has been put in place for the evaluation of the perceptions of the tour operators on the environmental sustainability. The objective was

1. To assess the perceptions of the tour operators on the environmental sustainability principles
2. To compare the perceptions of the different tour operators from Europe, Canada, China and India

The tour operators can be chosen on the convenient sampling basis and of course they are most renowned operators like Thomas Cook , Cox and Kings , Kuoni, Butterfield and Robinson from Canada, Travel Markets India Corporation from India and Imperial tours from China. The websites and brochures have been scrutinized for the information on

social and environmental responsibility initiatives of the corresponding tour operators for data collection and comparison.

## **DISCUSSION - PERCEPTIONS ON ENVIRONMENTAL SUSTAINABILITY**

### **Use of natural resource**

The tour operator Thomas cook, who has flight operations follow ISO 14001 standards for energy efficiency and Kuoni charter flights are also involved in energy saving experiments. The all three tour operator Thomas cook, Kuoni and Cox & Kings do follow the natural resource conservation by the Travel life certification system in their partner hotels.

### **Waste minimization**

Waste minimization in-terms of reduce, recycle, re-use is a part of all the tour operator business because it leads cost cutting & saving, which leads to better financial performance. But there is also factor where waste minimization cannot be controlled by the tour operator itself when it comes to the destination public area and surroundings.

### **Conservation**

In terms of conservation Thomas Cook, Cox & kings and Kuoni are involved in the bio-diversity projects with the help/co-operation of international organization. In fact these conservation are needed because of the exploitation & degradation are done upon the environment by the business only, because tourism business heavily depends on the natural resources of the host destination as an product offering to the consumer/tourist.

### **Prevention**

Thomas Cook, Kuoni and Cox & Kings has detailed in their website about the sustainable travel tips to the consumers/tourist in term of energy consumption, wildlife behavior, responsible travel tips, alternative transportation, respecting the host culture and understanding, behavioral ethics etc. A step further Kuoni has conducted environmental workshops

in Bulgaria & Thailand for environmental conservation and prevention of degradation.

### **Rehabilitation & reclamation**

Thomas cook is a part of Born free foundation and Spana, which conserve the working animals and its welfare. Both Kuoni and Cox & Kings also a part of reduce my carbon foot print programme by carbon offsetting along with Thomas cook. Cox & Kings is sponsoring for the planting trees in Peru, Kuoni has contributed for the construction of dams in Kenya for local and hotel benefits.

### **Science and technology**

Travel life awards given to the partner hotels of the tour operator (Thomas Cook and Kuoni) promote resource conservation. The ISO 14001 certification provided to the Thomas cooks flight services are also results of innovation in science & technology. Kuoni charter flights participation in Atlantic Interpretability initiative to reduce emissions also pave way for development in science & technology for cutting carbon emission. But none of the tour operators invest in science & technology themselves for the betterment of the environment but through partnership only.

### **CONCLUSION**

As it is very clear that the perceptions and actions towards the environmental sustainability in terms of carbon emissions, resource utilization, conservation and contribution for wild life differs from one operator to another and there is lot of lessons to be learned from the each operators to protect the environment. Like the case of Thomas cook there were very good at environmental conservation.

The tour operators suppliers such as the accommodation and transportation sectors play a major role in the environmental participation but they should be brought under the careful guidance of the tour operators in terms of the environmental conservation rather than concentrating on the cost and service standards of these suppliers. Especially the resorts, golf resort and the air transportation sector which

are major resource utilizes and polluter of the environment. There are lots of lesson to be learned from tour operators, because each one of them see and approaches environmental sustainability in a different angles. For example Thomas cook and Kuoni focuses on natural resource utilization and efficiency management, they have also involved in wild life (Bio-diversity) and animal's conservation projects including promotion of eco tourism product in East African region by Kuoni. Both Thomas Cook and Kuoni are involved in recycle & reuse projects, including education consumers/tourist on sustainable travel tips, behavior with wildlife conservation and prevention. On the other hand Cox & Kings has involved in protecting Amazon forest in Peru and in the conservation of the tigers, they also educate the consumer / tourist in sustainable travel, conservation and prevention.

The cases of Imperil Tours from China and TMIC from India are far behind from the understanding of the practices because of the barriers to sustainability reason. The Butterfly and Robinson from Canada are already following sustainability through their product offer strategy of biking and walking tours and also through philanthropy tour product. As a whole picture none of the tour giants like Thomas cook, Kuoni, Cox & kings seems to perceive the environmental sustainability totally in their operations and the tour operators from emerging economies need to learn and follow a lot from the developed ones to sustain the environment. As of recommendation, it could be better to come up with a set of environmental sustainability principles, which has to be followed by the tour operators to gain the trust of the stakeholders and these principle should be implemented by the independent governments & tourism board irrespective of destinations.

Which is expressed in the words of Ozsomer *et al.*, 1997 as "Firm's are not likely to invest in new technologies and products, especially environmentally-friendly sound products, if they do not sense a positive attitude from the government and demand from customers"? Research suggest that firms perceive uncertainty in government policy or customer demand as a risk or threat, and thus are not likely to make new investments in related innovations (Ozsomer et al, 1997; Rangel, 2000; Soderbaum, 2000; Vazques *et al.*, 2001; Von Krogh and Roos, 1995).

Carbon offsetting programs – does it really work? Is another area which request research.

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