



TOUR OPERATORS INITIATIVE
FOR SUSTAINABLE TOURISM DEVELOPMENT



Improving tour operator performance: the role of corporate social responsibility and reporting

'In 2001 the Co-operative Bank put a price on its ethical stance for the first time. It calculated that its policies and practices made it £16 million better off in 2000. This was 16% of pre-tax profits and came even after the extra costs of environmental policies.'

Once there was just the financial bottom line. Now companies recognise they must be accountable for their social, environmental and economic impacts – the new triple bottom line. They recognise the need to preserve the environment, to look after their workforce and to give something back to communities. All this needs to be done while running a profitable business.

This whole approach is *corporate social responsibility* or *CSR*. It is about customer satisfaction, environmental protection, and a positive contribution to development. It means developing quality products and offering customer choice. It includes training staff, providing a healthy and supportive working environment and entering long-term partnerships with suppliers.

CSR adds value through product differentiation and increased quality, as well as by preventing the degradation of the very base of the tourism experience, i.e. nature and cultural heritage.

Customers have rewarded those companies that have adopted an ethical stance. Co-op's market research found that more than a quarter of current



account holders cited ethics or the environment as the reason for opening their accounts.

CSR makes sense for companies. It is not just the communities, customers and environment that gain. The business benefits of CSR enable it to be a successful model for all.

Sustainable tourism

Tourism has mixed impacts. On the positive side tourism provides jobs, brings foreign exchange and provides income to support local development. It can also directly support local industry and encourage communities to place greater emphasis on environmental protection. However, one of the main problems is that the benefits of tourism often bypass the local population, and tourism related activities can contribute to the degradation of the environment. They can put pressure on scarce

local resources such as land and water, pollute the environment and reduce biodiversity. Money may not reach the local economy, and the jobs available may be poorly paid and provide insecure employment.

Taking action to increase the positive impacts and reduce the negative impacts is vital to the future sustainability and profitability of tourism. A forward-looking business will address these issues before it is too late, and CSR can provide a useful framework by which to do this.

What is already happening?

Many tour operators are already undertaking CSR activities, such as giving money to charity, surveying suppliers on their sustainability practices, or providing information to their customers on local customs and how to protect the environment. However, these actions are often ad-hoc and may be limited to the manager or a few staff members in a company.

To be successful, CSR actions need to be part of core business and integrated throughout the supply chain. This means a systematic application of business ethics to all operations.

Reporting on performance

To judge the success of any CSR action, companies need to measure their impacts. For others to understand, they need to communicate the results. This process of *reporting* on performance has

become an important tool to demonstrate these impacts. Many companies are producing social and environmental reports. However, to be meaningful, these need reports to be comparable between companies, and provide information on all areas of business practice.

British Airways – social and environmental reporting

“By reporting on the environmental and social impact of our activities, as well as looking at the economic costs and benefits, we ensure that these aspects get the focus they deserve if we are to move towards a sustainable society. The content of the social and environmental report is not grounds for complacency but does give confidence in the progress made, particularly when we look back over 10 years of reporting on environmental performance. We are now moving into a wider area of transparency covering environmental, economic and social performance. These are clear hallmarks of a business that is properly contributing towards a sustainable society.” *Hugh Somerville, Head of Sustainable Business Unit, British Airways.*

Not everything can be done at once. The key is to start the process and do something. Below are a few suggestions on how you can do this.

Where to go next

Start implementing CSR within your own business and reporting on your performance. This briefing includes more details about CSR, how to start implementing it, and how to measure and report on business impacts. For further copies see www.abta.com, www.toinitiative.org and www.tearfund.org/acting. Tourism Concern has also produced a booklet on CSR: www.tourismconcern.org.uk.

Join the Tour Operators' Initiative (TOI). This is a network of tour operators from many different countries that have committed to integrate sustainable development into their business practices, and to develop tools and approaches to support this effort. In 2002, the TOI developed a

set of indicators for measuring performance. These indicators cover the key social, economic and environmental issues facing tour operators. The TOI is undergoing a pilot reporting project during 2003-2004, and other operators can join in with this. The full set of performance indicators and reporting guidelines can be found on www.toinitiative.org.

Join the UK-based Sustainable Tourism Initiative. This is a collaboration of UK tour operators, UK government, and development and environment charities. It is seeking to help tour operators become more sustainable in their business practices. For more information contact roger.platt@fco.gov.uk.