Business Social Responsibility and Functional Areas of a Tourism Business

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Abstract

The debate on which functional area of tourism businesses should house business social responsibility (BSR) activities is ever increasing in a South African and global context. Tourism businesses are confused as to where and who should be responsible for BSR initiatives resulting in the BSR function being often allocated to unsuitable units to deal with. In an investigation to unpack this, tourism businesses were surveyed within the Western Cape Province, South Africa. Clustering and a stratification method were used. Managers and employees were purposely identified, resulting to 452 questionnaires being completed. Data was analyzed through the Software Package for Social Sciences (SPSS). The Stakeholder and Critical Realism theories were also applied. The results indicate a preference placed on front desk departments to deal with BSR. Consequently this has to an extent increased transparency, led to a donor approach and a lack of fairness, raising important questions on empowerment and sustainability. Managers need to have clear objectives for their BSR initiatives and identify functional areas that match the identified objectives. The King Reports both III and IV, should ideally form the basis of BSR initiatives in South Africa.

Keywords: Empowerment, functional areas, social responsibility, sustainability, tourism businesses

Introduction

During the World Business Council for Sustainable Development's (WBCSD)'s Stakeholder Dialogue on BSR held in 1999, a formal working definition for BSR was developed as businesses require continuing commitment to behave ethically and contribute to economic development. The definition also included improving the quality of life of the workforce, employees' families, the local community and society (Cowper-Smith & De Grosbois, 2011). This philosophy encourages tourism companies to integrate public welfare issues into their business operations (United Nations Environment Programme (UNEP, 2013). In South Africa, many businesses are including BSR programmes in their operations, a development that has been growing since the first democratic elections in 1994 (Juggernath, Rampersad & Reddy, 2011; Hamann, 2003). Conversely, Golja and Nižic (2010) and also Kasim (2004), argue that the management and workers of these businesses seem unable to define and fully understand the exact indicators or variables for implementing and measuring BSR mandates. It is often not clear which departments and individuals should be responsible for driving BSR activities.

Literature review

As cited by Corporate Excellence - Centre for Reputation Leadership in 2011, according to Dr Argandona, Professor of Economics and holder of the 'La Carixa', BSR should be run by someone who can explain its importance, therefore education, guidance and awareness is very important

for such a person. The King Report II (2002) and later versions thereof, state that BSR in South Africa is often incorporated in human resources or marketing departments, and falls to relatively untrained, junior or inexperienced staff. Generally, the importance of BSR is undermined and its contribution towards stakeholders is easily compromised. Hence, the current study is guided by stakeholder and critical realism theories. According to Guadamillas-Gómez, Donate-Manzanares and Miha Škerlavaj (2010), the stakeholders' anxieties and objectives should be considered in the integration of BSR into a business operations and activities. The increasing importance of BSR in companies' divisions such as human resources and communication cannot be overlooked. However, to date, the functions, situation and profile of the person responsible for BSR is not clear (Corporate Excellence - Centre for Reputation Leadership, 2011). Vettori (2005) contends that it is difficult to decide on a functional area for BSR since it is challenging to identify a company's motivation for implementing tourism BSR.

There are various internal and external forces for BSR implementations. This is more problematic especially for managers to predict functional areas that manage BSR activities. For instance, internally a company may implement BSR for an enhancement of public image, in this case public relations could be found to be more appropriate to run BSR activities. Other times, a motive might be associated with tax rebates, which means that a finance department would probably be a preferred choice. Other reasons could be employee retention, which would mean that human resources would be the most suitable department for BSR management. Nonetheless, some tourism businesses could engage in BSR in order to promote community projects or generate business contacts. On one hand, tourism directors may choose a BSR activity such as charity to pursue self-interest (Fig, 2005). The desire to prevent government intervention might be another drive. Besides the internal forces, Fig (2005) further identifies five external forces that contribute to tourism businesses' engagement in BSR, which are: pressure from the state, governmental failure, pressure from abroad, pressure from below and peer pressure.

Based on the complexity nature of BSR practices in the tourism industry, stakeholder and critical realism were found to be a relevant theoretical framework for this study. Stakeholder theory is imperative in the South African tourism industry BSR because of the mistrust that exists between tourism businesses and civil society, due to the legacy of apartheid (Hamann & Acutt, 2003). Yirenkyi-Boateng (2011) mentions that there are five phases in stakeholder theory. The first two phases represent the primary stakeholders of the tourism businesses. These are customers, business owners and service providers. In these two phases, the focus of the tourism business is the safety of the business product, employment equity and opportunities, the safety of both employees and tourists, and fulfilling customer needs. This analysis is supported by Friedman (1970). Phases three, four and five represent the secondary stakeholders, which comprise individuals or groups who do not have direct relationships with tourism businesses but are affected by the businesses' operations. These stakeholders include special interest groups and the public. The fundamental argument in this paper, is that most tourism businesses do not consider all these types of stakeholders while deciding on the department or a person responsible for BSR activities. Some businesses are biased towards primary stakeholders while some may emphasize secondary stakeholders more, thus neglecting primary stakeholders, although this seldom happens. The concrete, long-term impacts of a tourism BSR programme is determined by the way the tourism businesses concerned implement it. Blowfield (2007) observes that when adopting initiatives such as BSR, tourism businesses should avoid presenting BSR activities that emphasise stakeholders' outputs rather than the outcomes. This philosophy is supported by critical realists (Yirenkyi-Boateng, 2011).

As seen in Figure 1, according to critical realism theory, the outcomes rather than output should differentiate tourism businesses that practice BSR from those resisting it. On an empirical level, critical realism theory contends that the effect of tourism BSR should be identified and assessed against the functional areas that were established at the real level. If a BSR function is allocated in the wrong functional area, this may lead to unverifiable outcomes or outputs at the empirical level. The empirical level entails of structures that exist because of tourism businesses' social activities at the actual level, such as a computer-training programme aimed at orphanages and initiated by a local tour operator (Tseane-Gumbi, 2016). The actual level occurs during the implementation of tourism BSR and refers to concrete activities. Nicolaides (2017) asserts that "In the next decade, the competitiveness of companies will increasingly hinge on their social awareness and how they adopt CSR [BSR] initiatives. They thus now have a golden opportunity to promote their own sustainability by respecting human rights and by protecting the environment. This is the challenge facing today's business leaders. Businesses promoting special events development, which have a developmental impact, can showcase CSR [BSR] as an image-enhancing mechanism which may improve the environment or have some other image transformation impact such as developing public involvement in charitable endeavours, or fund-raising for special projects". The researcher in this study thus paid equal attention to atourism functional areas, the nature of BSR activities practised by tourism businesses and their outcomes. Henceforth critical realism approach was used to analyse the functional areas of BSR in the tourism businesses studied. This critical realist method of combining social mechanisms and stakeholders to explain social outcomes finds expression in the three-tiered ontological or stratification model as expressed in the works of Roy Bhaskar, a British philosopher and the founder of critical realism.
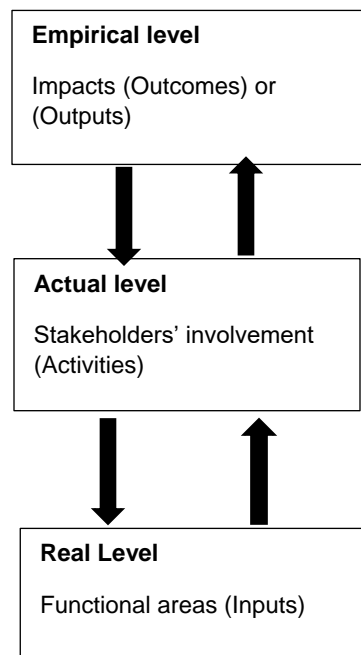

Figure 1: Critical Realism Theory
Based on Tseane-Gumbi (2016) and Yirenkyi-Boateng (2011)

Methodology

A mixed methodology approach was used. Two district municipalities, the City of Cape Town Municipality (Metropolitan) and the Cape Winelands District Municipality were selected. A total of 307 tourism businesses were surveyed using cluster, stratified and purposive sampling methods was used to identify employees. From this, 452 semi-structured questionnaires were completed successfully by one tourism business manager or owner and two general employees. An appropriate wording and layout was considered while designing the questionnaire. The overall Cronbach's alpha value for reliability was interpreted in the study as good reliability at above 0.8, acceptable reliability at 0.6 to 0.8, and unacceptable reliability at below 0.6. The overall Cronbach alpha test had an output between 0.7 and 0.8, which was considered good for this study. SPSS version 22 was used to analyse the results of the study.

Results

Table 1 indicates that a total of 32 different functional areas were mentioned. The highest percentage (38.2%) represents front office departments, and 16.2% of respondents did not want to reveal the departments concerned. General management departments were identified by 15.7% of respondents and sales and marketing departments by 10.6%. Less than 10% of the respondents indicated other departments. These included public accounting, retail and corporate affairs, the director's and head offices, as well as the diving department.

Table 1: Tourism business functional areas responsible for BSR activities

The allocation of BSR functions within the tourism businesses (N = 452, in %)					
Front office	38.2	Finance	0.6	Directors' office	0.2
Confidential	16.2	Human resources	0.6	Diving department	0.2
General management	15.7	Guest relations	0.6	Head office	0.2
Sales and marketing	10.6	Chief executive's office	0.6	Information technology	0.2
Food and beverage	4.3	Cooperated social, investment	0.6	Kitchen	0.2
Housekeeping	2.2	Tour guiding	0.6	Leisure	0.2
No department	1.5	Accounting	0.4	Providing and designing	0.2
Public relations	1.5	Concierge	0.4	Rental	0.2
Administration	0.8	Retail	0.4	Transport	0.2
Booking	0.8	Conference and events	0.4	Back office	0.2
Operation	0.6	Corporate affairs	0.2	Cleaning and maintenance	0.2
Total = 100					

In relation to the current study, many surveyed tourism businesses indicated donations (62.3%), as their main BSR activities that carried out, see Table 2. Education and training was mentioned by (56.6%). Of the respondents, 34.1% identified employment opportunities, 30.3% sponsorship, volunteerism work, and 16.4% and 13.5% cash benefits. The remaining were less than 10%.

Table 2: BSR activities undertaken

BSR activities in which businesses are engaged (Multiple responses permitted) (N = 452, in %)			
Donations	62.3	Developing public facilities	7.7
Education and training	56.6	Local infrastructure development	6.6
Employment opportunities	34.1	Provision of facilities	6.2
Sponsorship	30.3	Community development programme	5.3
Volunteer work	16.4	Promoting ICT	2.4
Discounting prices	14.2	Do not know	1.5
Cash	13.5		
Total = 257.1			

The respondents were further requested to provide details regarding their involvement in the implementation of BSR in their establishments. The results are illustrated in Table 3. The highest number (39.7%) mentioned BSR administration, which included booking venues for training, arranging meetings, approving funds for donations and arranging community-based tours for clients. Of the respondents, 34.7% had no direct involvement, 22.7% indicated participating in internal and external BSR committees and community trusts, and 6.1% indicated management activities, such as supervision, planning and organisation for charity events. In addition, 5.3% mentioned volunteerism in recycling, donation of clothes and cleaning, and 3.1% initiated BSR activities. Furthermore, 1.4% identified training and the handing out of donations, while 1.2% was involved in the selection and organisation of BSR activities and 0.4% mentioned budgeting, awareness raising and BSR support events. Ethics issues were considered throughout the process.

Table 3: Respondents' role in BSR implementation

Respondents' role in BSR implementation (Multiple responses permitted) (N = 452, in %)			
Administration	39.7	Organise BSR events	0.8
No direct involvement	34.7	Budgeting	0.4
Participating in BSR committee and trust	22.7	Raising awareness	0.4
Manage BSR activities	6.1	Supporting BSR events	0.4
Volunteer	5.3	Confidential	0.4
Initiate BSR activities	3.1	Facilitate	0.2
Maintaining communication	1.6	Attend BSR meetings	0.2
Implementation of BSR	1.4		
Selecting of BSR activities	1.2		
Total = 118.6			

Further investigations were made on the outcomes of the surveyed tourism businesses' participation in BSR activities. Both internal and external stakeholders were considered. A dispute was based on the idea that functional areas have an impact on the level at which companies integrate BSR in their core business plans and strategies. To assess this, factor analysis was considered. Factor analysis was applied and exploratory factor analysis (EFA) was used to identify the hidden or underlying constructs or dimensions that were not be apparent from direct analysis.

The researcher focused on the degree of the effects of the surveyed tourism businesses' BSR activities on internal and external tourism business stakeholders, bearing in mind the different functional areas that exist in the tourism businesses. This was found suitable for this study because the Likert scale used in the questionnaire measured the extent of BSR activities. Furthermore, the King Report III (2009) and the also King IV (2017) identify four ethical business considerations for South Africa that the researcher used to determine and explain the degree of social responsibility according to the given Likert scale statements. The EFA generated four factors: Factor 1 = Accountability, Factor 2 = Responsibility, Factor 3= Transparency, and Factor 4 = Fairness as indicated in Table 4, while Table 5 indicates mean level of each factors identified.

Table 4: BSR internal and external factors

Factor loading items	Factor 1 Responsibility	Factor 2: Accountability
Internal stakeholders		
1.The company encourages its employees to develop their skills and long-term career	0.13	0.59

2. Any form of discrimination in the company is discouraged	0.28	0.46
3. Employees are included in important discussions in the company	0.14	0.68
4. Employees' health, safety and welfare are taken into consideration by the company	0.49	0.54
5. A work-life balance is provided to employees	*0.53*	*0.38*
6. Business reaps the benefits of loyal customers	*0.52*	*0.07*
7. BSR teaches teamwork skills to employees	*0.61*	*0.24*
8. BSR programs are initiated and guided by top managers	*0.61*	*0.21*
External stakeholders	**Factor 3 Transparency**	**Factor 4 Fairness**
9. The company provides quality products and is honest in its agreements and relationships with customers and suppliers	0.12	0.73
10.The company's products have adequate information	0.20	0.49
11. The company pays suppliers on time	0.14	0.74
12. A customer complaint box is available and clearly displayed	0.31	0.52
13. The company resolves customer complaints timeously	0.16	0.60
14. The company encourages cooperation with other companies and organisations	0.35	0.44
15. The company provides training for local communities	*0.68*	*0.27*
16. Dialogues with communities take place regularly	*0.77*	*0.17*
17. The company encourages employees to participate in local community activities	*0.74*	*0.22*
18. Local communities are receiving financial support from the company	*0.58*	*0.10*
19. BSR assists in the recruitment of local community members	*0.43*	*0.29*

Table 4 indicates four items with bearing on Factor 1, Responsibility. Here, statements, 5-8 or items were grouped together. Responsibility refers to the wiliness of the tourism businesses to take responsibilities of their actions. Factor 2, Accountability, also consisted of four items, 1-4. The last item, 4, which referred to employees' health, yielded positive results on both Factor 1 and Factor 2. However, it was decided to associate it with Factor 2. Another factor loading was established with two factors. Factor 3, Transparency and Factor 4, Fairness. As indicated in Table 5 transparency has the highest meal level, 1.2 as followed by responsiveness, meal level is equal to 1.3. Accountability comes third, mean level is 1.4 while fairness has a mean level of 2.2.

Table 5: Mean level

Responsibility		Transparency		Fairness		Accountability	
Mean	1, 3624595	**Mean**	1,2894531	**Mean**	2,2024004	**Mean**	1,4284533

Discussion

The results slightly differ from the King Report 2002, which ruled out that BSR activities in the South African businesses are managed by human resources and marketing departments. In this study, marketing department were mentioned by 10.6% while human resources reported some 6%. These demonstrations point out the level of disheartenment, frustration and confusion that the industry is facing in relation to handling BSR activities. Either way "Businesses need to become more inclusive and equitable in their dealings and remain the drivers of economic growth while delivering real value to stakeholders. Making sustainability a key aspect in the operations of a business is a daunting task. A number of factors influence this process not least of which are business excellence models (BEMs) and the 'triple-bottom-line' approach" (Singh & Nicolaides, 2014).

Arguably, the results show less percentages in marketing and human resources departments because in South Africa, the majority of tourism businesses fall under small medium enterprises which often do not have stand-alone marketing or human resources departments. With so much variation in BSR functional areas, it is apparent that BSR's acceptability and implementation in South Africa remains a challenge. Whilst front office has been identified as a preferred functional area in this study, the problem remains in the fact that the front office is likely to dedicate its BSR activities to its deliverables. The main tasks of the front office are greeting visitors, distributing mail and administration. A confirmation of these is illustrated in Table 3. An examination of the main identified BSR forces as mentioned by Fig (2003) was done, and it is clear from the results that none of the forces relate to any of the three mentioned front office's main tasks.

Donations are usually achieved through ad hoc approaches, or through street children and homeless people that reach out for food, money and or clothes, to companies' receptionists that they visit. The front staff are often the first employees that such people meet. It is strongly argued in this study that donations and other BSR activities identified, have been done as a result of communities reaching out to companies' receptions, and not through an incorporation of these activities by managers in the companies' plans and strategies. Although many tourism businesses surveyed in this study are in support of a philanthropic approach, which usually promotes activities such as donations, Visser (2006) upholds that this approach endorses dependency among beneficiaries. According to the Executive Director of Indonesia Business Links (IBL), Koestoer (2002), donations stimulate excessive dependency in local communities in places like Indonesia leading to a belief among the communities that tourism businesses are the source of poverty. As Vettori (2005) alluded, directors may choose a charity to pursue self-interests, the decision to decide BSR functional area might is complex and sometimes biased.

The findings in Table 3 show that most respondents were involved in the administration of BSR, while a relatively low percentage of respondents took part in critical BSR functions, such as the initiation of, selection of and budgeting for BSR activities. This is not surprising since the front desk offices were mostly managing BSR activities. None of the respondents were engaged in BSR policy formulation. As highlighted in the literature, in South Africa, BSR activities are usually assigned to relatively untrained staff because BSR is usually regarded as an add-on activity. This does not only affect the BSR implementation but also influences the participation of customers. In the absence of key decision-making individuals, BSR programmes are unlikely to be included in the core strategies of tourism businesses. Therefore, it could be difficult for tourists to engage effectively in BSR activities that affect real socio-economic issues.

Centred on the current results, transparency has the highest mean level since front staff's main task, 'during visitors greetings' is the provision of information, and the results were highlighted in Table 5. In the present study, the front office is responsible for BSR activities in many of the surveyed tourism businesses, and a high degree of transparency in the surveyed businesses was noted. Transparency was identified using items 9-14. Transparency refers to openness about decisions and activities that affect society, the economy and the environment. This factor indicates that a tourism business should disclose known and unknown activities and effects in a clear, accurate and complete manner, and to a reasonable and sufficient degree. This information should be readily available, directly accessible and understandable.

The question that is posed in this study is whether a front desk office could be in the most suitable position to perform the mentioned tasks. Factor 4, Fairness, comprised of statements 15-19. Fairness had the lowest mean level because normally other functional areas rather than front

office are responsible for ensuring fair business operations. Fairness means a tourism business' consideration of its interests and stakeholder expectations. Accountability has a mean level of 1.2 and the results show that it is difficult to be achieved in the South African tourism industry because companies believe that by accounting they also agree that they were part of the wrong doings during the apartheid era. Accountability is one of the seven principles of ISO 26000. It refers to the acceptance of wrong- doing and the provision of strategies for remedy by tourism businesses. The degree of accountability varies however, this principle should always correspond to the amount or extent of authority vested in an area of operation. In this study, this was difficult to be achieve as front office employees do not have the authority to make required strategic decisions. Those tourism businesses with ultimate authority vested in the correct operational department are likely to pay greater heed to the quality of their decisions and management.

Conclusion

Based on the results of the study, it is evident that tourism businesses in South Africa implement BSR activities and yet they do not consider it as an important and priority for their businesses. Front office is identified as a preferred functional area, yet it has limited policy making and decision making in a business. This leads to BSR activities that are not sustainable and less empowering the intended stakeholders. The effect is that such BSR activities promote dependency, lack of continuity and escalate poverty rather than eradicate it. Four outcomes that were identified are namely, responsibility, transparency, accountability and fairness. Tourism businesses in South Africa are more transparent in sharing information with stakeholders, however, less accountable in their activities and are mostly not fair in their businesses dealings. This is because BSR is not incorporated into the strategic planning of their businesses, which is usually carried out by non-front office members. More awareness is needed to sensitise tourism businesses to the importance of the BSR concept and its implications if this important aspect is not practised effectively. A good identification of a business's stakeholders and the forces behind the business' implementation of BSR can greatly assist business to make wiser choices in selecting suitable functional areas that should manage BSR activities. Moreover, the selection of such functional areas should be based on outcomes rather than outputs.

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