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# 1. Introduction

For the last decade, the tourism industry has enjoyed a year-on-year growth and even outpaced the overall world-wide economic growth rate (UNWTO, 2021). Claims for a more sustainable, more socially and environmentally compatible form of tourism have always accompanied this growth trajectory, which is being supported by official bodies like the United Nations World Tourism Organization (UNWTO) and the World Travel and Tourism Council (WTTC). Likewise, already in 2014, the UNWTO demanded the tourism actors to take on responsibility and align their business operations in accordance with the Sustainability Development Goals (SDGs) (Soratana et al., 2021). Tourism is identified as a valuable driver of economic development and growth for countries but equally it can also be viewed as a potential threat of destroying local natural and cultural heritage (Chilufya, Hughes and Scheyvens, 2019) as it could be seen in various high-frequented tourist destinations all over the world. The great paradox in tourism: what draws tourists to one destination is at the same time being harmed by them. With tourism coming to a standstill during the COVID-19 period, many natural tourist attractions did have the opportunity to recover while simultaneously employees making their livelihood directly from tourism or through affiliated businesses suffered immensely. This clearly showed the dilemma of tourism and the potential consequence in the demand of reducing tourism flows. Despite that though yet again, calls demanding the industry players altogether to become more responsible about the damages that are being created in the destinations became more intense. Not only within the tourism industry, but throughout the general society there seems to be a shift towards a greater awareness of social and environmental concerns along companies’ supply chains. As a result, companies are starting to invest more and proactively communicate on their corporate social responsibility (CSR) activities. According to Madanaguli, Srivastava, Ferraris and Dhir (2022), CSR has received and increasing amount of attention in the past years, whereby it was deemed as ‘a complex, multi-faced process that is influenced by and influences multiple stakeholders. CSR overlaps with several related topics, such as social responsibility, corporate stakeholder responsibility and corporate sustainability and responsibility’ (Madanaguli et al., 2022, p.448). The great paradox in tourism and a general product with common pool resources – tourists are mostly attracted by unique natural settings be it beaches, wildlife under and above water; with over-tourism tough, exactly this asset is gradually being destroyed leading to an inevitable decrease in the attractiveness of the destination (Streimikiene, Svagzdiene, Jasinskas, Simanavicius, 2021; Butler, 1999; Lu and Nepal, 20019; Pjerotic, 2017; Waligo, Clarke and Hawkins 2013, Johann, 2022). Despite the increasing awareness of CSR and the need for action, CSR in the tourism industry seems to be underdeveloped compared to other industries (Johann, 2022). Particularly with small and medium enterprises (SMEs) the resources to focus on CSR are often limited, especially now after COVID and the current shortage of skilled employees. But also, the interdependencies and low-profit margins are influencing this non-involvement. Moreover, Johann (2022, p.3) also claims that the focus in SMEs is more ‘on price and quality […] than social and environmental factors in decision-making’. Concluding and aligning the research with previous studies, CSR does not yet seem to have much of an influence in the industry which, however, seems in desperate need of one, if it does not want to strip itself of its very asset – its natural environment and local (host) communities.

In Europe, first steps have been taken to walk down this line. In Germany, the German Act on Corporate Due Diligence in supply chains was passed in 2021, coming into effect as off January 01, 2023. In a first step, this new law is affecting all companies with a minimum of 3.000 employees and as of January 2024, it’s applicable for all companies with a minimum of 1.000 employees with either the head office, principal place of business, administrative headquarters or a registered office in Germany. This, in a nutshell, makes German companies to an extend reliable for their operations in other countries (more details and greater explanation will follow in the subsequent chapters) and they are forced to look into their supply chains in order to adhere to these obligations set forth in the Act. Transferring this to the tourism industry , specifically to the tour operating business, in Germany it means that the biggest tour operators (TOs) in Germany will have to translate this Due Diligence Act into their business operations. Looking at the operations of the big three – TUI, DER Touristik and FTI – they have operations world-wide and there hardly is a destination which they don’t send their clients to. The tourism industry consists of a multi-layered network spread across countries making a control of the entire supply-chain a challenge. The Due Diligence Act is a first step of holding TOs accountable for their doings / non-doings in other countries. With demands for a more sustainable and eco-friendly tourism in the face of natural disasters and climate change this seems to be a first step to implement CSR practices into the industry forced through legislation. Though, in the tourism industry only a minor number of TOs are effect at this stage, they might take a leading role as they and their suppliers in turn have to adapt and assimilate operation process to adhere to the law. This potentially could lead to a trickle-down effect from which SME TOs could also benefit. Nevertheless, looking at the SMEs TO the question arises if actions are needed now already, too. In the face of intensifying discussions about climate change, sustainability and SDGs on the one side and the recovery of the industry after being shut down for almost three years on the other, is there a chance for SMEs TOs to proactively invest in CSR initiatives following the lead of the Due Diligence Act in order to strengthen their market position, in preparation for a potential tightening of the Act and more crucial in an attempt to change tourism into a more sustainable form? Or is the Due Diligence Act not suitable to kick-off change in the industry? Do travellers see a need for this at all and subsequently are willing to participate by changing travel behaviour patterns, eventually paying higher rates in the face of the current inflation and unstable economic situation? Or is it back to business as usual without a second thought for the long-term consequences down the timeline?

The following pages will first investigate the overall tourism system and will show a very simplified way of how it works while also considering the interdependences which are crucial to explain for the further course of this paper. The next chapter will focus on the theoretical side of CSR and also the consumer’s view on CSR activities while also touching on the seemingly paradox of luxury and sustainability. The proceeding chapter will then look at the German Due Diligence Act and its implication for the German travel industry, specifically the TO businesses. The final chapter will bring all three strings together to exploit if the Due Diligence Act does have the means to change the tourism industry and if it is worthwhile for SME TOs to invest into CSR already.

# 2. The Tourism System – a general overview

The following paragraphs will give a brief overview of the tourism system – it will specifically review the economic impact of the industry on the global economy and will be shedding light on the severe effects the global COVID-19 pandemic had on the industry and on the recovery that took place. Furthermore, it will introduce the system that stands behind the international tourism industry, how it is build, the interconnection as well as interdependence of the individual service suppliers and the unique characteristics of the tourism product. This first chapter will then proceed to take a closer look at the luxury tourism industry in the Germanic speaking markets (DACH-markets).

## 2.1. The Tourism Industry – overview of a global economy and COVID-19 effects

Tourism is recognized as a significant part of the economy for many countries around the world (Streimikiene et al., 2020). According to the World Travel and Tourism Council (WTTC) (2020), the travel and tourism sector contributed 10.3% to the world’s gross domestic product, leading to 330 million jobs which translates into 10.4% of total employment, in 2019. Looking at the international figures provided by the United Nations World Tourism Organization (UNTWO, 2021a), the industry has seen a continues growth, with only a few dips in the Ein Bild, das Reihe, Diagramm, Text, Steigung enthält.

Automatisch generierte Beschreibungearly 2000s and 2009.

Figure 1: International tourism, number of arrivals (UNWTO, 2021)

But as the figure shows, the industry managed to bounce back resulting into a continuous growth since the last drop in 2009. The figures represented in the below are not yet including the drastic drop due to COVID. In the following the figures presented will take reference to developments before the industry came to a standstill due to the pandemic.

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Automatisch generierte BeschreibungIn 2019, 4% more arrivals and 3% more in tourism receipt were recorded translating into 1.460 million international tourist arrivals and USD 1.481 billion in tourism receipts. More-over, according to the WTTC (WTTC, 2020) the tourism sector outpaced the growth of the global economy slightly by 1% in 2019, which represents a constant trend over the last year as below graph shows.

Figure 2: World’s Travel & Tourism GDP growth vs economy GDP growth, 2011-19 (WTTC, 2020)

It is reported that over the last five years leading up to 2020, one out four newly created jobs were related to travel and tourism (WTTC, 2020) – hence, the industry can be regarded as a major force in creating new employment opportunities for governments. The industry still is a very dynamic and vital industry and for many countries it poses a major source of income – particularly for many countries in the developing phase (Kataya, 2021; Gössling et al., 2012; Gumede and Nzama, 2020; Manrai, Lascu and Manrai, 2020).

Towards the end of 2019, beginning of 2020, the industry was influenced like it never was before. With the COVID-19 virus rapidly spreading around the globe, international tourism came to a standstill. Countless countries worldwide closed their borders and international tourism was non-existing anymore. The effects for the industry and all those working directly or indirectly in the sector were devastating. The UNWTO (2023a) estimated that 100 to 120 million positions, translating into a third of all jobs affiliated to tourism worldwide where at risk. The number is estimated to be even higher considering the secondary services from which people also make a livelihood out of tourism. These times were characterised by great insecurity – not only within the industry but on a global scale. Looking at tourism it was uncertain and unpredictable when borders would open again and what the aftermaths of the pandemic would mean for the travel and tourism industry and all stakeholders involved. Many TOs struggled as they had to fulfil contractual obligations and pay the service providers (e.g., hotels) but simultaneously they also had to refund clients. Especially the German law posed strains on TOs, as clients had to be refunded within a set time whereas the TOs did not get money back or only very deferred, leading to tremendous financial burdens and liquidity problems which were only later assisted by governmental funds and support payments. Likewise travel agents and SME TOs had to reverse all the bookings – and because of the peculiarities of the TO-Travel Agency (TA) relationship, travel agents did not earn their commission on any booking that was cancelled despite all the extra work.

In 2021, tourism slowly but steadily started to revive – still with strict restrictions and limitations but countries did start to open their borders again. Ever since then, international and national tourism has made a strong comeback. The UNWTO (2023b) predicts that international arrivals will be back to 80-95% of pre-pandemic level in 2023. The latest Tourism Barometer published by the UNWTO in May (2023c) shows a strong positive trend – international tourist arrivals are indeed back at 80% of pre-pandemic levels for the first three months of 2023, which represents a growth of 86% compared to the same time last year, which translates into approximately 235 million tourists in the first quarter of 2023. Looking at the German outbound travel market, 2023 has almost reached the levels of the record year 2019 – reaching 95% of the 2019 number. Demand for travel was even higher than the figures represent but was slowed down due to limits in flight capacity and increasing prices. Figures provided by ta.ts – focusing on the turnover of travel agencies – show that the sales end of business year in May 2023, are even 7% higher than in the record year of 2019 (ta.ts, 2023). The given trends indicate a clear trajectory for the future development of the travel and tourism industry: back to pre-COVID level and even beyond that with future growth expected. However, there are some academics and travel professionals questioning this exact trajectory in the light of current climate change, sustainability debate etc. The large organisations such as UNWTO and WTTC nevertheless tend to keep on pushing for a future growth strategy in tourism while equally also promoting and demanding sustainability and inclusion of the Sustainable Development Goals (SGDs) within the industry. The seemingly paradox will be further exploited in the preceding chapters.

## 2.2. The Tourism System and - Product

Before looking at the tourism system as such, a few characteristics about the tourism pro-duct have to be mentioned. First of all, the tourism product is intangible. This means that clients at the time of purchase go home with nothing more than a piece of paper at best – an offer and a contract which details what services they just bought. With that contract they do acquire a right to access a service at a predefined time and place but at the actual time of purchase consumers do not know what quality of service they will receive. They can only estimate and evaluate the potential product- and service quality through cues such as the destination image, hotel brand images or even through the interaction with the agent (travel agent or tour operator) at the point of sales. Unlike in other industries the product/service cannot simply be tested prior to purchase or returned with the right to claim reimbursement if the pro-duct/service is not what clients had expected. So, the purchase of tourism products/services is subject to higher risks. Independently of the budget, holidays are usually paid from excess-money (Münck, 2021) and hence the monetary risk is not limited to only luxury with partly extensive sums of money involved but it is equally applicable to all tourism segments. Moreover, in most cases time of purchase and time of consumption are a significant time span apart – in a nutshell: prior to the actual consumption of the product/service, clients can only estimate its perceived worth and quality as there is no chance to sample. The tourism experience in any party consists of services and service quality has a higher vulnerability to differ, to be inconsistent (Chen and Peng, 2018) and additionally it is subject to personal subjective evaluation. In tourism, consumers basically travel to the place, where the purchased services are being delivered by third parties (Kataya, 2021) and not by the one who sold it.

The tourism product as such is not storable (Kataya, 2021). A bed night that is not sold cannot be stored to be sold the following night. Especially with the ever-growing hotel deve lopments in many destinations’ over-capacity of rooms becomes an issue and with that, prices usually start spiralling down.

Other major influencing factors are seasonality and trends – destinations are subject to strong seasonality flows of tourist as well as subject to trends. With seasonality a destination experiences a high number of tourist arrivals for a certain to some extent predictable period of time before the tourism flow diverts to other destinations before tourists come back the following high-season again. In times of high demand seasons certain regions are heavily booked and tourism infrastructure is at full capacity. In times of shoulder and low-season though, parts of the tourism capacity are unused. Beside seasonality, destinations also underlie trends. In the time of strong demand periods, tourism infrastructure is being developed to accommodate tourism flows, which is deserted after the tourists left – either for the season only or because the destination is not “trendy” anymore. A once developed tourism infrastructure cannot easily be deconstructed or converted into different purpose-infrastructure, for example into apartments for locals, which can lead to hotel ruins, abandoned stores and shops and entirely deserted regions which have only catered for tourism demand.

A major part of the tourism experience is the local host environment and culture. Within this context and environment, the tourism product is delivered. However, that is also where major problems can occur – if the very core of the tourism experience is diminished through excessive tourism flows and careless tourism development the destination will lose its attractiveness for future tourists and tourism flows will divert and find new, more attractive and seemingly intact destinations. This aspect will further be highlighted and discussed in the proceeding chapters of CSR. Local governments with their respective tourist boards do play a key role in the development of the destination as well as funding and promoting travel to the destination – and with that they can also decide which audience to target and are thus also part of the greater tourism system which is being explained in the following paragraphs.

The tourism system is made up of a network of various independent but also dependent service providers as often one service would not be requested without the other. These individual services are usually bundled together into a package which make up the overall tourism product (e.g., Camilleri, 2018; Kataya, 2021; Soratana, Landis, Jing and Suto, 2021). The businesses entailed in the tourism system are amongst others tour operators (TOs), travel agencies (TAs), destination management companies (DMCs), accommodations, restaurants, transport providers (for the actual tourists as well as for goods) and countless supportive businesses without whom the industry would not function (Zhang, Song and Huang., 2009).

As there are countless interdependences within the system Kaspar (1998) suggests taking a systematic view to display the complex tourism system. Pompl (1997) offers a microanalytical approach which is displayed below:

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Automatisch generierte Beschreibung

Figure 3: Tourism System after Pompl (1997)

In his approach Pompl (1997) puts the TOs, TAs and the actual traveller at the core of the system which is influenced by the various systems around. All systems are equally influenced by the various system-environments which are defined as the economy, society, politics and the natural environment. The various categories will be explained in the following subchapters. However, as this systematic schema only gives a first broader overview of the comprehensive tourism system, there is a need to look deeper into the structures and interdependences of contractual obligations as there are many more relationships amongst the suppliers which will be done in the coming subchapter.

## 2.2.1. Core System: Tour Operators, Travel Agencies and Travellers

Following Pompl (1997), the core of the system is defined to consist of the traveller him-/herself, the TOs and TAs. Focusing on the stationary sales channels (even though the online channels do not deviate too much in their processes) TOs are responsible for buying the services from the service providers in order to package them or sell these services individually to the traveller or via a TA which acts as the intermediary. Within the Germanic-speaking markets there are various TOs in all sizes and with all specialities. There are the dominant more general TOs like TUI, FTI and DER Touristik and also smaller highly specialised TOs (either focused on selected destinations or a certain type of travel product, like study-groups) – the width of offerings is manifold. TAs in turn, sell the pre-packaged trips or individual services to the actual traveller. Amongst the TA, there are different models as well (belonging to one of the TOs mentioned above, franchised or independently owned). Important to notice here – in most cases, TAs will only get their commission payment from the TOs after the clients returned from their trip. This caused a major problem during COVID-19 as travel agents did have to work over-hours to reverse all bookings but in essence, they were not being paid by the TOs as clients obviously could not travel. The height of commission does vary a) depending on the respective TO, and b) often includes a scaling effect from the “big” TOs trying to increase business from the TAs. Sometime commissions can be as little as 7 percent and seldomly cross the 12 percent border. One of the major differences between TOs and TAs is the aspect of liability – TAs generally only function as the agent – as the names as such also implies – and therefore, they cannot be held responsible if the contract is not fulfilled. This responsibility solely lies with the TOs, which have to reimburse clients, if there was a major fault during the trip and contractual obligations were not fulfilled.

## 2.2.2. Service Providers

The service providers are those partners who arrange and deliver the pre-booked services in the destination. As above mentioned, the relationships between the individual players in the system are not included in Pompl’s schema, but they are important to understand too, as they can at least partly be characterised by power imbalances and strong dependencies. This in-depth knowledge is also incremental for the later understanding and discussion in reference to CSR and the Due Diligence Act. How the system works in a very simplified way is displayed below (the author acknowledges and is fully aware that there are other ways the system works but for the scope of this work, this simplified system is sufficient. In this simplified model there are basically two sales channels as shown in the following figure.

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Automatisch generierte Beschreibung On the right-hand side, the TO takes over coordinating and booking all services in the destination and either sells to the traveller directly or via a TA. On the left-hand side, the TO does not book directly with the suppliers but instead books all services (or part of the services) via a preferred Destination Management Company (DMC) -partner.

Figure 4: Simplified View of TO booking channels (own illustration)

DMCs are the local counterpart of the TOs. They can be regarded as TOs themselves only they focus on incoming business (meaning travellers coming into the destination) rather than outbound business (meaning sending travellers abroad). DMCs hold hotel contracts, have third-party partners to arrange transportations, excursions, guides etc. One DMC normally works with several TOs from all over the world – the bigger the DMC is the higher is their buying power which translates into possible power imbalances as the local service providers such as accommodations etc. can easily be dependent on only a small number of DMCs, especially once looking at a more mass-tourism phenomenon. DMCs in this case have to power to negotiate lower rates and if hotels do not agree the risk of losing that business and DMCs shifting the room nights to another hotel provider exists.

When working with and through a DMC, the TO only has one contractual obligation – towards the DMC, whereas in the other case, the TO has contractual obligation with every individual service provider. According to Pompl (1997) the service providers are directly fulfilling the contractual obligations the TOs (or TAs respectively) have sold. Hence, the role of the service providers in the system is crucial as they are delivering the individual components that make up the final tourism product. They are responsible for the experience that clients will have during their holiday and upon which they will eventually base their overall evaluation on. Therefore, how the individual service providers are performing will reflect on the respective TO and TA even though they in turn are not directly involved in the actual service delivery anymore. This also is partly the reason, why TOs have founded their own DMC or having holdings in DMCs.

## 2.2.3. Institutions & other service providers

With institutions and other service providers Pompl is referring to supporting business and/or influences on the tourism system affecting it directly or indirectly. This ranges from official tourist boards to marketing agencies as well as tourism politics. These institutions are for example responsible for promoting tourism to a destination and do play a vital role in rising awareness and attracting tourists. The message they convey about the destination can have an influence on the type of tourists that is being attracted. It can equally also reduce tourism flows by closing regions up, limiting the numbers of tourists for a defined period or charge admission fees for certain areas. One prominent example are national parks (private or state parks) throughout Southern and Eastern Africa as well as the Kingdom of Bhutan posing a Sustainable Development Fee on every tourist. The tourism board explains this as follows: ‘*From our reopening on September 23rd, visitors to Bhutan will make an active contribution to Bhutan’s economic, social and cultural development. The Sustainable Development Fee (SDF) enables investment in transformative programmes that preserve our traditions, protect our heritage and environment, upgrade infrastructure, create opportunities for our young people and build resilience.*’ (Bhutan Department of Tourism, 2023).

## 2.2.4. Attractions & the Systems Environment

Pompl (1997) divides attractions into two sub-categories: primary and secondary attractions. Primary attractions are characterized of initially not having any relation to tourism whatsoever, but their sheer existence turns them into the attraction. Examples her can be a certain geographic location e.g., Grand Canyon in the US, wildlife/animals e.g., Gorillas in Uganda/Ruanda, vegetation but also socio-cultural aspects of the local population as well as simply the infrastructure in a specific destination. Secondary attractions are characterised by Pompl as those which have been specifically build around tourism for example events, hotels and also those attractions, which have been built to attract even more tourism. Especially the primary attractions often are a major motivator for tourists to visit specific places. As Streimikiene et al. (2020) state, more people can nowadays afford to travel leading to the big paradox that these growing tourism flows pose a major threat to the very environment which attracts tourists in the first place – this equally holds true for wildlife, nature but also for life of the local communities, traditions and culture. Over-tourism can lead to a depreciation of the tourist destination and its resources (Soratana et al.,2021). Over-tourism has been coined not only by academics but has also been recognised as a challenge by official bodies such as WTTC and UNWTO, who address this in dedicated reports in 2017 and 2018, 2019 respectively and various definitions have been given. Milano, Cheer and Novelli (2018) describe the phenomenon as ‘the excessive growth of visitors leading to over-crowding in areas where residents suffer the consequences of temporary and seasonal tourism peaks, which caused permanent changes to their lifestyles, denied access to amenities and damaged their general well-being’. This will eventually lead to a depletion of the destination/region and thus taking away its attractiveness and accompanying reduction of tourist arrivals and henceforth, also in income to all those involved in the tourism industry in this particular destination/region.

The overall systems environment reflects the current (global) economic situation, the society, general politics and the natural environment. All four very broadly defined categories can individually have a detrimental or a beneficial effect on specific individual aspects of the tourism system but also on the entire system as such (Pompl, 1997; Frechtling, 2013; Sigala, 2020).

## 2.3. Luxury Tourism and its characteristics

Reflecting on the TOs on the Germanic-speaking market, there currently is a trend for specialist TOs focusing on the luxury segment. Over the last decades, the TO market has diversified and by 2020, there were 2.300 TOs registered only in Germany (DRV, 2021). New specialist and niche TOs have developed catering to other, more specific needs than the large TOs with a generalist approach selling pre-packaged trips to world-wide destinations like TUI, FTI etc. cater for. Besides these, there are specialist TOs focusing on so called study trips in groups or on a private basis, or destination specialists – e.g., focusing on Southern and/or Eastern Africa or South America only. One of the latest developments are TOs who are focusing on selling luxury vacations only whereby targeting high net worth travellers, whose average spending are significantly above the average spend. According to the Global Wealth Report (Credit Suisse, 2022), the number of high-net-worth (assets holding equal to USD 1 million to USD 50 million) and ultra-high-net-worth (assets equal and above USD 50 million) is growing. Needham (2023) identifies that the average spending of German travellers was at roughly €1.350 per person for the main holiday (which entails travelling for five or more days, FUR 2023) in 2022. Following Moor (2023) quoting from the annual Luxury Traveler Holiday Habits 2023, the average spending for the summer holidays for a luxury traveller is about $8.000 (to date approximately €7.300). Luxury travellers tend on average to go on three to four trips per year. Looking at ultra-luxury accommodation products rates can easily go up to a five-digit rate per person per night and even higher. The luxury markets and amongst this luxury hospitality and tourism has experienced a continuous growth over the last years (Heyes, 2021). Despite that, there still is no generally accepted definition of the concept of luxury tourism or of a luxury traveller (Bakker, 2005). In a systematic literature review on research about luxury tourism, Iloranta (2022) identified that the key factors describing luxury tourism are the tourism product and the tourism experience. Luxury tourism from a product point of view is defined via material features of the accommodation, its physical surroundings, aesthetics and atmosphere (Iloranta, 2022). From an experience point of view, it was described as ‘experiential, emotional, and hedonic, with high quality present in the overall performance. […] as unique, personalised, exclusive, memorable and holistic; with pampering, comfort and convenience being central for the customer.’ (Iloranta, 2022, p. 7). Bosshart, Gurzki, Hohn and Mei-Pochter (2020, p. 45) describes luxury travel as combining ‘exclusive and unique experiences with personalized services. For the purpose of this paper, the author defines luxury tourism as an exclusive and personal leisure or adventure travel experience taking place in a unique physical surrounding (environmentally as well as in terms of the tourism infrastructure). It entails an element of scarcity (therefore accessible to a selected few), comes at a premium price and can be seen as unattainable by many.

After the COVID-19 pandemic, the generic global luxury goods market re-bounced strong with €1.4 trillion in sales (D’Arpizio et al., 2021). According to Peng and Cheng (2019a,b) and D’Arpizio, Levato, Kamel and de Montgolfier (2017) the luxury hospitality segment accounts for one third of the global luxury goods industry. Another estimation assumes that the luxury hospitality market will reach a value of slightly over $ 293 billion in 2024 on a global scale (Fortune Business Insights, 2023). Even though the luxury market and the luxury hospitality market are growing, research so far has more concentrated on the retail aspect. Within the travel and tourism industry research is growing focusing predominately on the hospitality sector and less on TOs within this luxury environment. However, there is a growing research attention nowadays towards luxury services (Heyes, 2021).

Theorizing luxury and giving it one set definition seems to be rather hard due to its complex nature and due to the fact that luxury is a highly subjective construct (Heyes, 2021; Yang and Mattila, 2016). A luxury product/service for one person might as well be just another ordinary product for another person – evaluating what luxury is, is a matter of degree highly dependent on the judgement of the individual (Miller and Mills, 2012; Tynan, McKechnie and Chhuon, 2010; Vigneron and Johnson, 2004). Products are usually labelled with the addition “luxury” by brand/marketers to convey a certain message about the tier the product ranges in and in order to persuade clients to pay a premium price for this product. A definition of luxury products is offered by Tynan, McKechnie and Chhuon (2010). They describe them as ‘high quality, expensive and non-essential products and services that appear to be rare, exclusive, prestigious, authentic and offer elevated levels of symbolic and emotional/hedonic values through customer experiences’ (Tynan, McKechnie and Chhuon (2010, p. 1158). Kapferer, Klippert and Leproux (2013) give a shorter definition: ‘[…] luxury refers to rare, hedonic objects and experiences beyond the necessities of life, therefore affordable to mostly to those who have surplus money.’ (p. 2). Both definitions have in common that luxury products appeal to the hedonistic value of consumers and that these products are actually not necessary for the individual. But as well as luxury, hedonistic values and the perception about what is actually necessary varies again from individual to individual. Also looking at Kapferer, Klippert and Leproux (2013) definition above, the surplus money obviously can vary tremendously between individuals highlighting again that not only on a perception basis but also on a monetary basis luxury is a highly subjective construct. Therefore, circling back to the average spend on holiday – for some travellers €1.350 are surplus money whereas for others it is €7.300 which can easily be spend on a holiday – making it a luxurious experience for both whatsoever. Despite various connotations and different definitions of luxury, academics agree that luxury products/services are all associated to aspects of quality, high-prices, uniqueness, scarcity/limited access, self-pleasure and non-necessity (Dubois and Laurent, 1994; Dubois and Paternault, 1995; Dubois, Lauren and Czellar, 2001; De Barnier, Rodina and Valette-Florence, 2006). Throughout the literature the main reasons identified to consume luxury products is because they are providing a perception of pleasure and self-indulgence (Berthon, Pitt, Parent and Berthon, 2009; Wiedmann, Hennigs and Siebels, 2009) – the expectation put forward by clients in the luxury hospitality sector is not only the fulfilment of the basic needs but services, quality and offerings are expected to go beyond this basic need fulfilment (Peng and Cheng, 2019a). Especially these, the luxury services and experiences, have gained attention in the research academia, as they still form a rather new aspect in the consumption of luxury compared to traditional luxury product purchases (Thomsen, Holmqvist, von Wallpach, Hemetsberger and Belk, 2020).

According to Mei-Pochter and Nanisch (2010) a new luxury area is starting, changing the demand of physical products – the tangibles – and shifting the demand to a longing for luxury experiences to express emotions (Hoffmann and Coste-Marnière, 2012). This obviously facilitates the demand for luxury vacations and indeed, contemporary luxury travel has been expanding and becoming affordable to a broader market (Okonkwo, 2009; Correia and Kozak, 2012; Seo and Buchanan-Oliver, 2019). Moreover, in a luxury environment more than anything, the prices do not have to be explained based on objective reasoning. Here, rationality is trumped, and luxury customers are attracted by the intangible aspects – the feeling they have while consuming the product/service, the history behind the brand, the prestige of the brand etc. (Kapferer and Bastien, 2012). Which makes it attractive for brands to be associated with a luxury-label as it gives them the opportunity to differentiate themselves from the competition over factors other than hard facts.

The extending contemporary luxury travel market is exactly what a number of smaller and medium sized TOs are trying to focus on in the Germanic speaking tourism industry. Unlike the mass-tourism market, big players do not necessarily dominate the luxury travel industry. Yet, also the “big players” have seized the opportunity and already years back founded their own luxury sub-brands, e.g., DER Touristik (REWE Touristik is the mother company) with Dertour Deluxe or TUI with Airtours and Airtours Private Travel. FTI with their brand Windrose which was acquired a couple of years back. Other than that, TOs focusing on luxury travel predominantly belong to the smaller and medium enterprise category. They usually work much closer with the suppliers in the destination, know a lot of their partners personally, have a deeper understanding of the destinations and its particularities and problems. This in-depth knowledge is also often expected by clients spending a larger amount of money on their holiday – they do want to get the best and ask very particular question which the consultant is obviously expected to answer. These SME TOs are also more flexible in changing partners as they are not tied to one sales channel and back-offices processes can easily and quickly be adapted. Therefore, they have the opportunity to decide what works best for them as a brand and their brand image as well as for their clients. Crucial to note here, the product (hotels, transfers etc.) in essence remain identical. A SME TO cannot sell anything else than another large TO does not have access to. The only differentiation is the service (and sometime the price) that differentiates the mass- from the more luxury-focused TOs. As above mentioned in many cases the destination knowledge is far greater and the personal interactions and contacts with the local service providers (at least with the first-tier system – the DMCs and hotels) as well as with the client are more pronounced. Those luxury-focused TOs do often sell B2B, meaning to other TOs as well as TAs, but also B2C – so to the traveller directly. With an in-depth product and destination knowledge on the one and very good client relationships on the other hand, SME TOs disregarding their speciality/niche are able to steer and consult their B2B and B2C clients in terms of all aspects of the trips – also including CSR and sustainability concerns, which will later be explained and discussed in further depth.

## 2.4. Tourism Development after COVID– time for a new trajectory?

Prior to COVID, the travel and tourism industry on average grew year on year as displayed in the figure in the preceding chapter. Continuous growth was and still is promoted by official bodies and the trajectory for the pre-COVID tourism industry was set on continuous growth. The COVID-19 pandemic did have a major, never-seen before influence on the industry with tourism literally coming to a stand-still at the cost of many peoples’ jobs which posed a tremendous threat on their livelihood. On the other side though, especially the natural resources, which are crucial as a tourist attraction as identified above, have recovered during this standstill. From over-tourism to no tourism – with seemingly positive ecological but partly devastating social consequences. COVID put a focal glass on the industry and its causalities. While natural resources in many places recovered like Venice, they were equally put at threat through the loss of livelihood of many dependent on tourism. In countries of Southern Africa for example, poaching incidents increased again during COVID (Lucas, 2022) due to several reasons, one being the loss of income from absent tourists and also a reduced number of game vehicle on patrol.

Tourism can contribute enormously to an economic development of a country and individual regions and thus, foster an exchange of resources between richer and poorer economies (Kataya, 2021) but the sudden stop of tourism can equally create new social and environmental problems. As much as tourism can be the driver of economic development it can also be a great threat (Chilufya, Hughes and Scheyvens, 2019). It is by now commonly known that tourism is inextricably linked to the environment of the host destination (Baker and Mearns, 2017). The paradox in tourism: tourists are mostly attracted by unique natural settings be it beaches, wildlife under and above water; but with over-tourism though, exactly this asset is gradually being destroyed leading to an inevitable decrease in the attractiveness of the destination (Streimikiene et al., 2021; Butler, 1999; Lu and Nepal, 2019; Pjerotic 2017; Waligo, Clarke and Hawkins, 2013, Johann, 2022) which will consequently also diminish the local (tourism) industry and region – it will be compromised economically, socially and environmentally (Baker and Mearns, 2017). Many natural and human constructed attractions of the tourism product can be characterised as a common pool resource (CPRs). These CPRs are typified by being subtractable and nonexcludable (Hardin, 1968; Briassoulis, 2002). Subtractability refers to a rivalry among the users whereas nonexcludability refers to the fact that users cannot or only difficultly and costly be excluded from the usage (Briassoulis, 2002; Pintassilgo and Silva, 2007). If tourism continues to grow like in pre-COIVD times the UN Environment Programme (2017) forecasts that the tourism industry will need 154% more energy, 152% more water while simultaneously creating 131% more greenhouse gas emission and 251% more solid waste. Therefore, some academics from within the tourism industry question the pre-COVID trajectory which basically translates into constant growth for tourism (Ioannides and Gyimóthy, 2020; Higgins-Desbiolles, 2020, Gössling, Scott and Hall, 2020) and demand a more sustainable approach to prevent the depletion of tourism’s key assets. Academics within the industry see COVID as a chance to reinvent travel and tourism transforming it to a more responsible and sustainable industry and into a resilient and innovative sector (Higgins-Desbiolles, 2020, Nicolás, 2020). They demand post-COVID tourism to happen in a considerate manner trying to find a harmony between economic, environmental and social needs of a country/region and should thus be linked to these very three dimensions (Streimikiene et al., 2020). However, the dilemma of tourism is that all three dimensions cannot be equivalently treated at the same time. As seen during the COVID times, a stop in tourism arrivals, can lead to a recovery in natural resources while equally reducing the quality of life of the local communities who then in turn can become a threat for the natural resources. Hence, these conflicting objectives have to carefully weighted and evaluated when trying to change the tourism trajectory into a more responsible one. However, reviewing the literature, the call for turning the industry into a more sustainable and responsible one is not new. Already in 2014, the UNWTO highlighted that various organisations within the industry are not considering the effects or their doings enough and lack accountability and in 2015, tourism operations were demanded to align with the United Nations SDGs in particular with the following three SDGs (Soratana et al., 2021):

* Goal 8: promoting sustainable tourism and thus creating jobs while promoting the local culture and products through policies.
* Goal 12: developing tool in order to monitor and evaluate all impacts of operations related to tourism.
* Goal 14: promoting sustainable use of resources and promoting well-being of people.

The Global Sustainable Tourism Council (GSTC) (2023a) does offer a guideline on its homepage for different travel and tourism stakeholders – hotels/accommodation, TOs, destinations and governments, corporate and business travel, certification bodies and even for travellers themselves to act more sustainable. The goal of the GSTC is to provide standards for sustainable travel and provide internationally accepted criteria for certification purposes. Looking at their guiding performance criteria for TOs, they do touch upon more of the SGDs as mentioned above – namely all 17 of the SDGs that sustainable tourism can influence (for detailed information criteria and indicators please see [GSTC homepage](https://www.gstcouncil.org/)).

However, looking at the growth trajectory and the UN forecast, tourism seemingly stands in strong contrast to at least some of the SDGs. One example being Goal 6 which demands clean water and sanitation. According to the We Are Water Foundation (2021) in 2017, the average European citizens consumes between 120 and 150 Litres of water per day at home; in European hotels, the average guest consumes already 394 Litres per night with consumption rising to 839 Liters in Barbados. As 85% of international tourism is going to water-stress areas for example the Mediterranean, the Middle and Near East, southern Asia (Arnell, 2004, Vörösmarty et al., 2000) the consumption patterns can out additional strain on the local water supplies. Moreover, according to Gössling (2006), tourism decreases the water quality in various regions as proper sewage system are not in place or legal regulations are lacking. Another contradiction can be found in SDG 13, which demands action to reduce climate change. According to the UNWTO (2019a) the industry does contribute to climate change. In the Davos Declaration of 2007 on climate change and tourism, tourism was identified to contribute to approximately 5% of the global CO2 emissions (UNWTO, 2019b). Whereby the majority of that is caused by transportation: roughly 80% (Juvan and Dolnicar, 2014; UNWTO, 2019a) and an increase in CO2 emissions also affects SGD Goal 15 (care for life on land). In some destinations tourism can contribute up to 80% of the national emissions (Lenzen et al., 2018).

The question now is, if the pandemic will be a disruptive force to change tourism and travel patterns (Ioannides and Gyimóthy, 2020) or if it will follow the black swan theory and bounce back to a very similar status as before (Romagosa, 2020) as it has done so many times before (Novelli, Gussing Burgess, Jones and Ritchie, 2018; Papatheodorou, Rosselló and Xiao, 2010). Trusting the current market figures, evidence points to a return to the pre-pandemic status quo. A return to former glory – to an industry that is constantly growing – which is also being supported by an official side. The official and self-regulating bodies such as WTTC as well as the UNWTO keep on promoting the tourism industry and its growth (van der Duim and van Marwijk, 2006) -which in the light of the above makes it contradictory to their very demand to make the industry more sustainable. So eventually, growth still seems to be number one priority which stands in stark contrast to sustainability calls.

While keeping all the breached criticism about the continuous growth of tourism and the effects in mind, the positive sides of tourism also need to be considered. As shown during COVID, the livelihood of many people depends on tourism, and it is a tool to foster economic growth. When requesting and demanding a degrowth of tourism flow these aspects need to be carefully considered and alternatives need to be developed to absorb this loss in income.

Taking all of the above together, a call for more sustainable operations within tourism is necessary and the industry needs to take a different route to sustain its business foundation. Talking to industry insiders, there seems to be a slow but steady movement and companies do concern themselves more and more with these topics. Where a couple of years ago, sustainability was only a side note during conferences etc., there are now workshops, presentations and sustainability has become a major topic during every conference. During the largest tourism fair ITB Berlin, an entire Conference day was held under the topic of Responsible Tourism (see congress program of [ITB 2023](https://www.itb.com/de/besuchen/itb-kongress/itb-kongressprogramm/)).

While the luxury industry has long been under the radar of sustainability debates (Bendell and Kleanthous, 2007) there now also is an increased awareness for action. Especially looking at the hospitality sector, accommodation providers often have strong roots and ties in their respective destinations of operations and are already focused on promoting sustainable and responsible tourism – and it has also become “popular” for larger hospitality brands- Six Senses Hotels Resorts Spa, Asilia, andBeyond, Iberostar Hotels only to name a few - to invest themselves into a more sustainable approach to travel. These operators offer high-quality tourism experiences while equally caring for the people and the destination in which they operate (Romagosa, 2020). But they only represent a minor group in a specific industry segment, the luxury travel segment. Despite that, the potential seems to be there – the challenge though: to find a suitable balance between social, environmental and economic aspects in every destination (Romagosa, 2020) and to extend these more sustainable and responsible approaches beyond the luxury industry and into the more mainstream markets. Because the question really is ‘should the happy few enjoy these [five-star hotel and resorts] while the wider population is starving a few yards from their dining room?’ (Kapferer and Michaut-Denizeau, 2014, p. 6).

# 3. Corporate Social Responsibility

The following chapter will take a closer look at the topic of Corporate Social Responsibility (CSR). First, it starts with an introduction and definition of CSR, before looping back to the tourism industry and clarifying what CSR, sustainability and other terms and concepts commonly used in the tourism industry have in common/differentiate from each other. This chapter will also take a closer look if the concepts of luxury and sustainability can be congruent. The chapter will end with investigating the (purchasing) behaviours of consumers when it comes to CSR initiative in the luxury segment.

## 3.1. Corporate Social Responsibility – a definition

Reviewing Corporate Social Responsibility (CSR) in the literature numerous definitions in a myriad of facets can be found. Up to today, there is not one universally agreed upon definition of the concept. Following the International Organization for Standardization (2010), CSR can be defined as: *‘the responsibility of an organization for the impacts of this decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including the health and the welfare of society; takes into account the expectations of stakeholders, is in compliance with applicable laws and consistent with international norms of behavior; and is integrated throughout the organization and practiced in its relationships’.* (p.200). The basis for this definition was laid many years earlier. In 1979 already, Carroll played a leading role in the development of the CSR concept (Kunz, May and Schmidt, 2020). In his early work Carroll (1979) stated that the ‘social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time.’ (p.500). This definition was later translated into the Pyramid of Corporate Social Responsibility (Carroll, 1991; Schwartz and Carroll, 2007) as shown below.

Ein Bild, das Text, Screenshot, Schrift, parallel enthält.

Automatisch generierte Beschreibung

Figure 5: Pyramid of Corporate Social Responsibility (Carroll, 1991)

The base of the pyramid is made up of the economic responsibilities – without economic success the business simply cannot exist. While operating, the business should adhere to national and/or international applicable laws and act within this legal framework. Followed by that on the pyramid are the ethical responsibilities a business should pursue – to do what is right, just and fair and avoid harm. Though what exactly is right, just and fair can be a very subjective evaluation and is yet to be defined. The top of the pyramid builds the philanthropic responsibilities referring to the contribution to community and trying to improve the quality of life. Pino, Amatulli, De Angelis and Peluso (2016) further added two categories which can be applied to each of Carroll’s segments – by differentiating between internal and external CSR activities. Whereby the external activities are the ones which are visible to consumers and the internal ones are obviously not visible to consumers. Contrary to Carroll, who did not specify this aspect in his pyramid explicitly, other authors specifically describe any CSR activity or investment as not mandatory or even required by law – but as a purely voluntary action (Melo and Galan, 2011; European Commission, 2001). So, following the various definition, CSR includes certain mandatory as well as non-mandatory actions. The myriad of definitions that still exist shows that the theoretical concept is not universally defined and hence, actions under the umbrella of CSR are manifold (Crane, Palazzo, Spence and Matten.,2014; Varga, 2015).

But also, the very term CSR has been debated amongst scholars and business representatives. According to the Institute of Sustainability (2023), out of CSR two conceptual derivatives have developed since the early 2000: Corporate Responsibility (CR) and Social Responsibility (SR). For some business representatives and academics the “S” in CSR – representing the social dimension – was deceptive as CSR does entail more than just social responsibility. They rightly so argue that it also includes an ecological responsibility. Moreover – and rather important, CR should also include the responsibility companies have towards their shareholders. This can be related to the base of Carroll’s pyramid, without financial success a company will not survive long. First reports labelled as CR-Reports did include more information on corporate governance, risk management, compliance systems and anti-corruption initiatives which overall add more aspects to the CSR understanding. But definition wise, looking at the EU definition – CR, SR and CSR all carry the underlying principles of the ISO 26000 as mentioned above (Institute for Sustainability, 2023).

The drivers behind implementing CSR activities have been categorized by van der Woerd and Van Den Brink (2004) into four categories: 1. driven by compliance reasons; 2. driven by potential profit gains; 3. driven by the wish to contribute to the community and the company’s stakeholders and 4. driven by the aspiration to create synergies for the above three. Whereby especially within the last categories it is to be expected that conflicting objects of all three categories will arise and a prioritization needs to be done.

CSR activities can range from more internal focused actions and policies e.g., in human resource management practices or the use of renewable energies in the production process to more external focused activities like contributing to local communities or environmental causes in form of e.g., donations (Meng et al., 2016; Zeng, Liu, Liu, Nan, 2017a; Zeng, Nan, Liu and Chen, 2017b). A categorization of CSR activities was made through an academic literature review by Peloza and Shang (2011). Reviewing 163 academic articles they identified three generic CSR categories: philanthropy, business practices, and product-related CSR. Philanthropic CSR activities are e.g., cash donations, charity events and the dominant form through the research on philanthropic CSR activities (Peloza and Shang, 2011): cause-related marketing (CRM) – which are donations tied to sales (Varadarajan and Menon, 1988). CSR activities related to the business practices entail actions making operations more environmentally friendly, enhancing production processes in this regard but also activities focused on the workforce as well as taking on responsibility along the entire supply chain. The last category is product-related CSR, as the name reveals, these actions refer to the product itself e.g., using recycled materials but also product safety falls into this category. Vock (2022) further adds to this categorisation that philanthropy or for that matter other peripheral CSR activities are not incorporated into the business itself and thus, not changing the business per se in terms of routines or processes (Aguinis and Glavas, 2013), which makes them rather easy and quick to implement. On the contrary embedded CSR activities like business practices and also product related CSR by definition change structures and business practices and even strategies which is inevitable when restructuring businesses.

Despite all those different definition notions, CSR strategies and categories ‘CSR is a multi-faceted concept as well as a socially-constructed and situated idea’ (Coles, Fenclova and Dinan, 2013, p. 124). Ever since the concept of CSR was developed one underlying feature never changed over all those years – the strong linkage between CSR and the current dominant set of values in this specific time and place (Arena, Azzone and Mapelli, 2018). Hence, CSR cannot be regarded as a fixed construct but more as a dynamic framework that adapts to the respective prevailing characteristics in this given time and context and thus, bearing the ability to react to divers requirements society is imposing onto and interpreting into the concept (Arena, Azzone and Mapelli, 2018). Major revolutions which have tremendously changed society over the last years and hence also its requirements for business have been globalization (Albrow and King, 1990), digitalization and the associated industry 4.0 (Brettel, Friederichsen, Keller, Rosenberg, 2014) which are also affecting the perception and the scope of CSR activities.

Some scholars suggest that there currently is a shift in society, and we are nowadays living in an “ethics area” (Crane and Matten, 2007; McGoldrick and Freestone, 2008; Smith 1995). Ethical awareness is rising amongst the general population and is not limited to only a few groups anymore. It is thus hypothesised that purchasing behaviours will be changing in reference to that as well (Harrison, Newholm and Shaw, 2005; Hendarwan, 2002; Iglesias and Ind, 2020; McGoldrick and Freestone, 2008, Thorne, Mahoney, Gregory and Convery, 2015) in the sense, that environmental and social impacts of the entire supply chain are taken into account upon evaluating and concluding on a purchase decision. (Crane, 2001; Varey, 2002). However, trying to proof theory in action, studies (e.g., Randle, Kemperman and Dolnicar, 2019) have revealed that the actual purchasing decision is less concerned about ethical concerns than theory suggests and consumers claim in those studies. But it is not only the consumers’ side influencing business. Multiple macroeconomic factors like globalisation and the ever-increasing global trade which leads to more complex supply chains and various stakeholder groups being involved to influence business decisions in regards to CSR. Those international stakeholders can have vastly different sets of values and thus, can put external and sometime opposing pressure on companies (Kudłak, Szőcs, Krumay and Martinuzzi., 2018) which companies’ management have to evaluated and incorporated into CSR decisions. Whereby this needs to be an ongoing evaluation process as previous research has shown that there is a dynamic and changing demand towards CSR activities and the relative importance between the three dimensions of economic, environmental and social is changing with a current tendency that environmental and social factors are playing a more dominant role than it was the case in the past (Arena, Azzone and Mapelli, 2018).

Despite the fact, thar these concerns are not (yet) translated into purchasing behaviour, as Bhattacharya and Sen (2004) report, over 80% of the Fortune 500 companies make references to CSR issues on their respective homepage, which allows to deduce that business leaders do believe and give some importance to showcasing CSR initiatives on their webpages – whether the underlying and driving force is rooted in ideological or economic reasons is another discussion. It seems like it is not a question of whether or not business should become involved in CSR actions, but more a question of how to become involved with CSR activities in order to make it believable to clients and not to have it backfire (Bhattacharya and Sen, 2004).

So overall, CSR often has developed into a tool which is consciously integrated into brand-building programs nowadays (Cowan and Guzmán, 2020; Muniz, Guzmán, Pawan and Crawford, 2019; Rahman, Rodríguez-Serrano and Lambkin, 2018; Ishaq and Di Maria, 2020; Lim, Sung and Lee, 2018). This development has already begun to start in the 1990s, when CSR started to advance into a strategic development tool with the aim of establishing a competitive advantage while simultaneously addressing stakeholder interests (Arena, Azzone and Mapelli, 2018). Porter and Kramer (2006) expanded this idea further by adding the concept of a shared value – which in essence highlights the synergies of the basic components of the triple bottom line - and through an integration of these into the core business activities companies can foster ‘greater economic values and broader strategic benefits for all participants’ (Porter and Kramer, 2011). However, as aforementioned there will always have to be trade-off as all three dimensions cannot simultaneously and to the same extend be reached. So, in the current competitive global marketplace and upon apparent consumers request (Muniz and Guzmán, 2021) more businesses have turned towards CSR, thus CSR activities are developing into a strategic theme for even more businesses (Campbell, 2007; Castelló and Lozano, 2009). As various academics agree (e.g., Du, Bhattacharya and Sen, 2007, 2010; Lichtenstein, Drumwright and Braig, 2004; Sen and Bhattacharya, 2001; Sen, Bhattacharya and Korschun, 2006; Turban and Greening, 1997, Muniz and Guzmán, 2021; Guzmán and Becker Olsen, 2010; Iglesias and Ind, 2020) CSR activities by far are not (only) driven by the benevolence thinking of business leaders. Singh, Khare, Pandey and Sharma (2021) argue that CSR involvement has a consequence of the increasing institutionalisation of business and competition. CSR can be a powerful tool to influence key stakeholders to form positive images related to the respective company involved in CSR activities – these positive effects that CSR activities can exert range from increased customer loyalty, willingness to pay premium prices and building resilience towards bad press. On another side, being involved in CSR activities also make companies more attractive to other stakeholders – attracting new employees or new investors (Sen, Bhattacharya and Korschun, 2006). There seems to be multi-faceted rewards waiting for companies which they can reap from engaging in CSR – besides the positive impact on the social and environmental side (Randle, Kemperman and Dolnicar, 2019). These benefits are also highlighted by the ISO itself. In their Discovering ISO 26000 brochure (ISO, 2018) it is mentioned that the ‘performance on social responsibility can influence, among other things: competitive advantage, reputation […]’ (p. 5).

However, looking at the literature various studies show only little to no evidence of the impact of CSR related initiatives on the purchase-intention, product choice or even accepted justification of higher prices – all these aspects still seem to first and foremost be influenced by the functional attributes of the product in question (Randle, Kemperman and Dolnicar, 2019). Moreover, the reaction of clients to CSR activities varies severely and numerous factors effect if CSR activities actually translate into actual consumer purchases (Bhattacharya and Sen, 2004).

Despite that, many companies report and share their CSR activities in the promise of benefitting from them – although it is not intended and in the original essence of CSR. However, in order for companies to potential draw a benefit out of their CSR activities – consumers a) have to be aware and b) appreciate it and actually translate this appreciation into actual purchasing behaviour. And as already hinted above, theoretical purchase behaviour seems to deviate from actual purchasing behaviour. Nevertheless, the communication of CSR activities, can become a crucial factor. As Du, Bhattacharya and Sen (2010) explain, customers can evaluate and attribute CSR motives in one of two ways: an extrinsic attribution, which is seen as the company using CSR activities as a tool to increase profits, or an intrinsic attribution whereby the CSR activity is believed to be rooted in a genuine concern.

For consumers it is basically impossible to differentiate between the drivers behind CSR activities of companies mentioned above. As per ISO, CSR can come with the benefit of establishing a competitive advantage which leads to an increase in profit. A good communication and reporting are necessary. If CSR activities are not well communicated clients can attribute them the wrong way, leading them to believe CSR activities have the sole purpose to cover-up and be a mere window-dressing for the company to appear environmentally and socially responsible. Likewise, it can become a source to create a competitive advantage in times where products are becoming increasingly indistinguishable (Bhattacharya and Sen, 2004) as successful and accepted CSR can also be connotated with stronger brand image, increased sales and thus economic benefits, while equally contributing to the social welfare.

## 3.2. CSR in Tourism and boundaries of terminology

Intact ecosystems, nature as well as culture are amongst the major motivators for tourists to travel to certain destinations. As mentioned in the first chapter already, the very same attractions brining tourists into the destination are often extremely negatively affected by the tourism flows and eventually deteriorate to a point that they do not exert a pull anymore for future tourists. That seems to be the inevitable paradox of the current tourism growth trajectory. Impacts of tourism don’t only have the ability to massively deteriorate natural ecosystems and natural surroundings, but also to strongly affect the local society and inevitably also the eco-nomy – all the three factors being the pillars of sustainability or the triple bottom line (Soratana et al., 2021). Therefore, the relevance of CSR activities has become more popular (Madanaguli et al., 2021).

When looking at the tourism industry there are several terminologies to distinguish different forms of tourism types – but they are all focused on highlighting the fact that it is not the mass tourism, packaged holiday-type, which has been discredited. No tourist really wants to admit being part of the phenomenon of mass-tourism anymore with all the negative images attached to it. Terms such as sustainable tourism, eco-tourism, responsible tourism, ethical tourism, slow tourism are all popping up occasionally but are mostly just fringe phenomena. In general, though, the buzzword sustainability has long made its entrance into the industry. The terms most commonly in the industry itself would be sustainable- and eco-tourism. Often the terms are used synonymously and the difference between the two is probably known to only a selected audience. Neto (2003) tells the two apart based on the focus which is set in each of the concepts– eco-tourism is a nature-based tourism form with the aim of educating travellers, whereas sustainable tourism has the goal to include sustainability into the tourism supply chain. In reference to sustainable tourism, Sipilä et al. (2020) point out, that sustainability is often tried to be achieved through CSR activities. In recent years, the concept of responsible tourism was introduced and discussed to the extend if this concept is superior to sustainable tourism (Jamal, Camargo and Wilson., 2013). However, whether responsible or sustainable tourism, issues like who benefits from tourism and consequently how the benefits can be distributed equally have still been left untouched (Higgin-Desbiolles, 2018). Investigating further into the concept of responsible tourism; it fails to acknowledge that the current travel and tourism structures are largely set up unjustly and many profits are going to shareholders outside of the destination (Higgins-Desbiolles, 2020a). Van Wijk and Persoon (2006) state that on average 50% of the money spent by tourists in developing countries is not retained in the respective country as goods, services and staff are not local but imported. As Dinan and Sargeant (2000) assess the principles of sustainable tourism find their root in economic, environmental and social equity and ‘development of sustainable tourism should be guided by an integrated planning process based on economic, sociocultural and environmental goals, the use of carrying capacity or other techniques for quantifying the limitations of the tourist resources, and a transparent and participative decision-making process’ (Ayuso, 2007, p. 144). One of the first academics differentiating between sustainable- and non-sustainable tourism was Butler (1999) – sustainable tourism has the ability to ‘maintain its viability in an area for an indefinite period of time’ (1999,p. 36) and he further explains that sustainable tourism (development) ‘does not degrade or alter environment (human and physical) in which it exists to such a degree that it prohibits the successful development, and wellbeing of other activities and processes’ (Butler, 1999, p. 35). Despite these academic discussions on different terms for slightly different approaches and concepts to tourism; these discussions are hardly held in the day-to-day tourism business. As above mentioned already; within the industry most discussion evolve around the term of “sustainable tourism” and if there actually is a need to include this into daily business practices and short-/long-term business strategies and if so, how CSR and sustainability can be integrated into the business. A framework for sustainable tourism was developed and institutions like the UNWTO along with the Rainforest Alliance, the United Nations Environment Programme (UNEP), the United Nations Foundation established the Tourism Sustainability Council who is implementing non-mandatory Global Sustainable Tourism Criteria (GSTC) (Jarvis, Weeden and Simcock, 2010) and which was already referred to in the very first chapter. GSTC is a platform for participants of the tourism industry (mainly it appeals to hotels, TOs and destinations) to learn about sustainable practices but also offers the chance to get a certified actor in the tourism industry. GSTC suggests a selected choice of certification bodies – e.g., Travelife: ‘The Travelife Standard for Tour Operators & Travel Agents integrates both management and performance criteria and is based on leading international sustainability and CSR standards and guidelines.’ (GSTC, 2023b). Certification and membership are bound to a fee, which varies considerably between the different certification agencies. The goal: to establish sustainable tourism practices in the industry in all dimensions Ein Bild, das Dreieck, Reihe enthält.

Automatisch generierte Beschreibungas shown in the following:

Figure 6: Dimensions of Sustainable Tourism (Dredge and Jenkins, 2008)

As seen from the above, CSR and sustainability as terms are used interchangeably throughout the field of tourism (van Wijk and Persoon, 2006) whereby the reference to sustainability is more common than CSR. CSR can be a valuable tool to increase sustainability throughout the industry (Font and Lynes, 2018). As with the initiatives of the GSTC, there are more and more initiatives to increase CSR activities in the industry. However, circling back to the SDGs, which are supposed to be supported through sustainable tourism development and hence also CSR – Bianchi and de Man (2020) criticise the UNWTO agenda which on the one side pushes the SDGs but equally encourages an ever-increasing number of travellers on the other side, which to the authors is contradictory. A profit-making expansion paired with increasing competitiveness does not address the very core problems of structural injustice - like profits not staying in the host countries, exploitative labour etc. Both agendas – pushing SDGs and simultaneously pushing tourism growth - are in sharp contrast to each other and CSR/sustainable development can only help as much as long as the deeper causes are not treated. The challenge for sustainable / CSR in tourism is to find the right balance – especially in many less developed countries tourism is an income source for many people and the main economic business field. (Streimikiene et al., 2020). In order for destinations to remain competitive long-term by protecting their resources while still providing a living for those dependent on tourism, the right balance between sustainable development targets with as little to no negative impact on the surroundings is a crucial factor for the future and long-term development (Streimikiene et al., 2020).

Nevertheless, over the last years, research on CSR in tourism has increased (Chua, Al-Ansi, Lee and Han, 2020; Font and Lynes, 2018) – and according to Su, Pan and Chen (2017) CSR does play an important role within the industry as the consumption of the tourism product/service happens outside of the usual habitual environment – and tourism companies should take over responsibility in those places where they operate (Han, Chua, Ariza-Montes and Untaru, 2020). Taking a closer look at the research that is done in reference to CSR in the tourism industry, the focus is predominantly set on a specific set of stakeholders (managements, employees, shareholders, consumers) whereby others are neglected at length –those are amongst other suppliers, NGOs and governments (Font and Lynes, 2018). But especially these parties, can take on a vital role in advocating and establishing more CSR practices throughout the entire industry and all its supply chains. Looking at the hospitality side of things Font and Lynes (2018) found that out of the 50 largest hotel groups worldwide only 18 compile CSR reports containing information on environmental, social and economic aspects; in the cruise industry it’s only 12 out 80 (Jesús Bonilla-Priego, Font and del Rosario Pacheco-Olivares, 2014; Guix, Jesús Bonilla-Priego and Font, 2017). Taking a look at the German TO market, it needs to be acknowledged that as early as 1998 a first association was founded committed sustainable tourism. Forum anders reisen e.V. today consists of 130 tour operators who all have to undergo a certification process in order to align with the goal of being environmentally sustainable, economically feasible, and ethically and socially just for local communities in the long term (forum anders reisen, 2023).

Focusing on the CSR initiatives, Madanaguli et al. (2021) find in their systematic literature review on CSR and sustainability in tourism, is that existing initiatives are predominantly concerned with communities and the environment, whereby the latter identifies as a key initiative. Activities here involve for example carbon offsetting, anti-poaching initiatives and generally attempts to reduce the ecological footprint. The existing research on the influence of CSR activities, specifically for accommodation providers, indicate a slight positive CSR effect noticeable in terms of customer satisfaction, brand preference, loyalty towards the brand as well as its reputation and purchase intention (Gao and Mattila, 2014; Liu et al., 2014; Martínez and Rodríguez del Bosque, 2013; Su, Swanson and Chen, 2015; Alvarado-Herrera, Rodríguez-Soberanis and Herrera-Medina, 2019, Ettinger, Grabner-Kräuter, Okazaki and Terhutter, 2020). There are also studies who have focused on the effects of CSR on the employee and here, too, there is an indication of positive effects (e.g., Mao, He, Morriso and Coca-Stefaniak., 2020; Srivastava and Shree, 2019)

## 3.3. CSR – effects and consumer’s point of view

As above highlighted already, companies invest into CSR not only because they are acting altruistic, but often there are also other economic reasons resonating with it. As companies and academics show a great interest in the effects of CSR on various stakeholders, there is a myriad of studies of the effects of CSR on various variables. Acknowledging, that CSR activities can be directed to a number of stakeholders including among others employees, shareholders, suppliers but also non-governmental organization, for the purpose of this paragraph the focus is set on the consumer. Once it can be understood how consumers react to CSR, companies can develop suitable CSR strategies to communicate their efforts and inevitably create a benefit (monetary or non-monetary) for themselves (Bhattacharya and Sen, 2004) while simultaneously engaging in activities supporting environmental and/or social causes. However, consumer reactions to various CSR strategies tested in studies suggest that a number of factors are influencing successful CSR initiatives (Bhattacharya and Sen, 2004). For companies though, it is not only the external customer they have to consider while implementing and evaluating the effects of their CSR initiatives, but also various other stakeholders need to be included into the equation to make CSR activities a long-term success with the often-subsequent theoretical benefits for the companies. (Bhattacharya and Sen, 2004).

Font and Lynes (2018) find that throughout research, a lot of attention is focused on CSR in terms of how it can be used as a tool to enhance economic gain – which per definition should not be the focus of CSR at all. The core of CSR, as identified above, is for companies to ensure that their business operations have a positive impact (Font and Lynes, 2018). However, as the effects of CSR activities seemingly are very important a number of studies had been conducted to identify which CSR practices have a positive or for that matter negative influence and what impacts these CSR activities have on figures like short and long-term financial performance (see for example Inoue and Lee, 2011; Kang, Lee and Hug, 2010; Leonidou, Leonidou, Fotiadis and Zeriti, 2012; Pereira-Molineret al., 2015; Kim and Kim, 2014; Singal, 2014) – for the tourism and hospitality industry, this topic has drawn most attention amongst researchers (Farrington et al., 2017) but with inconclusive results (Kang, Lee and Hug, 2010; Pereira-Moliner et al., 2015). Disregarding these studies, CSR has become part of a strategic brand development. Hence, it is following a rather economic rational (Kunz, May and Schmidt, 2020) and can by now also be regarded as a form of brand image management in response to social pressure (Achabou and Dekhili, 2013). Because CSR does reflect the potential to being able to improve or enhance the company’s image and thus it is believed that CSR inevitably can create a competitive advantage (Batat, 2019; Melo and Galan, 2011). But exactly this attitude seems to be trickling through and awareness about using CSR activities as marketing strategies is rising (Peng and Chen, 2019b). Consumers are getting increasingly sensitive to potential greenwashing activities which can eventually lead to them boycotting the product at all (Chen and Chang, 2012). Companies have to face accusation of greenwashing and this suspicion can spread very quick nowadays. The term greenwashing means that companies are willingly (or due to bad communication) mislead consumers about their environmental practices (Parguel, Benoit-Moreah, and Larceneux, 2011). A certain wariness of the sincerity of company’s CSR motives is spreading amongst consumers and they increasingly start to question why companies do engage in CSR at all (Bhattacharya and Sen, 2004). This development seems to be moderated by the overall perception and evaluation of companies through the individual consumer and through the perceived fit of the respective CSR activities and the company itself. Companies with a negative reputation involved in activities that are in close relation to their business make consumers suspicious (Bhattacharya and Sen, 2004). Consumers seem to show some sensitivity towards CSR activities which are perceived to be a mismatch between the company/its products and its CSR efforts (Luchs, Naylor, Irwin and Raghunathan, 2010). Vock (2022) labels this as CSR-CA trade-off; meaning that CSR activities might distract companies from the corporate abilities (CA) which can have a negative influence on consumers’ brand and product evaluation (Sen and Bhattacharya, 2001). Current mainstream CSR research does show a tendency that strategic CSR, which means CSR activities are embedded into the business processes show a more favourable response than peripheral CSR activities (Aguinis and Glavas, 2013; Green and Peloza, 2011; Peloza and Shang, 2011).

Ein Bild, das Text, Screenshot, Schrift, Diagramm enthält.

Automatisch generierte BeschreibungAs can be derived from the various outcomes of a myriad of studies - the reactions CSR trigger are not straightforward and often contradictory. If CSR activities translate into a purchase decision does depend on multiple factors (Bhattacharya and Sen, 2004) and cannot be traced and pinpointed to the company’s investment in CSR directly. Also, it cannot be generalised either – some consumer segment might react favourable, and others do not. A cross-cultural study by Singh, Sanchez and Bosque (2008), shows evidence, that cultures with high scores on the dimension of long-term orientation seem to have a higher predisposition to value sustainability (Minton, Spielmann, Kahle and Kim, 2018). Not only does culture play a role in the perception of CSR (Souiden, M’Saad and Pons, 2011) but also socio-demographic factors like gender, profession, income and also if consumers are familiar with the products and their awareness of the affects that their consumption has (D’Souza, Taghian, Lamb and Peratiatko, 2007). Understanding consumer reaction seems to be a rather difficult tasks considering the numerous factors affecting the individual reaction. Through getting a clearer picture of consumers reactions though, companies do have the opportunity to develop suitable CSR strategies. Bhattacharya and Sen (2004) focus on three basic ideas as shown in the following figure:

Figure 7: A Contingent View of CSR (Bhattacharya and Sen, 2014)

First and foremost it is important to understand that “one size does not fit all” – as above highlighted just like luxury the perception and evaluation of CSR activities are highly individual. Second: the idea is to not only focus on the external outcomes of CSR as e.g. the increase in purchases but also internal ones from a customer perspective – meaning customers attitudes and attributions toward the company and its CSR activities. This is highlighted as paritculalry important by the authors as this can lead to a competitive advantage in a market where product differentiation is decreasing. CSR activities here can lead to the company being regarded as forward-thinking, innovative and also it’s less imitable (Bhattahcarya and Sen, 2014).

Taking a closer look yet again at the travel/tourism and hospitality industry there are a few particularities which become obvious in the current literature. Generally, from a business point of view, there is a tendency that CSR and sustainability have a positive impact on the financial performance in the hospitality industry (Kunz, May and Schimdt, 2020). Yet again, Streimikiene et al. (2020) identify that even though sustainable tourism products are offered, clients usually do not choose those. Ponnapureddy et al. (2017) explain this with distrust towards those offers and the greenwashing possibility. Available research also suggests that individual behaviours change during holidays (Barr, Shaw, Coles, and Prillwith, 2010; Cohen, Higham and Reis, 2013; Dolnicar and Grün, 2009; Juvan and Dolnicar, 2014). But not only while being on holidays - as various academics found out, the behavioural changes already occur in the stages prior to making holiday namely in the actual decision phase (Cohen, Higham and Reis, 2013; McKercher, Prideaux, Cheung and Law, 2010). While it is generally known that flights – long-haul as well as short haul – make up a tremendous amount of the total emission (80%) (Juvan and Dolnicar, 2014) it is apparently not recognised or even waived to choose a different mode of transport and inevitably in some cases holiday destination. As a recent study of Schmücker, Sonntag and Günther (2019) shows, the distance travelled (on a flight) has increased from 63,2 billion kilometres in 2003 to 91,6 billion kilometres in 2018/2019 while the length of stay has only increased slightly from 846 million travel days in 2003 to 875 in 2018/2019 for German-speaking travellers. While 56% of the German population claim that ecological and social aspects are important the figures speak another language: only 2% for example use CO2 offset offers, only 6% check for ecological certificates (Schmücker, Sonntag and Günther, 2019). Despite the rising awareness of that fact, personal behaviour is not adapted despite the knowledge (Cohen, Higham and Reis, 2013; Higham, Cohen and Cavaliere, 2013; Kroesen, 2013). One explanation here is given by Higham, Cohen and Cavaliere (2013) who believes that travellers simply cannot connect their own beha-viour to the overall outcome and Juvan and Dolnicar (2014) add, that the own impact cannot be judged properly and otherwise ecologically responsible behaviour (e.g., at home) is being over-emphasized. Moreover, the impact during the actual holiday is also unknown relative to daily behaviours at home leading to an unwillingness to actually change behaviour during the holiday (Miller et al., 2010). So, using the plane to go on holidays is being justified by the responsible behaviour displayed at home (Miller et al., 2010). Kaiser, Byrka and Hartig (2010) explain this attitude-behaviour gap as a result of the relative cost of performing the alternative behaviour. Waiving flying could mean a change in holiday destination, longer transportation time, etc.– the level of sacrifice might simply be too high to change behaviour. Time spent on research, commitment and loss of convenience do play a more important role than the financial involvement for the alternative (Ganlgmair-Wooliscroft and Wooliscroft, 2016). The phenomenon is well documented and Davies, Lee and Ahonkhai (2012) name that about 30% of consumer who state to be ethically oriented, do not display congruent purchasing behaviour.

Concluding here, attitudes towards CSR activities of companies are plentiful and vary strongly based on a number of distinct factors – making it harder for companies to deliver meaningful and accepted CSR activities. Especially for the travel and tourism industry, existing studies indicate that while planning and deciding for holidays CSR and sustainable aspects are not being considered – it rather seems the opposite. So, the questions arise why should travel and tourism companies actually voluntarily invest into CSR activities if the clients eventually do not seem to care.

## 3.4. CSR and sustainability in the luxury (tourism) industry: an oxymoron or congruent concepts?

Research on CSR in a luxury environment is mostly lacking (Vock, 2022) – especially, concerning consumers evaluations and responses to CSR in this particular environment. Not only with reference to the luxury tourism industry but also to the greater luxury market, there is a debate in the literature as to whether luxury and sustainability are two opposite ends to a scale (Achabou and Dekhili, 2013; Davies, Lee and Ahonkhai, 2012; Kapferer and Michaut-Denizeau 2014) and if CSR activities can even backfire (Achabout and Dekhili, 2013; Torelli, Monga and Kaikati, 2012; Wong and Dhanesh, 2017) or if both concepts can actually complement each other and are to some extend congruent (Amatulli, De Angelis, Korschun and Romani, 2018; Athwal, Wells, Carrigan and Henninger, 2019; Batat and Khochman, 2021; Osburg, Akhtar, Yoganathan and McLeay, 2019; Venkatesh, Joy, Sherry Jr. and Deschenes, 2010). As discussed in the preceding chapters – both luxury and sustainability are multi-faceted concepts (Kapferer and Michaut, 2015). On a first glance, the concepts of luxury and sustainability seem to be everything but compatible. Luxury is traditionally associated with personal pleasure, superficiality, grandiloquence and conspicuousness – whereas sustainability is associated with values such as altruism, moderation and ethics (Amatulli, De Angelis and Donato, 2019; Athwal et al., 2019; Batat and Khochman, 2021; Naderi and Strutton, 2013). Where the luxury concept is more based on a self-enhancement concept, CSR on the contrary is more focused on a self-transcendence concept. Out of this perspective both concepts seem highly incongruent (Torelli, Monga and Kaikati, 2012). Hennigs, Wiedmann, Klarmann and Behrens (2013) summarise that the luxury lifestyle is often symbolized by excess, indulgence and waste can almost be seen as anti-ethical to the principles of sustainability. Luxury clients have long been regarded as not wanting to concern themselves with ethical or sustainability issues while making luxury purchases – they want to spoil themselves (Davies, Lee and Ahonkhai, 2012) and learning about the realities of their luxury purchases is likely to reduce the pleasures of their purchase (Joergens, 2006). However, as recent literature increasingly suggest, concerns about environmental and social aspects are rising amongst all consumers (Kleanthous 2011) and it does not stop at the luxury consumers either and thus, sustainable practices in both dimension (social and economic) are being adopted more and more by the luxury industry. Throughout the luxury consumers segment, there seems to be a shift from “conspicuous to conscientious” consumption (Hennigs et al., 2013) with consumers becoming increasingly aware of social and environmental issues (Muniz and Guzmán, 2021). ‘In general, many luxury consumers are part of an affluent, global élite that is increasingly educated and concerned about social and environmental issues’ (Bendell and Kleanhous, 2007, p.2) and the pressure on companies to address these issues is rising (Amatulli et al., 2018; Davies, Lee and Ahonkhai, 2012; Janssen, Vanhamme, Lindgreen and Lefebvre, 2014; Hepner, Chandon and Bakardzhieva, 2020; Kapferer and Michaut-Denizeau, 2014). Simultaneously, current research also suggests that the luxury industry is still lacking behind when looking at their CSR and sustainability efforts in comparison to other industries but with the current shift in consumers expectations more luxury brands should urgently make sustainability a priority (Hennigs et al., 2013). Especially, as the risk of reputational damage is quite strong (Hennigs et al., 2013) luxury companies are starting to invest into CSR activities to counter that potential reputation damage (Dekhili and Achabou, 2016; Hepner, Chandon and Bakardzhieva, 2020; Kapferer and Michaut-Denizeau, 2020). In particular, ethical scandals pose a threat to damage brand reputation, which in essence is one of the most decisive factors in the luxury industry (Dekhili, Achabou and Alharbi, 2019). Nevertheless, academics are still debating whether luxury and sustainability are compatible or not (Dekhili, Achabou and Alharbi, 2019). In the early 2000, the term sustainable luxury was formed and first coined by Bendell and Kleanthous (Pai, Laverie and Hass, 2022). The concept behind sustainable luxury refers to luxury brands contributing in a positive way to society and the environment at large (Bendell and Kleanthous, 2007) and Batat (2019) adds that thus, the consumption of luxury goods and service still fulfils the needs of the consumer while simultaneously not negatively affecting future generations. In their research Cervellon and Shammes (2013) identify three categories sustainable luxury companies can base their values on:

1. Socio-cultural: referring to values such as conspicuousness but also national identity
2. Ego-centric: referring to guilt-free consumption and associated pleasure, hedonism and quality.
3. Eco-centric: referring to rather doing good than harm.

The responsibility – environmental, social and ethical – lies at the heart of sustainable luxury. Yet again, as afore mentioned also in this context sustainability here is often used syn-onymously to CSR (Gatti and Seele, 2013) but technically they are not identical. Nevertheless, despite this notion, Eastman, Iyer and Dekhili (2021) and Cervello and Shammes (2013) highlight that the values of sustainable luxury are unique, symbolic and algin with consumer’s new, more sustainable and conspicuousness lifestyles and self-expression. As the luxury industry often acts as catalyst and is copied by the more mainstream industry the concept and effects of sustainable luxury needs to be researched further in order to draw conclusions on potential trickle-down effects (Athwal et al., 2019; Kunz, May and Schmidt, 2020; Osburg et al., 2020). However, looking at the luxury hospitality industry there are indications that sustainability can have a negative impact on the overall perceived value of the product (Amatulli, De Angelis and Stoppani, 2021). That does not only hold true for luxury hospitality but can also be the case for other luxury products. As Peng and Chen, 2019a suggest the purchase of luxury products usually provides the consumers with pleasure and self-indulgence – particularly in the service luxury industry where the product is instantly consumed and cannot be enjoyed a second time. Luxury products serve consumers beyond the necessary and basic need and the link to sustainability can negatively influence the perception of this extraordinary quality promise that luxury products usually hold and thus, reduce pleasure and excitement while consumption (Cervellon, 2013; Rahman, Park and Chi, 2015). Particularly in the luxury travel/hospitality industry, clients regularly choose this kind of travel/properties because of their superior quality promise – larger rooms, superb geographical location and surroundings and the promise of a high quality in terms of service levels and ancillary services (Wu and Liang, 2009; Correia and Kozak, 2012). These accommodations are often remotely located (Gössling, Hansson, Hörstmeier and Saggel, 2002; Ryan and Stewart, 2009) feature extended infrastructure with private ensuite-pools, spas and generally require large quantities of water, energy (Logan, 2015) and other resources which are in contrast to an ecological responsible behaviour. Nevertheless, especially throughout the Southern and Eastern Africa but also globally hotels/lodges increasingly invest and communicate their CSR activities and achievements. Hence, especially if and how consumers react in reality to CSR and sustainable activities of companies needs to be evaluated and if they do actually value and prefer companies taking over moral responsibility. As a supplement and secondary to the above exploration of consumer attitudes in reference to CSR, there is a need for a further detailed look into luxury consumers behaviours also in relation to travel and tourism. As Davies, Lee and Ahonkhai (2012) argue consumers are less likely to consider CSR criteria into their purchasing decision when buying luxury goods compared to fast-moving consumer goods (FCMG). They explain this through the fact that the purchase of luxury goods does only happen occasionally and thus, consumers believe that their impact through the purchase is not that severe as compared to every-day products. Moreover, consumer do have the inherent believe that luxury brands do concern themselves with all aspects of environmental and ethical concerns (assumption based on the rate) anyhow and that these luxury companies are obeying respective laws about protection already (Davies, Lee and Ahonkhai, 2012). Ehrich and Irwin (2005) even attest luxury consumers a deliberate ignorance to ethical concerns in order to shield themselves from negative emotions and potential guilt and to savour ‘the dream’. Kapferer and Michaut (2015) coin this as selective avoidance but simultaneously agree with Davies, Lee and Ahonkhai (2012) that luxury clients have certain expectations towards the respective brands to already have taken over responsibility and consider social and environmental criteria and set examples for the industries at large. Hence, sustainability can be regarded has having become an *implicit need* (Berger et al., 1993) and a crucial element that is inherently expected by luxury consumers (Kapferer and Michaut, 2015).

Nevertheless, despite a growing awareness for the necessities of CSR activities and the subsequent support for sustainability causes, these factors still remain a secondary criterion within the buying decision process with the major focus remaining on the quality features of the products (Achabou and Dekhili, 2013). Leary et al. (2014) show in their research that ethical concerns only translate into actual (purchasing) behaviour once clients feel their action will lead to a snowball effect and that their decision can actually influence the market. But there are other studies (see Davies, Lee and Ahonkhai, 2012; Griskevicius, Tybur and Van den Bergh, 2010) that show that CSR does not seem to influence decision making in a luxury context. Overall, it can be said that despite the particularities of the luxury industry, the segment does not seem to be differing that much from other sectors as consumers also show a behaviour gap. In theory, they support CSR and care for ethical criteria, but they are not willing to pay a premium price for it (Bhattacharya and Sen, 2004) and feel that the luxury brands should have already incorporated these issues into their operations. Responsibility and morale is being shifted to the companies. Concluding here, luxury clientele can hardly be regarded as driving force to induce change in the luxury industry and as various studies show (Carrigan and Attalla, 2001; Joergens, 2006; Achabou and Dekhili, 2013; Cervellon and Shammas, 2013; Beckham and Voyer, 2014; Kapferer and Michaut-Denizeau, 2014, Kapferer and Michaut, 2015; Dekhili and Achabou, 2016; Rolling and Sadacher 2018) sustainability never is the driving decision criterion. However, despite not actively searching CSR criteria during the purchase decision, consumers are willing to react negatively when they learn dissonant news about luxury brand like cheap labour, destroying unsold products etc. (Kapferer and Michaut, 2015; Jin, Park and Yoo, 2017): Paradoxically though, once luxury brands do invest into CSR activities and communicate the same, there is a real risk that the brand image will be affected negatively as the values of sustainability and luxury can be perceived as contradictory by some consumer segments and sustainable activities in consequence are regarded to reduce the luxury quality aspects of the product/service (e.g. Achabou and Dekhili, 2013; Hepner, Chandon and Bakardzhieva, 2020; Janssen, Vanhamme and Leblanc, 2017; Kapferer and Michaut-Denizeau, 2014, 2019; Park, Torelli, Monga and John, 2019; Torelli, Monga and Kaikati, 2012; Wong and Dhanesh, 2016; Diallo, Ben Dahmane Mouelhi, Gadekar and Schill, 2020; Griskevicius, Tybur and Van den Bergh, 2010). A similar finding is made by Amatulli, De Angelis and Stoppani (2021) in reference to luxury hospitality – sustainability does pose the threat of a lower perceived value. However, there is also evidence that evaluation of CSR activities does depend strongly on other factors, e.g., Kapferer and Michaut-Denizeau (2019) find that millennials do evaluate the concepts of sustainability and luxury as highly contradictory. In their 2015 paper, Kapferer and Michaut (2015, p. 15) explain ‘that the contradiction is lower for customer who define luxury as extreme quality.’ Peng and Chen (2019a) identify that woman, also millennials and generally consumers with a certain educational level (university and higher) do tend to evaluate a company’s CSR activities prior to making a purchase decision. And even though sustainability is not yet a decisive decision factor, Hennigs et al. (2013) hypothesis that it’s incremental for luxury brands to address these issues and communicate them in order to remain relevant and not be rejected by consumers (Bendell and Kleanthous, 2007) and equally also build/maintain a favourable market position in comparison to competitors especially in markets where products can be imitated easily (Bendell and Kleanthous, 2007; Turunen and Laaksonen, 2011). As per the Founding Director of the Sustainability Forum Christopher H. Cordey: ‘For luxury brands the question is no longer why to create a sustainable value chain, but rather how to transform their supply chain to address their stakeholders’ growing concerns with environmental and social issues and thus protect their reputation.’ (in Hennigs et al., 2013, p. 33). With the growing awareness of ethical and sustainable productions, CSR activities have become a marketing tool which is being integrated into business strategies (Papadas, Avlonitis and Carrigan, 2017; Amatulli et al., 2018; Cervellon and Shammas, 2013; Diallo et al., 2020; Winston, 2016). However, it needs to be mentioned that most research on the effects of CSR on consumers have been executed in a non-luxury environment and those studies which had been conducted in a luxury field have shown mixed findings (Sipilä et al., 2020). As Sipilä et al. (2020) identify many luxury companies have invested into CSR – but mostly in a philanthropic form by supporting social causes. In their study, Sipilä et al. (2020) examine if consumers who perceive luxury and CSR as contradictory also regard CSR activities as a mere tool to increase profits; meaning that CSR is extrinsically motivated (Due, Bhattacharya and Sen, 2010). External CSR activities are rather popular as they are much easier to implement instead of having to change business processes (Hameed, Riaz, Arain and Farooq, 2016; Peloza and Shang, 2011; Schons, Scheidler and Bartels, 2017). Sipilä et al. (2020) argue that externally attributed CSR can potentially increase the perceived profit-focus of the implemented CSR activity compared to internally-focused CSR activities which are not so obvious to consumers – especially if the externally-motivated CSR activities do not show a link to the actual company’s operations. The study reveals, that internally motivated CSR – meaning CSR that is focused on employees - can increase customer loyalty by about 19% and extrinsically motivated CSR can actually have a harmful effect; which is also supported through other studies (Becker-Olsen, Cudmore and Hill, 2006; Du, Bhattacharya and Sen, 2007; Vlachos, Krepapa, Panagopoulos and Tsamakos, 2013). In their study, Sipilä et al. (2020) even found a decline in sales over time; and thus, making CSR activities not financially beneficial. Other research (e.g., Amatulli et al., 2018; Batat, 2019; Olšanová, Gook and Zlatić, 2018) however, indicates though that consumers are reacting positively to CSR in a luxury environment – but still don’t seem to be willing to pay a premium price for it (Diallo et al., 2020) and again CSR actions don’t seem to be affecting behavioural or purchase intentions (Diallo et al., 2020). The study of Amatulli et al. (2018) indicates that consumers’ willingness to buy increases more when learning about external (rather than internal) CSR related initiatives to the dimensions of legal and philanthropic. As a reason they adduce that external CSR increases brand’s perceived luxuriousness – this is strongly influenced by both status and a conspicuous consumption orientation from consumers (Amatulli et al., 2018). Several studies (Boenigk and Schuchardt, 2012; Hagtvedt and Patrick, 2016; Strahilevitz and Myers, 1998) even identify peripheral CSR activities more effective in a luxury environment. Luxury purchase can easily trigger pleasure simultaneously with guilt – simple donations towards a good deed can help reduce the feeling of guilt. Summarizing, the findings throughout the various studies are inconclusive and results are even contradictory.

Looking at the hospitality and tourism field it needs to be noted that most studies on CSR and sustainability in the luxury segment have been conducted with tangible products – and not with intangible ones (Yang and Mattila, 2016). The reasons why travel and tourism companies should invest into CSR have been touched upon above already and will further be discussed in the course of this thesis. Despite the increasing awareness of CSR and the need for action, the initiatives in this industry seem to be underdeveloped compared to other industries (Johann, 2022). In 2001, Miller states that TOs limit their investment into CSR due to a lack of control – the reasoning simply is that they cannot control what is happening on the ground in the specific destination and due to limited funds and resources to change that and implement a control system. About 20 years later, in her paper Johann (2022) certifies that not much has changed and international TOs in general seem to focus on philanthropy CSR activities (if at all) instead of focusing on the supply chain management. So there seemingly is a lot of potential for TOs to extend their activities in this segment. However, the perception of travellers also needs to be examined further. From what studies show so far, that client’s awareness towards CSR and simultaneously also towards potential greenwashing activities is rising (Rahman, Park and Chi, 2015). – especially the tourism industry is vulnerable for greenwashing claims simply because most products are intangible (Ponnapureddy et al, 2017). A study from Peng and Chen (2019b) reveals that consumers often perceive CSR activities as mere marketing activities; and this perception can eventually lead to a boycott of the product (Chen and Chang, 2012). But then simultaneously and despite that fact, especially the hospitality sector offers various approaches for impactful changes – from water saving to food waste reduction and general reduction of resource usage (Budovska, Torres Delgado and Øgaard, 2020; Reese, Loew and Steffgen, 2014; Dolnicar, Juvan and Grün, 2020; Juvan, Grün and Dolnicar, 2018; Warren, Becken and Coghlan, 2017). Line and Hanks (2016) add to the partly conflicting findings another oxymoron – hotels with green initiatives are regarded as less luxurious which in turn affects the attitude of travellers negatively; But this change in perception only happens in urban destination and holds not true for destination with a focus on nature However, according to Ganglmair-Wooliscroft and Wooliscroft (2016), even though the overall attitude within society towards CSR and sustainable options seems to be changing, this trend cannot be transfer to the selection of holidays – the selection of responding tourism services remains minimal.

So, despite the challenges and incongruent studies on consumers’ response to CSR activities, luxury hotels / luxury travel and tourism industry has a myriad of reasons to invest into CSR activities, and there is a strong argument that luxury brands should take on the responsibility of promoting responsible consumption (Bendell and Kleanthous, 2007; Davies, Lee and Ahonkhai, 2012) – not only in travel and tourism.

# 4. Due Diligence Act

This chapter will take a closer look at the Due Diligence Act that was passed by the German government based on EU Provisions. After a brief description of the reasoning behind and the actual Act itself, this chapter looks into the implication the Act has on the German TO industry and evaluating its potential to influence changes within the industry and exploit the relationship between the Act, CSR and corporate responsibility.

## 4.1. Due Diligence Act in Germany – what it is and what it entails

The Corporate Due Diligence Act (in the following the Act) is said to have its roots in the collapse of Rana Plaza in April 2013 (Weihrauch, Carodenuto and Leipold, 2022). Rana Plaza was a clothing factory, mainly producing for international brands, which collapsed killing over 1100 Bangladeshi workers. The global media echo that followed, condemning the working conditions raised a major debate about the responsibilities of supply chains of internationally operating companies. In order not to risk any additional and further image damage a number of companies have thus started to implement and execute voluntary initiatives to improve the situation (Bartley and Child, 2014). However, these initiatives and actions have been criticized for a number of shortcomings as for example an ineffective implementation, limited auditing by independent parties etc. (Bartley, 2014, 2018; Carodenuto and Buluran, 2021, Moog, Spicer and Böhm, 2015). To counteract these shortcomings several states started to pass mandatory acts on due diligence. In Germany, the Supply Chain Due Diligence law was passed by parliament in summer 2021. As of January 2023, the Act is enacted and requires companies with more than 3000 employees ‘to conduct due diligence for risks in their supply chains and report annually’ (Weihrauch, Carodenuto and Leipold, 2022, p. 12). As of 2024, the threshold of employees is lowered and companies with as much as 1000 employees are required to obey the law. The law only applies to companies being based in Germany, whereby it already is enough to have a subsidiary based within Germany (ECPAT International, 2022). The obligations companies are now facing are (ECPAT International, 2022):

* Establishment of a risk management system, ensuring compliance with the due diligence requirements and appointing responsibility to supervise the internal monitoring system.
* Regular conduct of risk management analysis.
* Official statement to adhere to human rights and the congruent company strategy.
* Establishing prevention measures.
* Having remedial action in place in case of violation of human rights- or environmental obligations and establishing reporting procedures
* Implementation of due diligence obligations in relation to known risks of first-tier suppliers and the responding documentation
* Reporting about fulfilment of the due diligence obligations.

The specific risks which need to be prevented are defined by multiple international conventions like Minamata, Stockholm and Basel (Weihrauch, Carodenuto and Leipold, 2022, ECPAT International, 2022). Companies not only have to fulfil these obligations for their own scope of business but also for their direct and indirect suppliers. Direct suppliers are regarded as those contracted partners, who deliver a good or a service to the German company which is inevitable to provide the finale good or service to clients. For these first-tier suppliers, under the Act companies now also have to implement extensive prevention measures, which should already start during the initial selection process of the respective supplier. The second group of suppliers are indirect suppler – they still are indispensable for creating the finale product/service but there is no direct contractual relationship with the company. These indirect suppliers most often hold contracts with the direct suppliers. Obligations for these indirect suppliers are only limited to actions which have to be taken upon the event that “substantiated knowledge” is gathered on potential misconduct (ECPAT International, 2022). The company does not have to obligation to seek this information proactively or even monitor the indirect suppliers (ECPAT International, 2022).

Companies falling under the Act are now also required to submit a report. The reports should usually (see exception below) be published within four months after the end of the business year and be available free of charge on the company’s homepage for at least a seven-year period (BAFA, 2023). As per the homepage of the BAFA (2023), reports for 2023 have to be submitted latest by June 2024. Even though a publication of the reports should have happened before that already, the BAFA will not sanction the delay as long as the reports are handed in by Mai 31, 2024. BAFA does supply a report questionnaire which (if truthful reported) should comprehensibly present:

* whether and if so, which human right and environmental risks or violations have been identified.
* which measures have been taken by the company in reference to the obligations laid out in the Act, including the official statement on human rights as well as the measure in place for dealing with complaints
* the company’s impact assessment as well as evaluation of the effectiveness of the measures
* what conclusions the company draws from their evaluation for their future actions

Throughout the negotiating phase of the Act three different positions clashed with partly very different view as the table below summaries:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Civil Society | Ministries of  labour & development | **Final Law** | Business associations and ministry of economics |
| Coverage | All companies >250 employees + all companies from risk sectors | >500 employees | **2023 >3000 employees, 2024 >1000 employees** | >5000 or 10.000 employees |
| Depth | Entire supply chain | Entire supply chain | **Tier-1, but further in case of “substantiated knowledge”** | Tier-1 |
| Sanctioning regime | Administrative enforcement + civil liability | Administrative enforcement + civil liability | **Administrative enforcement + enhanced legal options for Unions and NGOs** | Administrative enforcement |
| Environment | Full included | Environment with link to human rights | **Linked to Minamata, Stockholm, and Basel conventions** | None |

Table 1: Different positions on design of the law (Weihrauch, Carodenuto and Leipold, 2022

So eventually, the law is a compromise between these three parties. Other than initially hoped by various stakeholders the law cannot be enforced under a civil law but underlies administrative enforcement. Nonetheless, as the Initiative Lieferkettengesetz (2021) finds, the law contain strong control and enforcement mechamisms, which indicates that the parties demanding a strict foreign accountability of companies have pushed their agenda through. The control lies with the German Federal Office for Economic Affairs and Export Control (BAFA) and it can fine companies for wrongfully handling their supply chains with up to 2 % of the annual turnover and prevent the respective companies from future public contracts. There is now also the opportunity for victims of maltreatment to be represented by unions or non-governmental organisations (NGOs) in German courts, holding companies liable in their country of origin under private law. The length or depth of the supply chain that has to be incorporated and monitored at this stage is limited to the direct suppliers – however, if ‘substantiated knowledge of a possible violation’ (Bundesministerium für Justiz, 2021, p.2964) is suspected, the risk analysis has to be extended beyond the first line of suppliers. But as often the case with laws, ambiguous wording does leave room for various shades of interpretations and when exactly knowledge becomes ‘substantiated knowledge’ so far remains open (Weihrauch, Carodenuto and Leipold, 2022). Crucial also to mention though that the obligations are not success obligations but mere effort obligations – meaning that to fulfil the obligation companies merely have to try to reduce risk for humans and environment (ECPAT International, 2022). If the respective violations will actually be prevented is not in the scope of the company’s responsibility anymore (ECPAT International, 2022).

The new Act specifically does not want to create new liabilities (ECPAT International, 2022) – there is the possibility for liability claims under the civil law whereby the aggrieved party can be represented by a union or an NGO. Which means that independently from the Act, the aggrieved party can theoretically claim damages against German companies. However, in reality, even though German companies can be sued in Germany, the laws of the respective country apply where the violation took place; this means that foreign law would have to be applied in German courts which is difficult and a long process and to actually prove a human rights violation conducted through a company is in most cases difficult (ECPAT International, 2022). Even though the Act has only been in place since beginning of the year, a few perceived weaknesses have been pointed out. First of all, the above-mentioned scope of responsibly which is being limited to a small set of business suppliers, secondly that companies are only required to do mere risk assessment once they attain ‘substantiated knowledge’ about potential violations (Tomin, 2022). The open-end definition of substantiated knowledge was touched upon in the previous lines. Additionally, it has been criticized that during the risk assessment companies do not have to consult with relevant groups to assess their results on potential violation risks (Tomin, 2022). The Act also does fail to set up rules regarding comprehensive due diligence obligation towards environmental risks and the loss of biodiversity and climate change is not addressed even though both can have a detrimental effect on respective supply chain (Tomin, 2022).

On the level of the European Union a new Act is currently drafted and discussed- the so-called European Directive on Corporate Sustainability Due Diligence. As Bright and Smit (2022) from the British Institute of International and Comparative Law highlight ‘this is a historic moment for the field of business and human rights, ESGs and the strive towards sustainable and responsible business conduct that upholds respect for human rights, decent work and environmental standards throughout the entire global value chain.’ (Bright and Smit, 2022, p.1). In comparison, the EU directive does apply civil remedies for victims – however, the responsibility to provide proof still is incumbent upon the victim. The sphere of influence would also be larger as it already includes companies with at least 500 employees and a worldwide turnover over €150 million for the last financial year and especially targets those companies operating in high-risk sectors (Bright and Smit, 2022). After two years, the scope is set to extend yet again, thus affecting business in high-risk sectors with more than 250 employees and a turnover of more than €40 million – with the constraint that a minimum of 50% of the turnover is generated in specific vulnerable sectors like clothing industry and extended food and beverage industry (including agriculture, forestry, fisheries etc.) (Bright and Smit, 2022). The due diligence obligations would also be extended beyond first-tier and would include regular direct but also indirect business partners (ECPAT International, 2022). If the Act will come into action the European Commission estimates about 13.000 EU-companies and approximately 4.000 third-country companies to be affected (Bright and Smit, 2022).

## 4.2. Implications of the Due Diligence Act on the German Tour Operators

As outlined above, the Due Diligence Act does affect the German tourism industry since the beginning of 2023 and a small number of actors in the industry have to take on responsibility and incorporate the newly imposed obligations into their business operations. The scope though is relatively small looking at the TO industry. Out of the 2.300 registered TOs in Germany, in this first instance the Act will only apply to four of the German TOs namely: alltours, FTI Group, TUI Group and DER Touristik. Especially the latter three are the three major TOs within the market, operating in destinations world-wide with multiple sub-brands with which they operate in the mass segment (TUI alone names 21 million clients, TUI Group, 2023b) but also in the luxury segment. Their operations extend beyond the tour operating sector – they have their own as well as franchised TA operations, own and manage hotels, cruise lines, local destination management companies and even own airlines – resulting in a multi-layered network and numerous stakeholders.

In reference to the Due Diligence Act, the scope of the actual supply chain has first to be identified – the specific obligations can be derived and actually depend on the proximity of the respective activity of their own business area which are essentially contributing to achieving the corporate goal (ECPAT International, 2022). For the German TOs, this foremost refers to their own agents and clients as well as it extends to their hotel/cruise/airline/DMC operations in the respective destinations. Within their own scope of business, the obligation to end violation of human rights should be the goal of all remedial action. As laid out in the proceeding chapter, companies not only have to fulfil the obligation for their own scope of business but also for their direct and indirect suppliers. Following the analysis on the effects of the Due Diligence Act on the sexual exploitation of children in the travel and tourism industry from ECPAT International, the first challenge already exists in defining the supply chain and identifying which partner are crucial to deliver the final service. German TOs and their direct supplier will bring travellers to and accommodate them in the destination – but they cannot be held responsible for the services which are being consumed by the travellers ad-hoc and provided by third-party suppliers – and exactly here, human rights or environmental violations often take place. So there can be a floating line between which services are considered to be a core part of the actual tourism product and which is not. Moreover, it varies from client to client and between the holiday packages. According to Münck (2022) the tourism industry is particularly vulnerable and specifically has to look into issues like children’s right, employees’ rights, modern slavery, equality, access to land, water and food for the local population, standard of living and cultural identity, rule of law, corruption and political participation.

German TOs only have to act within their scope of the duty to care – meaning they can provide trainings and control measures with the aim to reduce the risk of any violations as well as implement contractual amendments in these regards. Especially the contractual changes and hence obligations for direct supplier can be a useful tool (Human Rights in Tourism e.V., 2023) as direct suppliers can be pushed towards stakeholder cooperation to prevent violations, to provide trainings and to educate travellers. And currently these contractual addendums are the major tool – supplier contracts (particularly hotels and local DMCs) are being amended to include these obligations. What the assessments and reporting will entail still remains to be seen as reports will only have to be submitted towards mid-2024.

## 4.3. Due Diligence Act and CSR

In today’s global economy, local companies are not only competing with companies from the same area/country but potentially also with a number of international companies offering remarkably comparable products/services. Hence, competition has become fierce and all too often a differentiating strategy is based on prices – which means somewhere in the supply chain, production costs have to be lower compared to the competition or a new innovation has been made to produce cheaper/faster and supply the market with a similar quality product but for a lower rate. Due to various scandals over the past years which are being spread throughout the world fast with the advancement of social media etc. companies do face pressure to act as a good corporate citizen and to not exploit the environment for the sake of profit. The core of the debates often revolves around the question to whom companies owe their responsibility – their shareholders and thus have the obligation to use the invested money to create a profit or to their stakeholders. In essence though, it can be concluded, that a long-term shareholder satisfaction always needs to include a stakeholder satisfaction, too. Otherwise, the license to operate is being jeopardized and stakeholders (e.g., consumers, supplier etc.) will pull away from the business. So at least to a certain degree corporate responsibility has to be taken on and acted upon accordingly to satisfy the majority of stakeholders – and a powerful group are the consumers. In many cases, consumers simply do not accept excuses anymore stating that taking on more responsibility is not required by law or is going against proclaimed company goals (Gogoll and Wenke, 2017). Also, it is not accepted and helpful for the companies to argue that taking over responsibility cannot be done in the current competitive environment. Companies have to be able to explain their decisions and operations in the broader context of society’s current expectations, hopes and fears (Gogoll and Wenke, 2017) and as the literature shows that the tendency here is going towards an increased awareness towards environmental and social issues. On a company side, the influence of corporate ethics also come into play here – as the predominant ethical orientation within the company does fundamentally decide on the extend that non-mandatory actions are take on top of what needs to be done to still be considered a good citizen or which is required by law. Nevertheless, it can also be regarded as the company’s responsibility to explain and show the limits to the assumption of responsibility to the greater society – companies cannot take on all the responsibilities. It does also require an adequate institutional framework.

As above identified CSR does entail official regulatory law but the core of CSR is what is being done over and beyond these laws to take on corporate (social) responsibility.

Up until now, CSR activities where largely free of ordering law. It was more a congregation of recommendations and voluntary commitments. Besides obeying to the corresponding law CSR actions were up to the discretion of the respective company. As outlined in the chapter above, CSR is often regarded as a strategic business tool to enhance the brand image and to influence a positive purchasing decision. So, the real altruistic core of why CSR should be implemented can at least be questioned partly as also the ISO points out the economic benefits that can be drawn from investing in CSR. Without an institutional framework, it is also questionable how well of a track was kept of the activities and how well they were enacted at all. The reports that have been published thus far on a voluntary basis often include goals but concrete actions how these defined goals are to be reached and what activities are being undertaken are missing (Hoffmann et al., 2022). With the newly enacted Due Diligence Act, there now is an institutional and thus binding framework which companies have to adhere to or risk of getting fined. The reports are seemingly at least partly pre-defined to give a guideline of what needs to be reported and to also make them partly comparable. The now binding law shows, that at a large scale, corporate responsibility was obviously not taken far enough. So, legislation took actions into its hand to draft and eventually enact the Due Diligence Act. In this particular case, the market was not regulated by consumers demanding more CSR activities and favouring companies with activities in place; but it was also not regulated by the companies themselves – at least not as much as to prevent legislation to act upon the shortcomings. However, the effectiveness of the Due Diligence Act remains to be seen as it is simply too early to evaluate it in the real business environment.

Evaluating and concluding from theory – a cautious assessment leaves doubt; the depth of the supply chain which has to be considered, the sizes restriction of companies falling under the Act ignores countless SME, vague open-end definitions on crucial terminology and a passing on of responsibility towards the direct-suppliers are all not far thought of. A further evaluation of the Due Diligence Act in reference to the tourism industry and its potential to induce change will be discussed in the following chapter.

# 5. CSR for SME Tour Operators – a chance for change?

This chapter will bring the findings of the three preceding chapters together to evaluate what chances there are – and if it is a logical step at all – for small and medium sized tour operators to include a CSR strategy into their business plans. It will try to answer the question if the Due Diligence Act is sufficient as is or if SMEs need to take extra action to facilitate change within the industry and if it will pay out for future business success?

## 5.1. Does the Due Diligence Act have the potential to facilitate change in the travel & tourism industry?

The Due Diligence Act can be seen as a first step of holding TOs accountable for their actions respectively the ignorance of the consequences of their actions in other countries which is not based on a voluntary activity, but which is dictated by law. With a rising awareness and growing sensitivity in the face of natural disasters, climate change and human rights violations, this seems to be a first step to implement CSR practices into the industry and to force TOs to act more responsible independently of voluntary actions or the demand of clients – who often decide on what is being offered on the market and do grant the licence to operate to companies. However, in this particular case, the voluntary actions and the little to non-existing demand from client side did call legislation into action and the result was the enactment of the Due Diligence Act. In the proceeding chapters, a few potential short comings of the Act have already been mentioned. Since the Act does not have his origins in the tourism industry, there are some challenges. Especially, the definition of the actual supply chain and the definition of which services are actually considered to be part of the core-travel service can be a challenge. If a packaged- holiday is being booked, then obviously transfer from the airport to the hotel and vice-versa can be considered as part of the core travel service as well as the accommodation. However, if the pre-booked hotel has a display for various activity offerings by third parties – then this would rather not be considered as part of the direct travel service. However, if the hotel does actively promote and even gets a commission for the booking of third-party activities then in turn it can be considered as part of the initial travel service which equally means the third-party does belong to the indirect suppliers (ECPAT International, 2022). It could also be an option that the TO pre-book these activities directly with the third-party and included those into the travel contract, which would make the third party a direct supplier to the TO with all the obligations that have to be fulfilled under the Due Diligence Act. Circling back and reviewing the tourism system and contractual obligations, there are two predominant ways bookings are being placed – via a DMC; in this case this would be the only contractual obligation for the TO. Alternatively, the booking is placed with the individual suppliers; like the hotel directly and then maybe also a DMC for the ground service; which would obviously already double the number of contractual relationships for the TO translating into two direct suppliers rather than only one with the DMC-booking way. So hypothetically, there is a chance, that supply chains will change in order for TOs to reduce their number of direct supplier and thus equally, shift responsibility towards the DMCs via contractual agreements to monitor their suppliers in turn. For more mass focused TOs, like the three big TOs, it could actually be reasonably to reduce the number of direct suppliers in order to reduce the amount of investment to adhere to the obligations under the Due Diligence Act. As Münck (2022) suggest, knowing the supplier personally, setting up regular audit and control activities does take a lot of time and is often hardly implementable – especially in times of labour shortage in the industry. An alternative could be self-assessments – but they always leave room for embellishments and omissions. If a reduction of suppliers would happen to only include DMCs, this development would mean more power for the DMCs in their respective markets over the individual third-party suppliers. By proxy – as DMCs do have to fulfil their contractual obligations towards the TOs, theoretically they would have the power to push through the respective standards the Due Diligence Act forces the TOs to adhere to and thus, favour and push third-party partner who are good corporate citizens in their respective destinations themselves and adhere to certain standards. However, this buying power can also turn the other way and open up room to negotiate even cheaper rates (for hotels, guides etc). With the travel and tourism industry overall still being very price driven, this potential change in buying power has to be carefully considered and remedy needs to be provided as this would in essence also go against the Due Diligence Act. However, with the burden of proof lying be the aggrieved party the question arises in how far the TOs will at all be held liable within its country of origin.

Nevertheless, considering the first option of DMCs becoming the major partner and contracts are being drafted to include the corresponding passages necessary under the Due Diligence Act, it is highly likely that there will be a trickle-down effect. DMCs usually do not only work with one TO partner but with multiple partners from all over the world and the amendments made under the Due Diligence Act will subsequently also be passed on to other TOs. The same will hold true for hotel contracts – once the Due Diligence clauses are included it is highly unlikely that hotels or DMCs for that matter will draft other contracts without the clauses. There also is the case that it is actually the DMCs signing the TO contracts – which would mean that the trickle-down effect would not happen in this case. However, as certain business processes will have to be checked and potentially be changed then these changes will also affect other TOs – so then again there will be a trickle-down effect even tough that is not of a contractual nature. It still remains to be seen how all the obligations are being incorporates respectively, what the reporting will look like and what weakness will be revealed throughout the first implementation and reporting period.

The current Due Diligence Act is limited to companies with 3000 respectively 1000 employees as of 2024. These numbers of employee caps for tourism companies are rather large and thus, it fails to include numerous of medium and smaller-sized companies who in their entirety could have some additional and well required input and power. But so far, these companies are totally neglected, and the only hypothetical effect would be if they buy through one of these DMCs partners, who are obliged to follow the rules. Actions and activities in this regard are still based largely on non-mandatory involvement of SME TOs – as will further discussed in the preceding chapter, especially in SMEs there is a lot of willingness to get involved in CSR-related topics.

One major shortcoming is the question of liability and the burden of proof that lies with the violated party (ECPAT International, 2022). Companies violating the Act will not be charged under civil law but can be prosecuted with the assistance of unions and/or NGOs under existing and independent liability provisions. Nevertheless, as outlined above these court cases are strenuous as another law is applicable and the proof of evidence lies with the individual. In practices, again it remains to be seen if any individual would actually sue a company abroad – especially if the income basically depends on the industry and their own reputation. This situational conflict can be shown at the example of a tour-guide. In many cases, tour guides work on a freelance basis – meaning they are dependent on bookings from DMCs and their contracted TOs partners. If tour guides are now suing a TO chances are that they will not be booked by the TO/DMC in turn are rather high and s/he faces a loss of income. Also, as the industry is a tight knit network word travels fast and a hesitancy towards working with that individual could grow with other DMCs/TOs. So actually, suing a companies could jeopardise the livelihood. And depending on what party of the tourism product the tour guide was initially in the booking procedure, s/he is not considered as part of the supply chain at all, and all claims would be void. Especially this example shows the vulnerability of these service providers which can be crucial for the success of the trip. Particularly for guided roundtrips, tour guides spent several hours per day with his/her guests and chances that guests will actually learn about mistreatments etc. are highly likely which in turn will put the TO in a bad light.

Looking at the extensive destination portfolio and operations of for example TUI Group: they offer trips to more than 99 destinations worldwide (TUI, 2023), own 400 hotels and resorts worldwide, operate 16 cruise ships as well as running various TOs around Europe (TUI Group, 2023b). A similar picture does apply for DER Touristik as well as FTI. Under the new Act, they are required to assess all their operations and report accordingly. Talking to industry expert Hieke (2023), this leads to an immense bureaucratic burden which has to be mastered and this takes away resources to evaluate the supply chain properly in order to make it more sustainable. Those projects are all being paused in order to incorporate all obligations under the Act. Moreover, it remains to be seen how audits and controls from an official side will be conducted, which such an extensive network all over the world for TO like TUI, DER Touristik etc. it remains to be seen how this is being handled.

So overall, drawing and concluding from the above the Due Diligence Act – due to a number of reasons – does not seem to have the potential to really foster change throughout the industry. The scope is narrow set with the application to suppliers, definitions are too vague and the hurdles for those who are affected by mistreatment are too high to actually legally sue. The risk of shifting responsibility and basically outsourcing it to direct supplier is given. Overall, these big TOs are focused on standardisation, lean business operations and in order to keep the businesses running in an industry with low profit-margins a certain volume of bookings has to be generated to keep the businesses going. It also remains to be seen how the CSR actions which companies like TUI have invested in will continue. And ultimately the Act applies only to human rights violations as only there were included in the conventions the Act refers to– the question of who looks after and potentially sues companies for environmental violations has largely been left out so far and is also not addressed in the conventions the Act is based on (Tomin, 2022).

Despite the new EU draft which eradicates some of the above shortcomings -it can be doubted that stronger policies specifically targeting tourism will be implanted anytime soon – with the official bodies like World Tourism and Travel Council and World Tourism Organisation promoting a growth in tourism and thus pushing policies rather in this direction than in a direction that would restrain tourism (Mowforth and Munt, 2003) – so the task lies with the destinations, hotels, service suppliers and TOs to facilitate change.

## 5.2. CSR for SME Tour Operators – challenges and opportunities to change

With increasing societal and institutional pressure for a more responsible and sustainable (tourism) industry, companies have to become active and take the lead in transforming the industry (McKercher, 1993). On a larger scale, CSR does not yet seem to have much of an influence in the industry, which, however, seems in desperate need of one, if it does not want to strip itself of what makes it so attractive – its natural environment and local (host) communities. Large TOs like TUI have long invest into CSR and sustainability – on their TUI Group homepage goals, achievements, their own foundation etc. are presented (TUI Group, 2023a). SME TOs, especially those focused on roundtrips, have initiated associations like forum anders reisen e.V. in order to act and push tourism to be socially and environmentally friendly. However, the majority of TOs don’t seem to invest into CSR just yet to foster a large-scale change. TOs can play a major in leading the industry to a more sustainable one – they are responsible in assembling the holiday product by combining various products and services (van Wijk and Persoon, 2006) and ultimately in general do have the choice with which supplier they work. There are several platforms focusing on selling sustainable travel (fairweg.de, Goodtravel.de) but within the industry they did not yet lead to major change.

However, as the above-mentioned Due Diligence act neglects SME TOs the question arises if these businesses themselves should take on responsibility and invest in CSR. As there are numerous SME TOs not only in Germany but throughout the European market, the influence they could bear should not be underestimated. Especially in these smaller TOs, passion and love for the industry are often the key drivers to push for a more responsible tourism approach and ensure that future generations get to enjoy the same (Miller, 2001). However, the challenges they face is less ‘control’ over their DMC-, hotel- and destination partners as simply their buying power is limited and also often the supplier rates, they receive are not compatible with the rate that had been bulk-negotiation for the TOs with bigger booking volumes (Miller, 2001). And with an increasing price-pressure – often due to overcapacity – margins are dropping even further (van der Duim and van Marwijk, 2006) in an industry where margins are in the low two number digits anyways. There also is not much room to increase margins as the rates are very transparent and clients can easily check them online directly with the hotel or with other TOs. This holds particularly true for trips with only a flight, transfer and a hotel. This price pressure obviously translates into even lower margins and hence lower profits from which to invest into CSR activities from (Miller, 2001). Additionally, SME TOs often do not have the financial liquidity to hedge currency – this means with the constant fluctuation in exchange rates, calculating offers for trips that take place in a years’ time is highly vulnerable. This can go as far, that TOs do actually lose all their profit margin. Hence, a hesitancy towards committing to spending money on CSR activities in such volatile times can build up; and despite all the passion for the industry and sustainable in order to stay in business the company doe have make a profit to sustain employees. Particularly with small and medium enterprises the resources to focus on CSR are often limited – especially now after COVID and the current shortage of skilled employees. If TOs do decide to invest, Johann (2022) certifies that international tour operators in general seem so far to focus on philanthropy instead of focusing on the supply chain management. Moreover, Johann (2022) also claims that the focus in SMEs is more ‘on price and quality […] than social and environmental factors in decision-making’. Simultaneously though the SME TOs are usually much more involved and aware on what is actually happening in the destination and through this destination and product knowledge to have a different depth during the consultation process with the clients but also with the local suppliers. So as aforementioned, TOs don’t only have the opportunity to influence the supplier side they equally can (in most cases) also influence the consumers choice – of destination and of hotel (Bastakis, Buhalis and Butler, 2004), and thus, they play a vital role in the tourism value chain. According to industry expert Hieke (2023), there is movement in the industry; like mentioned above no conference is by-passing the issue on sustainability and responsibility anymore.

So far though, looking at SME TOs, investment and involvement in CSR is rather limited according to a study from Brammer and Pavelin (2004). They explain this phenomenon due to larger companies facing more public pressure, more stakeholders to satisfy and also a higher visibility -which could again be an indication that CSR at least partly is included to secure brand image and resilience. Especially for SMEs the task of including sustainable and CSR activities in their business operations can be perceived as an overwhelming task. The implementation of CSR-management systems to control their efforts often is out of their comprehension and they focus more on local action (Gogoll and Wenke, 2017). However, especially in tourism the more harmful effect does not happen locally but in the host destination – hence, it is recommended to extend the scope of CSR action beyond this local approach. And as Rishi, Jauhari and Joshi (2015) identified in their study, travel agents (also in the sense of employees at TOs selling to direct clients) do have the influence to nudge clients into a more sustainable travel choice or a contribution to a certain project. On a very low-key nudge, there are international initiative like ‘pack-for-a-purpose’ where travellers can check what supplies are needed at certain projects world-wide and bring this along; this goes from pencils to band-aids to clothing etc. and TOs can point that out in their travel documents. Therefore, TOs need to have the knowledge of what supplier companies are invested in CSR themselves – and due to the closer bonds with the destinations and suppliers many SME TOs have this knowledge advantage. Circling back to the three categories sustainable luxury companies can base their values on, through simple and easy nudges, helping other can reduce the perceived guilt that sometimes is related to luxury purchases (Hagtvedt and Patrick, 2016). Especially if client travel to poor countries, contributing to social and environmental causes can help reduce that perceived guilt and induce a feeling of having done something good.

However, by only doing this, TOs as such have not taken on responsibility on their own. One option is to apply for one of the certification schemes. The SME TO can get certified through these schemes and also ask their direct suppliers to get certified through one of the accredited certification bodies. As mentioned in the preceding chapters, the GSTC suggested various different certification bodies which are following their guidelines. Those certifications do cost an annual membership fee which has to be borne by the participant and usually does depend on the company size. The certification bodies provide a guideline of what needs to be implemented and companies can independently work on this – often there also is no limited time horizon for this. Depending on the certificate which is aspired an auditing will take place and certificate granted. So, these certifications can be a mean for TOs to get their direct suppliers to act in accordance with sustainable tourism measures and thus also take on CSR. The trickle-down effect would effectively lead to more TOs collaborating with responsible local partners. However, on the side of the TO it means having dedicated staff to be involved in this process – to educate colleagues, to change systems and processes and to report the same. So, this obviously is a cost factor which needs to be considered on the TO side as there either needs to be new staff employed particularly for this or existing staff has to take time aside from sales to incorporate these tasks into daily routing resulting in less sales and less profit for the TO. Another risk factor, when pushing for supplier to get certified however, is the risk that suppliers are not willing to invest the time into such certifications and would eventually stop working with the respective TO. As described before, especially the SME TOs do not have the influence and buying power to convince undiscerning suppliers and they would turn have to look for a new partner, which again comes with risks which are partly bound to the peculiarities about the tourism product/service. The only way to assess a product is by either sending paying clients or investing time and money to send employees and even then, the same service quality cannot be repeated, which comes with the nature of services that involve human interaction. The certification market at the moment is quite divers, with a number of certifications bodies for TOs but also for accommodation. Currently the market here, is also evolving and maturing. It can be carefully hypothesized that in the near future a consolidation will take place and only a few dominating certification bodies will emerge (Hielke, 2023).

Another option could be the way of CRM – cause related donations which are tied to sales. Especially, due to the close relationship, SME TOs could get to know first-hand from their suppliers, where support locally is needed the most. And then, a certain percentage of sales into this specific destination can then be donated as it is done in various cases already.

Leaving this aside another approach, Pérez-Pineda, Alcaraz and Colón (2017) identified in their research, is the concept first mentioned by Ryan (2002) of a “sustained value creation” which is finding more relevance throughout the literature – which could also be a valuable approach for integrating more CSR-relevant actions into the travel and tourism industry. The concept – forming a part of business strategy, aims to create positive results for stakeholders like communities, the environment as well as tourist through productive relationships (Ryan, 2002) with the relevant stakeholder groups who are being affected by company’s operations trying to achieve their corporate goals. Instead of mere reactive measures and activities (Rubio-Andrada, Alonso-Almeida, & Rodrígues-Antón, 2011) relevant groups are included into the discussion, which in essence resembles a stakeholder dialogue in order to establish sustainable tourism activities that add value and corporate as well as social benefits (Rivera, 2004). The concept is basically congruent with a shared value chain approach. All relevant stakeholders are being included to ensure that a value chain is developed which has a positive impact on the involved parties which fosters trust along the value chain and those involved (Gogoll and Wenke, 2017). This approach is mostly suitable for regions/countries developing a destination – were occasionally also TOs are involved (see El Gouna in Egypt or Salalah in Oman, where the TO FTI and his major shareholder Samih Sawiris played a major role). However, taking the multitude of stakeholders involved in tourism into account, these processes are hardly executable including all stakeholders and hence a prioritization would have to be done. While recognising these approaches to be very valuable in the development of a more sustainable destination development and tourism approach, it’s not realistic for SME TOs. Therefore, an approach through certifications or cause related donations could be a first step and easier to implement step during which SME TOs get guidance through the certification bodies in how to become more sustainable themselves but also demand the same from their partners. Having gone through the process themselves, SME TOs can function as leaders is in the industry and equally also explain their supplier partners what the processes entail and what the benefits are. In comparison to CRM- initiatives, which are easily to implement, certification will force TOs to review their supply chain and eventually adapt their businesses process. Despite all good intentions and willingness to invest into CSR, the foundation of the business still has to be kept viable and this is economic profitability; without this, CSR activities in whatever form cannot be conducted. To secure business and especially repeat business, traveller have to feel comfortable and trust the respective TO. For SME TOs, especially the once focusing on private guided-roundtrips or guided study-trips, the local guide and communities become a key part in this. During such trip there is a close interaction between the travellers and the local suppliers over an extended period of time and hence, these local suppliers usually become the most crucial ambassador of the TOs in the destination – and paradoxically enough, these are often third-party suppliers without any fixed/permanent contracts most vulnerable to mistreatment in the chain (ECPAT International, 2022). It is irrespectively of the budget, if in a low-budget or in a luxury environment, the influences third parties can have on the overall evaluation of the trip and thus, the reputation of the company is tremendous. So, for all TO segments, also for luxury travel, it also is inevitable to invest into CSR. As the preceding paragraph have shown, caring for environmental and social aspects has turned into an implicit need which needs to be acknowledged and included into business operations. Fortunately, in the more upmarket segment, especially hotels have already started actioning along the triple bottom line and a number of hotel companies do have CSR activities in place. They often operate in highly vulnerable destinations/regions where the natural environment often is a key aspect and major part of the experience. Beside premium prices ranging up to multiple thousand US$ per night per person, they also charge conservations levies or other charges that will be collected and given back to the communities or other worthy causes. For example, the safari company Asilia assigns five US$ per night per person to their own charity foundation which supports wildlife projects and community projects in the areas they operate in – which would also identify as cause-related donations. The hotel chain Six Senses Hotels Resorts Spas (now belonging to IHG) assigns 0,5 percent of their revenue; 100 percent of soft toy sales and donations as well as 50 percent of their house-bottled water sales to local causes to improve quality of life for humans and nature affected by the operations. In their approach to sustainability, they break it down to: ‘we’re all part of the global community on a shared Earth. That’s why you don’t just observe the local heritage or ecology while you’re with us – you’re part of it. You can even help us give back to it’ (Six Senses Hotels Resort Spas, 2023). The impact they make is being reported on their corporate homepage.

Not only for hotels but for the entire destinations itself, a balance between the regional tourism development and the protection of environment and society needs to be achieved. Eventually, the level of sustainable development can result in securing a long-term competitiveness over other destinations (Janusz and Baidor, 2013). Additionally, for many destinations with elevated level of poverty and a vulnerable community, private initiatives, like the once from the hotels and TO can play a pivotal role in the development of these communities (Croes, 2014). In the study of Pérez-Pineda, Alcaraz and Colón (2017) one interviewee stated that often the donations coming from tourism activities are essentially needed to keep institutions like schools up and running, prevent them from falling apart and being badly equipped.

As aforementioned, this sustainable benchmark does come with its price which cannot be neglected. Especially in individually, family-owned SME business in the tourism industry income vs. cost has to be considered and evaluated carefully (Tasci, 2017). Especially the small TOs often simply don’t have the financial back-ups to employ a dedicated person taking care about incorporating CSR activities into their daily business. In an industry, which is characterised by low profit-margins, the first and foremost concern for the company is to cover all costs and to generate profit, which all too often is generated through large numbers of bookings or through high-value bookings. Nevertheless, it is inevitable that the entire industry does start to protect what eventually keeps their business alive. In this area of tension, compromises have to be found between tourism (its development) and the protection of the local life while equally preserving income opportunities for those people dependent on tourism. As the president of Six Senses once said – they are still a hospitality company who try to act as sustainable as possible; but they are not a sustainability company additionally offering hospitality and accommodation services.

Concluding from this – in the luxury segment, with clients willing to spend lager sums of money on holiday anyways, SME TOs do have a growing number of suppliers who are invested into CSR already and they can choose accordingly. Obviously, that does come with a time effort as constant education needs to happen and it can also not be imposed onto one person alone – the entire office needs to share that knowledge.

Having the paradox in mind, that tourists are attracted which equally is being destroyed through the tourism flows, it become inevitable that SME TOs start to get invested into CSR as well if they want to remain in the business long-term. Disregarding these facts and considering more austere approach: chances that the scope of the Due Diligence will be extended to smaller TOs is not unlikely. Starting to review business processes and supply chains already can give an advantage over competitors in the future. Moreover, it will align SME TOs with the large TOs and the risk of falling behind is eradicated.

Despite the deviating views of consumers on CSR activities, SME TOs can take the opportunity and to educate and nudge their clients into a more responsible direction. As eventually though TOs alone cannot do the job – a major force accelerating this change and changing the trajectory of tourism are the travellers themselves (Miller, 2001). Through their behaviour they can add a valuable aspect in changing the impacts of tourism. With a lack of demand throughout the greater part of society it is the responsibility to the supplier side to push for forms of tourism which are sustainable and to transform tourism towards a socially and environmentally friendly option. The call is not on individual sectors of the supplier side, but a multi-stakeholder approach is needed: Destinations and their regional governments, DMCs, TOs and TAs are in a tight spot to initiate change if they want to secure the basis for the future business success.

# 6. Conclusion

For a long-time already, the several stakeholders have demanded players of the tourism industry to become more sustainable and to take on responsibility for the consequences that ever-increasing tourism numbers cause on the local natural and social environment. Even before COVID, official bodies like the UNWTO demanded to respect and incorporate the SDGs into business operations; however, while equally promoting constant tourism growth (Soratana et al., 2021).

During the COVID pandemic, when tourism came to stand still, the dilemma of the industry became very clearly evident. While in many places the natural environment recovered and started to flourish again, the societal consequence was tremendous. Millions of jobs in partly highly on tourism dependent destination were at stake and people lost the basis of their livelihood (UNWTO, 2023a). Following COVID calls for a more sustainable and responsible form of tourism were yet again became loud. Tourism can be regarded as major driver for economic growth especially in developing countries (Kataya, 2021; UNWTO, 2021a; Gossling, 2012; Gumede and Nzama, 2019; Manrai, Lascu and Manrai, 2020) and the industry and tourism related industries have provided an income for countless people world-wide. Simultaneously though, it can pose a major threat on the local culture and environment. The paradox of tourism – what attract tourist flow will eventually be harmed by the very same. When demanding tourism growth and tourism development to stop this has to be carefully considered. There is not only an ecological side but also a social and economic side. This triple bottom line has to be evaluated and priorities have to be defined. What might help the environment can have a severe effect on the community and also on the economy; so there always is a trade-off which needs to be considered.

The tourism system is a highly complex system underlying various influences and interdependence which also have to reviewed and assessed in an effort to change the industry’s approach to sustainability. In Germany alone, there are 2.300 TOs (DRV, 2021) with very different approaches to travel. One of the latest niche developments are TOs focusing on luxury travel, meaning the average spending is much higher. Throughout the literature, research on CSR in the luxury, especially in the luxury service industry is still scarce and only recently attracted research attention (Thomsen et al. 2020). Especially for luxury focused TOs though it can be crucial to understand how their clients perceive and react to CSR activities. In tourism CSR is a way of reaching a more sustainable and responsible form of tourism. CSR has a variation of definitions and can be regarded as a highly complex construct. At the core based on the ISO definition implies that organizations need to take over responsibility for their actions and the consequence those have on society and environment to foster a sustainable development. As there is no generally agreed definition CSR can also be seen as an umbrella term for various different activities. As benefits of a socially and environmentally- friendly behaviour the ISO points out competitive advantage, improved brand image and overall, a generally positive influence on employees and various other stakeholders (ISO, 2018). Hence, incorporating CSR activities into business operations has on the one side a positive effect on society and environment at large and on the other hand it can also be considered an investment into the company with the potential benefits as mentioned above. CSR has become more than simply being a good citizen and contributing to society and environment, it has become a strategic development tool for companies and the real drivers behind CSR activities often remain in the dark for customers. Reviewing current studies on the effects of CSR though, the economic benefit can be questions and the studies are very inconclusive regarding the effect of CSR on various variables.

Throughout the luxury industry there is a debate if luxury and sustainability are two congruent or two opposing concepts (Achabou and Dekhili, 2013; Davies, Lee and Ahonkhai, 2012; Kapferer and Michaut-Denizeau 2014). Also results here are inconclusive; for some client segment the two go well together for other they don’t. But with a general shift in society towards a more sustainable and responsible, it can be hypothesized that for luxury client’s sustainability has become an implicit need and luxury brands are automatically assumed to take care of these aspects as well. In the tourism industry, particularly accommodation providers in the upmarket segment are regularly incorporating CSR activities. These activities can range from wildlife relocations to offering employment and education to local communities.

In Germany so far, CSR activities were largely based on voluntary basis. The Due Diligence Act, even though not specifically developed for tourism but for all industries, it is a first step in holding companies accountable for their actions and for their supply chains. However, looking at the TOs industry in Germany, only a very small number of TOs are included under the Act and thus, most likely only very little change for the industry will result out of that. It might even take away further voluntary initiatives, like re-evaluating the product portfolio in reference to sustainable actions as the bureaucratic burden is high. So, for SME TOs there will hardly be any effect, unless they happen to work with the same suppliers as the TOs falling under the Act. Despite the shortcoming and very limited scope of the Act on the TO industry, the need to get involved into CSR become more pressing due to a number of reasons. As outlined above there are many smaller steps that can be taken successively and sequentially to nudge clients into a more sustainable behaviour, to review the own companies CSR possibilities and eventually also to review the supply chain in this regard and thus, gradually build a more sustainable and responsible approach to tourism. As mentioned above the industry needs to get involved if they don’t want to destroy the very foundation the business is built upon. As a sustainable benchmark does come with cost (Tasci, 2017) , it remains inevitable that SME TOs in a very price transparent industry remain competitive and economic success needs to be secured. This is the very foundation for business to stay vital and to actually be able to invest into CSR. So eventually there will always be a trade-off between the dimension of economic, environmental and social. All three dimensions are highly interconnected and a change in one dimension can mean a massive effect in the other dimension.

CSR can come with a positive economic benefit but equally it this means that more funds are available to be reinvested into CSR activities – as long as clients and stakeholders are not misled by the activities and they do do good, a positive economic benefit for the company itself can hardly be considered reprehensible. If it would be, then the question is, when do companies need to stop CSR, what positive return can still be seen as acceptable and when is the limit. Especially looking at tourism, the industry has helped a great number of people to be employed, it still is resorting and relocating wildlife in for example Africa where human action have previously led to a near extinction of species etc. The challenge now is, to change the industry and steer tourism into a direction of providing economic benefit for individuals, maintain the same in the region while equally protecting the environment and society.

In the light of the above, more research is required into the aspects of CSR and the luxury tourism service and how travellers can be included into a more responsible development. There is also more research needed in general on the effects of tourism in the respective destinations and what measures can be taken to counteract this, and also how SME TOs can include CSR actions into their business on a daily basis. The field of further research is quite large – but the need to action is immediate in order to secure a long-term future business perspective.

# Bibliography

# Disclosure

The author has extensive work-experience in various positions in the industry and currently works for a SME TOs which equally operates a DMC and an accommodation abroad. Therefore, the knowledge of business processes and operations is given.

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