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CSR Practices and Sustainable Business Management Practices in Tour Operators: Gen Z Perspectives

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2021 TTRA Canada Virtual Conference (Conceptual Paper)
CSR Practices and Sustainable Business Management Practices in Tour Operators: Gen Z Perspectives

Abstract

In the tourism industry sustainability is a significant practice. Tour operators are encouraged to participate in this practice according to their respective roles in the business. Previous literature mainly focused on customers' perspectives on hotel's sustainable business practices and CSR practices. However, there is a dearth of empirical studies on the tour operators' businesses performance, CSR practices, and Gen Z customers' perceptions. As Gen Z customers are highly environmental consciousness and ecological awareness and considered more eco-friendly products and these essential aspects can be fulfilled by trust. Therefore, this study will examine the relationship between sustainable business management practices and Corporate Social Responsibility (CSR), and trust on the tour operators' businesses performance from Gen Z customers' perspectives in Vancouver, Canada and Dhaka, Bangladesh. A quantitative approach (web-based survey) will be employed based on the current literature to collect data from Gen Z customers with both the sample area. It is anticipated that this study will be strengthening the existing literature by providing insight into the adoption of sustainable tourism practices in Vancouver and Dhaka.

Keywords: Corporate Social Responsibility, Sustainable Tourism, Customer Perceptions, Trust, Gen Z, Tour Operators.

CSR Practices and Sustainable Business Management Practices in Tour Operators: Gen Z Perspectives (Conceptual Paper)

Introduction

Interest in social, economic, and environmental issues are growing and reflected in increasing consumer preferences for products and services (Giesler & Veresiu, 2014). Thus, organizational dynamic, especially in the tourism sector, that encourages Corporate Social Responsibility (CSR) and sustainable tourism practices are the key elements of added value for the customer, society, and the company. One way of adding value is through trust which is a crucial factor in the services industry due to its important role in the management of such firms (Gummeson, 1994). CSR has become an important strategic tool to build trust and confidence of stakeholders, and therefore CSR has been instituted as a source of competitiveness for businesses (Perrini, Castaldo, Misani, & Tencati, 2010). On the other hand, sustainable practices are proven to be a significant components of global tourism development. UNWTO (2005) highlighted key elements of sustainable tourism development include the prime use of environmental resources, looking after essential ecological processes, the conservation of natural resources, and the biodiversity of the destination. Therefore, the involvement of tour operators in both business and destination sustainability is vital to consumers in the travel industry (Fuza, Ismail, & Isa, 2015).

Another crucial aspect, but underexplored customers' perceptions (hereby Gen Z) under tour operator's domain, area of research mostly focuses on customers' perspectives on hotel's CSR practices (e.g., Levy & Duverger, 2010). While, Sen and Bhattacharya (2001) demonstrated that CSR practices lead to the development of new products, increase profitability, and even increase employee satisfaction and loyalty.

Existing research highlighted that Gen Z population is comprised 32% of the global community of 7.7 billion in 2019 and will dominate the consumer market (Su, Tsai, Chen, & Lv, 2019), and have a strong sense of social responsibility and greater interest in sustainable development goals (Yamane & Kaneko, 2021). To date, studies have noted that there is relative lack of empirical studies from Gen Z customers' perspectives to examine the relationship between sustainable tourism practices namely sustainable business management and CSR on the tour operators' businesses especially from Vancouver, Canada and Dhaka, Bangladesh context. This study is based on interdisciplinary platform where both tourism and the business management field incorporated to create a framework on the intension to adopt sustainable tourism practices with the business performance model. The conceptual framework of this study is illustrated in Figure 1 (see Appendix A).

Literature review and hypotheses development

CSR and Sustainable Tourism

Dahlsrud (2008) argued that the term Corporate Social Responsibility (CSR) has been defined in five dimensions: social, voluntariness, stakeholders, economic, and environmental. However, most of the definitions have some or all those five dimensions and commonly covered the dimensions of stakeholder, social, and economic perspective (Commission of the European Communities, 2001; Dahlsrud, 2008). In the literature several studies have examined CSR in tourism (Kasim, 2006; Henderson, 2007). However, Alvarez Gil, Jimenez, and Lorente (2001) argued that most companies are too focused on short-term goals such as the drive for profit maximization rather than long-term goals such as corporate sustainable development. While, Kasim (2006) highlighted that there are need for stronger community, social, and environmental considerations by tourism corporations for stronger relationship between tourism companies and the physical and social environments in which they operate.

CSR practices in the Tour Operators

Sahay (2010) have emphasized that the strategic CSR relates business objectives to CSR practices by adopting proactive strategies. For example, cosmetic industry sells environmentally and conscious products by using natural ingredients and banning animal products, an advocating no wasteful package should be used (Quarter, 2000). Likewise, accommodation sector (e.g., hotels) has also put considerable effort into CSR practices (e.g., community, environment, vision and values, marketplace, and workforce) (Farrington, Curran, Gori, O'Gorman, & Queenan, 2017). Similarly, a wealth of research has emphasized on single aspects of relationship between tour operators and sustainability (e.g., Araña, & León, 2020). In contrast very, limited research claimed that tourism operators failed to recognize future tourists' perceptions due to the lack of enough perceived demands for sustainable products, CSR actions are too expensive, lack of qualified human resources and CSR knowledge, and the belief that tour operators are too small to generate changes and government should take initiatives (Font & McCabe, 2017). However, a tour operator's CSR program can be part of its reputation management and could increase the firm's value to have a visible marketing advantage (e.g., Kang, Lee, & Huh, 2010).

Tour Operators' Sustainable Tourism Practices and Customer Perceptions

Swarbrooke (1999) stated that the term sustainable tourism is often interchanged with responsible tourism, alternative tourism, ecotourism, environmentally friendly tourism, and soft tourism. Recently, sustainable tourism has also evolved as green tourism, nature tourism, corporate social responsibility, and supply chain management (Hall, 2015; Hamid & Isa, 2018). Previous literature has demonstrated various elements related to sustainable tourism practices, mainly facility design sustainable system, legal compliances, employee development, conserving resources, preserving environment, customer satisfaction, sustainability marketing, community development, benefits of cultural heritage, the efforts of supply chain, and sustainable business management practices (e.g., Hamid, Isa, & Kiumarsi, 2020). Studies by Zailani, Iranmanesh, Yusof, and Ansari (2015) and Le and Hollenhorst (2005) stresses that there are many areas that related to tour operators are affecting the performance of an organization and needed to be examined. We therefore propose that:

H1: There is a significant relationship between Sustainable Business Management Practices and Customer Perceptions

Tour Operators' CSR Practices and Customer Perceptions

The effect of CSR practices on customer perceptions in respect of perceived service quality, willingness to pay for premium, and brand image are identified in various studies (Lovelock & Wright, 2001; Kang & James, 2004; Yuen, Thai, & Wong, 2016). Similarly, many studies from consumers behaviour and hospitality context indicated that there is a favorable relationship between CSR practices and brand image and can be used for as a tool for reputation building or can enhance and strengthen a company's legitimacy (Carroll & Shabana, 2010). We therefore hypothesize that:

H2: There is a significant relationship between CSR Practices and Customer Perceptions

The Role of Trust as a Mediator

Trust is fundamentally important in establishing a long-term relationship within any business ecosystem (Halliburton & Poenaru, 2010). Esen (2012) demonstrated "trust improves interactions between individuals and organizations, reduces uncertainty in negotiations and improves cooperation among partners" (p. 47). In relationship-oriented marketing, trust is a central mediating variable of relationships and an instrument to develop and maintain mutually profitable relationships (Palmatier, Jarvis, Bechhoff, & Kardes, 2006). Trust can also be an essential factor in consumers' purchasing decisions (Swaen & Chumpitaz, 2008). Roy, Hall, & Ballantine (2017) argue that the role of trust as an important coordination mechanism that reduces uncertainty and helps improved performance and competitive advantages in tourism and hospitality organizations. In the CSR context, CSR practices contribute to improving the company's efficacy through satisfaction and loyalty with trust in the organization and trust is a critical mediator between corporate practices and corporate image (Choi & La, 2013). We therefore posit that:

H3: Trust mediates the relationship between Sustainable Business Management and Customer Perceptions

H4: Trust mediates the relationship between Corporate Social Responsibility and Customer Perceptions.

Methodology

Two locations (Vancouver, Canada and Dhaka, Bangladesh) are selected for this study because they are considered a good basis of comparison of the factors (e.g., demographics, culture, and geography) that limits the development of customer perceptions. The data for this study will be collected through a survey (online) to obtain the opinion of the customer perceptions through a self-administered questionnaire format of a 7-point Likert scale and the survey will be conducted simultaneously to identify possible distinctions between the two sample groups. The targeted sample will be constituted respondents of Gen Z customers in Vancouver and Dhaka. The common method bias test will be performed through the exploratory factor analysis with an unrotated factor solution using SPSS. The data will be analyzed using SEM – PLS 3.0 to examine the relationship between the adoption of sustainable tourism practices that addressed sustainable business management and CSR practices with trust and customer perceptions. For improve the validity and reliability of this study, Cronbach's alpha or coefficient alpha will be used (Pallant, 2011)

Conclusions

Overall, this study will provide valuable knowledge and directions to develop clear and informed strategies for the tour operators wishing to better planning sustainable business practices and CSR planning in the future. The study will also contribute to knowledge by adding sustainable tour operator's perspective in literature that has limited to date, mainly focused on hotels.

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Appendix A

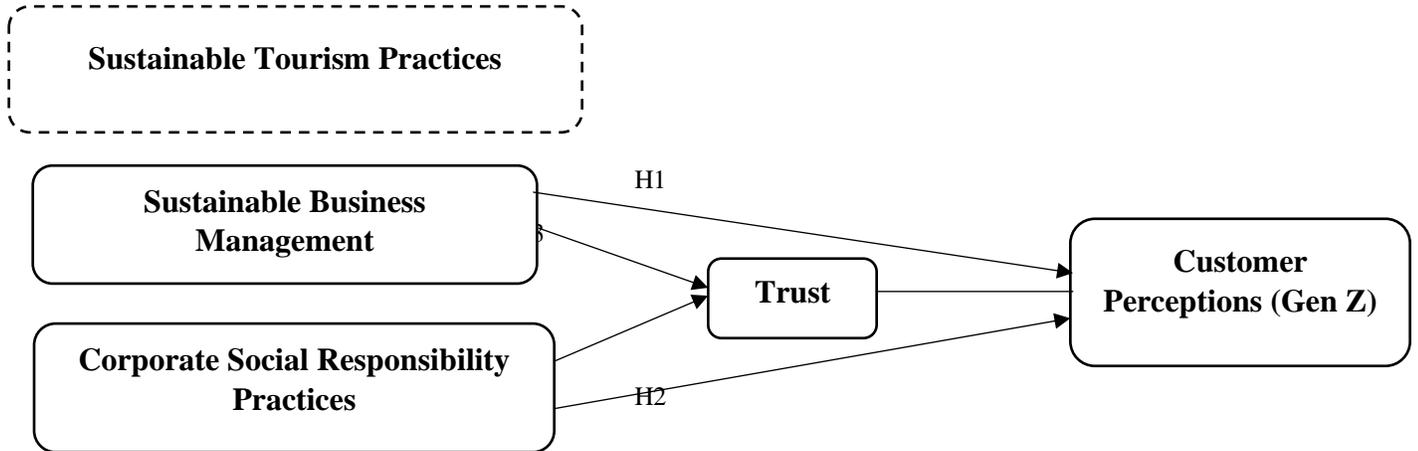


Figure 1. Conceptual research framework