

## **Holding Corporate Social Responsibility to account: its applicability in tourism development**

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## Abstract

Tourism was introduced in Elmina and Cape Coast, (Ghana, Africa) home to three World Heritage Sites (slave dungeons during transatlantic slave trade) as a means to poverty reduction. However, almost fifteen years later, this was not achieved. A participatory approach to research revealed that lack of Corporate Social Responsibility (CSR) from the government, tourism intermediaries and developmental institutions was the key factor behind this failure. So far within the tourism industry no tangible areas of responsibility for sustainable tourism development were found and not even the host governments expressed concern for it. However, it could be argued that the intelligent application of [C (SR)][1] can lead to poverty reduction if it is practiced in a holistic, responsible, transparent and accountable manner.

## **Introduction**

Tourism was introduced to many developing countries within Africa (Ghana inclusive) and beyond as an additional sector or industry for economic growth and development. It was an outcome of the outward-oriented, neo-liberal developmental thinking, which was actively encouraged by the World Bank Group (WBG) and the International Monetary Fund (IMF) via the Structural Adjustment Lending mechanisms. Tourism was placed in the same category as any other non-traditional export-oriented industry employed to stimulate rapid growth (Brohman, 1996). However, historical relations, which mainly stem from colonialism, have determined the terms and conditions of the process of development. The dependency syndrome left behind by colonials, and manifested through "... the colonial legacy of export economics, the presence of extraction industries, and the sale of natural resources by governments to the higher corporate bidders", had as a result the marginalization of most poor people "...by more powerful actors, be the landlords, corporations or governments" (Broad & Cavanagh, 2006, p.24). Therefore, despite the efforts of many development agencies for sustainable tourism development and poverty reduction, tourism did not deliver the expected results, since it did not manage to improve the livelihoods of the grassroot people.

In the light of these acknowledgements, it could be argued that the intelligent application of CSR can lead to poverty reduction. Even though CSR as a concept is still at an embryonic stage (Castka et al., 2004), especially in the tourism sector, its importance for poverty reduction through sustainable tourism development is slowly being realized. However, this has to be practiced in a holistic, transparent and accountable manner; because poverty is a dynamic phenomenon and its handling requires an approach at all levels more so as development itself is a multidimensional phenomenon.

Accordingly, Henry Ford II said in his speech at the Harvard Business School in 1969: "The terms of the contract between industry and society are changing...now we are being asked to serve a wider range of human values and to accept an obligation to members of the public with whom we have no commercial transactions" (Chewning et al., 1990, p.207).

### **[C (SR)] and its applicability in developing countries within Africa and beyond**

The highly centralized nature of tourism along with "... the high level of vertical integration in the tourism industry, involving western travel agencies, airlines and hotels, means that much of the economic gains do not reach the country that is the tourism destination" (Azarya, 2004, p.959).

Inadequate funds and technical support limit the ability of governments to develop the industry independently, and they rely on Multi-National Corporations (MNCs), either through direct

foreign ownership or joint ventures, for the establishment and further operation of the industry. As a result, local participation is insignificant due to lack of funds and skills, which in effect leads to inequalities and capital leakage out of the country, which also reduces foreign exchange earnings. “[E]ven within the country, most of the profits go to the elite, the middle people, persons already wealthy and with political influence” (Azarya, 2004, p.959). Escobar (1995) describes this condition of exploitation and dependency as a form of neocolonialism. The periphery depends once again on the core or metropolis, which this time is represented by the MNCs and/or Multi-National Organizations (MNOs). Therefore he challenges the power dynamics prevailing between the so called ‘beneficiaries’ and the professionals.

Further, the various stakeholders in particular destinations, including foreign and domestic tour operators, have failed to identify tangible areas of responsibility for sustainable development (Kalisch, 2002). Not even host governments have expressed concern about the accountability of tourism corporations to an extent where the activities of such entities are reviewed. This is because tourism, especially in some developing countries, is the main generator of foreign exchange. In addition the nature of tourism is also very political. In many developing countries within Africa and beyond the articulation of the interests of the poor majority is weak and their voice is hardly heard at all in local politics. Where local authorities are endowed with the legal powers to regulate the effects of tourism through planning controls and responsibilities for municipal services, they often lack the human resources to grasp the issues involved. In other cases, the community has little or no legal authority to deal with development and such powers are vested in central or provincial governments. The issue of local community interests cannot, by itself, determine the desirability of a tourism project. However, if social impacts are to be taken into account, and no undue weight is to be given to economic considerations, then, the voices of those belonging in the lowest strata of society, the ‘subalterns’ as Escobar (1995) calls them, have to be heard. This could be facilitated through a change in the decision makers’ way of thinking accompanied by a transformation of both social and political institutions.

The practice of [C (SR)] may gradually assist this transformation since the tackling of poverty is a social obligation for governments, MNCs and MNOs at national, intergovernmental and supra-national levels especially with its institutionalization within the Millennium Development Goals. Even though the natural home of CSR is of course in corporations the theories emerging with regard to CSR of MNCs, for the specific needs of this paper will mainly apply to MNOs and governmental institutions.

This is based on the rationale that there is “... [a] symbiotic relationship between governments, MNCs and MNOs, which has developed since the empowerment of MNCs and MNOs such as the WBG and the IMF in the 1960s” (Perkins, 2004, p.16);

which in effect means that the empowerment of the MNC’s and MNO’s made governments to depend on them mainly for financial reasons and therefore an interlinkage was established between the above institutions and the governments, where the former depend on the latter and

vice versa. Tourism is a sector that is actively promoted by the above mentioned institutions in order to act as a catalyst for development and to fight poverty.

### **Tourism development in Ghana, Elmina and Cape Coast inclusive**

Tourism development in Ghana has been a slow and challenging process due to various constraints, among them: political instability caused by the uprising for independence; successive coups d'état; lack of tourist infrastructure; inadequate transportation network; telecommunications; poor provision of hotel and restaurant services; poor planning; absence of interest on behalf of the government and the private sectors; a weak economy and the dependency syndrome created through aid mechanisms. However, it could be argued these unfortunate political and economic challenges had a 'positive' effect on the way tourism developed in the country, in the sense that it did not follow the mass tourism stereotype pursued by many African countries such as the Gambia and Kenya. The 'negative' outcome was that the country being relatively new to the phenomenon of tourism, created a non-competitive environment, which allows those involved in the tourism and hospitality industry to overcharge, and consequently, unwittingly to contribute to fewer arrivals. According to the information made available by the GTB currently tourism in Ghana contributes 5% of the country's GDP, whilst it is growing at a rate of 12% per year. In 2005, international tourist arrivals increased to 408,187 from 145,780 in 1985; while foreign exchange earnings amounted to US\$ 795,000,000.

In Elmina and Cape Coast tourism was a sector sought after for development of the Central Regional Development Commission (CEDECOM). In order to fund the implementation of their plans, CEDECOM approached the United Nations Development Programme (UNDP) and the United States Agency for International Development (USAID), which contacted the Debt for Development Coalition (DDC) for a 'debt swap' arrangement. The DDC contacted and assigned as a project organizer the Midwestern Consortium for International Activities. For the implementation of the project four sub-contractors were hired: the University of Minnesota, the Smithsonian Institute, the United States Committee of the International Council on Monuments and Sites (US/ICOMOS), and Conservation International. At a national level, Shell Oil (Ghana) Limited and Ghana Museum and Monuments Board (GMMB) have also contributed to the funding of the project while the Universities of Ghana at Legon and Cape Coast have assisted in the training of museum employees and administration of the exhibits. As a result of this cooperation the Natural Resource Conservation and Historic Preservation project was implemented. The project entailed the rehabilitation and transformation of the castles and the fortress into heritage attractions; the creation of 'Kakum National Park' from two neighboring forest reserves; the promotion, and marketing of the place; and the training of local staff.

It is part of this project with regards to the three World Heritage Sites, namely Elmina Castle or St George's Castle, and Fort St Jago located in Elmina, and Cape Coast or Carolsburg Castle located in Cape Coast that this research is focusing at. In 1972, these castles and forts were recognized as World Heritage Sites by UNESCO, because of their unique roles, serving as

European trading posts, and later as slave trading posts. For almost 400 years slaves from the West African Coasts were assembled in these castles and then shipped across the Atlantic, and on to Europe, the Americas, and the West Indies.

This research is original because it explores the controlling interests in the developmental projects by using CSR theories to explain tourism development phenomena and to determine its importance for the sustainability of tourism, especially in these towns. The natural home for CSR is of course in corporations. However, in a situation such as Elmina and Cape Coast where 'controlling interests' do not rest with corporations (there are no large tourist companies operating in the area) the issue of CSR still has to be dealt with. For this reason the theories and frameworks of CSR are applied in the context of [C (SR)] to donor agencies, and to the micro, small or medium travel intermediaries and public institutions (Ministry of Tourism, GMMB and Ghana Tourism Board (GTB), and the University and Polytechnics), that are in effect also the controlling interests in Elmina and Cape Coast.

## **AIM AND OBJECTIVES**

The aim of this paper is to evaluate the developmental project more than 15 years after its initiation in order to address the following objectives: 1) Pinpoint ways in which [C (SR)] application could act as a means of informing tourism, to the benefit of local people; 2) Bring the much wanted foreign exchange for governments; and 3) Elevate the reputation of multilateral organizations, contributing thus to the sustainability of tourism and ultimately to poverty reduction.

## **METHODOLOGY**

A qualitative, epistemological, interpretive approach was followed since knowledge is considered to be socially constructed, and the existence of many views on a single subject is acknowledged. Data collection was based on participatory approaches during a five month's period of comparing and contrasting the tourism systems by involving tourism stakeholders from both locales and Accra (capital city). It was mainly derived from indigenous knowledge because it was felt that this was the most effective way to reflect the views of local people and especially those at the grass-root's level. This specific targeting and evaluation of the on-the-ground situation allowed for a more realistic and factual understanding of the conditions. To accommodate the needs of the project a hybrid research method, named Rapid Situation Analysis (RSA), was developed by combining elements of two other research methods: Rapid Rural Appraisal (RRA) and Participatory Rural Appraisal (PRA) (Pretty et al., 1995). Additional elements were also incorporated into RSA (participant observation; unstructured interviewing; video recording and photographs; and consultation with the local University of Cape Coast). To

analyze the data grounded theory was employed.

Given that the aim was to derive knowledge from both experts and non-experts in the tourism sector, and considering that the researcher was not a member of the communities, the purposive snowballing sampling was selected. This choice allowed the solicitation of help from respondents in identifying the population under study. The bias that might result when a person nominates another acquaintance as an informer was avoided by consulting academics at the University, asking the opinion of the research assistant, who originates from the area, and asking about the background of the person, their experience in the tourism sector and their relevance to the research objective. However, the theoretical sampling principles of the grounded theory's data selection process were followed. 27 people were interviewed on a one-to-one basis and 25 in a focus group. In order to avoid bias three groups were formed which consisted of young people between 19 and 23, women between 19 and 58 and men between 35 and 80 years old. This way the researcher had the opinions of both women and men as well as those of the youth of the communities.

## **FINDINGS AND DISCUSSIONS**

Given that grounded theory was used to analyze the data, the presentation of the findings and discussions will be presented concomitantly in the form of proposals. Given also that the aim and the three objectives are interlinked and interrelated they are also presented concomitantly.

### **The attributes of [C (SR)] with regard to tourism development are the products of colonialism**

The colonizers left behind the legacy of direct exploitation of Ghana's natural resources and created a new order, that of neocolonialism. Even though Palmer (1999) argues that tourism can be perceived as an opportunity to break away from any neocolonial ties and contribute towards more equitable relations, tourism development in the region did not manage to achieve this. On the contrary it is perceived as a new form of colonialism since the developers are dictating the terms and conditions of development as the power dynamics between the developers and the beneficiaries are unequal.

Some interviewees said that "...it is a common belief in this country that nobody is philanthropist. Well the donor agencies they bring their own experts and at the end of the day only 60% of the donation goes to the project the rest 40% goes back for salaries etc. that's a general complaint ... the donor agencies have created a dependency system and hence aid does not work. We have the three 'Bs' that are connected with the Europeans; they brought their bible, their bottle, and their bomb. They captured our money and therefore they have taken away everything. Developed countries can stand on their own feet and do things on their own but as

for us because we are poor these so called agencies come and they say we are helping you”.

Higgins (1968) claims that aid programmes were designed on an ad hoc basis and the rationale behind them was justified at a later stage. Aid was perceived as another way for Western imperial powers to sustain their links and their sphere of influence in economic, political, cultural and military affairs in the post colonial era with their ex-colonies. Consequently, donors have to change their practices. The most constructive way to do that is, as Driscoll and Evans (2004) put it, through reducing operational costs, guaranteeing that aid strengthens capacity, and meeting people's objectives through the implementation of good policies.

**[C (SR)] is a pre-requisite for community participation**

Although participatory development became the new 'buzzword' among developers and practitioners employed either by MNCs, donor agencies, governments or NGOs, in Elmina and Cape Coast the local communities have no share in the revenue accrued from the fees collected by the castles and the government.

“...Accra sucks up everything and the local people who are supposed to benefit do not. We have a local proverb that is translated as follows - it is painful to see somebody eating in your face. You see the food which is very well cooked but you are not invited to take part” said an interviewee.

People are excluded, and as a result of this exclusion from economic benefits people begin to feel indifferent towards the castles' presence in their communities and their use for tourism development. However, sustainable tourism and for that matter appropriate and socially responsible tourism development entails the involvement of the entire community and especially that of the marginalized groups women inclusive. In the communities there is conscious realization that women's basic role is to raise a family. “We are just breeding machines” said a young woman. However, tourism development can positively influence the status of women. The extra income they bring to the household can increase their independence and therefore their involvement in decision making.

Further, in the locales, the benefits are captured by the elite. In a sense participation in these communities complies with the first stage of Pretty's 'typology of participation' in the tourism activity described as 'manipulative participation' where tourism development is controlled by local and non-local powerful, elite groups/entrepreneurs whose decisions are driven by markets. Simanowitz (1997, p. 128) argues “...negative project experiences have led to the realization that project sustainability and viability depends on community involvement. [The] 'outsider knows best' approach where the external agent does the development for the recipients created problems of factors unknown to the implementer disrupting the project objectives and undermining sustainability”. In response to 'factors unknown to the implementer' it is emphasized the importance of 'indigenous knowledge' and lack of participation which may have been detrimental



to the projects' success. Furthermore, I would argue that there is an interrelationship between development and locality and therefore 'appropriate' development for a specific locale is the one that takes into account the life and history of its people (Escobar, 1995).

### **The practice of [C (SR)] may be depicted through skill development and education**

Berger (1994) states that transfer of skills to a community is necessary to reduce external assistance and that education can facilitate this process. However, this research indicated that MNCs, contracted usually by donor agencies to carry out developmental work, failed the local people. They did not focus on developing education and training to the point where the region would be able to stand on its own without any form of external assistance in the form of aid. "...if you want to feed a man teach him how to fish don't give him a fish" said an interviewee. This means that aid alone does not work, education and training are needed. Mueni (2005) argues the plans of the WBG and IMF do not work since they condemn people, especially the young, to a condition of social and moral decay. Human resources training both in the public and private sector and especially at the top level would be a step in the right direction, since these people are the ones who take the decisions that influence the tourism phenomenon. A coherent knowledge of planning, marketing, information, dissemination and evaluation agents are essential for empowering tourism professionals to act as effective cultural agents. Additionally, the most effective way to achieve quick results is a blend between institutional education and on the job training because it will provide a solid base for new entrepreneurs.

### **Weak institutions are detrimental to the practice of [C (SR)] and hence sustainable tourism development**

In the tourism sector, in Elmina and Cape Coast the weak governmental institutions are depicted in the inefficiency of the local authorities to control planning and design a clear policy/strategy for tourism development. Additionally, bureaucracy and fragmentation contributes to further community exclusion. Some interviewees said that "...at times we have projects but they collapse. We call them 'one day wonders' because there are no funds to sustain them ... governmental decisions are not taken according to the benefits of all people. The bureaucracy is so much and so slow moving that nothing can be done in time or even at all. They make policies to help people but they do not implement them". Effective devolution of power would enable authorities both at a district and traditional/local level to have more control over the development and implementation of tourism policies.

Governmental corruption deprives also local people of donor funds and it is detrimental to monitoring practices "...the donors think of us but unfortunately there is no control over where the money goes. The money does not reach the poor people and because of that they get sick" said a young woman. The WBG (2003) states that donors have a role to play in combating corruption, by changing their approach from the narrow process of civil consultation to a wider holistic one

that supports the accountability of governments to citizens.

Weak institutions have also an effect on the infrastructural base of the locales. There is common consensus that the infrastructure is poorly developed "... in Elmina they do not even have telephone lines...transport infrastructure is insufficient... we don't have airport facilities. Water and electricity is not regular. Every year there are cut offs". Investment for infrastructure supported by local government is essential for spatial development. The private sector has a role to play in this, assisting the government in establishing an appropriate regulatory/legal framework (WBG, 2003). The practice of [C (SR)] can also assist towards sustainability in the locales because it can prevent uncontrolled development and create an environment that respects the local culture and natural environment while supporting social development, thus contributing to a responsible and sustainable future. At a societal level, infrastructure improvement would contribute towards the betterment of local people's lives since they would be able to utilise the facilities for their own benefit.

Further, infrastructural improvement for tourism development will create linkages for employment among the poor which is barely non-existent in the locales of Elmina and Cape Coast. Networking among the various stakeholders might prove beneficial for the further development of tourism because networks can bring into contact people from different levels, backgrounds, disciplines, and organizations. Currently in the locales on one hand the tour operators complain that the local authorities are not interested in opening a dialogue with them, while on the other the local authorities complain that the tour operators are indifferent. This lack of communication and cooperation is detrimental to the local people, especially those at the grass-roots level, because they are totally excluded from the activity and therefore mainly from the economic benefits. Should the various bodies come together and acknowledge that the root of the problem is lack of communication and cooperation then they would be able to deal with it. A network between the district assembly, traditional leaders, regional and GTB, GMMB, Ministry of Tourism, University and Polytechnic, tourism intermediaries and the local people themselves would allow circulation of information and knowledge in order to identify the real needs of the communities. Consequently, the strengths and weaknesses of the destination would be pointed out, laying the ground to deal with possible developmental opportunities and to face possible threats. Monitoring and evaluation of networks also have to be in place to verify that the decisions taken represent the opinions of the whole as an entity and are not those of single units.

## **CONCLUSION**

As discussed in the literature review, the terms of the contract are changing and now corporations and for this matter multinational organizations and governments have to deal also with the demands of civil society. In a global, competitive environment, this is something that no one can afford to ignore. Therefore, in order to comply with their social responsibility strategies, the Ghanaian government and its institutions (Ministry of Tourism, GMMB, GTB, University and Polytechnics); the tourism intermediaries (the micro, small and medium tour operators) and the donors should work hand in hand to reverse the unequal distribution of benefits. Because [C (SR)] is about the responsibilities towards the societies in which they operate, in an attempt to provide

services that show respect for human wholeness and the natural environment they live in; thus building a base of sustainable practices for future generations. There is a need for good governance, transparency, ownership, and a horizontal and vertical affiliation in order to create a network which has common goals, values, codes, and shares the same information; a network which is influenced by both political currents, those of liberalism and socialism. It is only then that the government will be able to lead its subjects to fulfill their ambitions in life, and enable its subalterns to voice and implement their wants and needs, and achieve what Aristotle in his *Politics* referred to as 'self-realization'. It is only then that the goals of MNOs will be achieved and tourism might become an instrument of development and not only of growth, because, it is the equal distribution of benefits that determines sustainability of tourism and not the 'grand statistical numbers' in terms of foreign exchange and tourist arrivals.

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[1] The format [C (SR)] is used because the theories of CSR are applied in the context of Social Responsibility (SR) than of corporations per se.