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**ADDIS ABABA UNIVERSITY
POST GRADUATE STUDIES
COLLEGE OF LAW AND
GOVERNANCE STUDIES
SCHOOL OF LAW**

**TOURISM BUSINESS AND CORPORATE SOCIAL
RESPONSIBILITY: ANALYSIS OF THE LEGAL AND
INSTITUTIONAL FRAMEWORK IN ETHIOPIA**

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**A Thesis Submitted in Partial Fulfillment for the
Requirement of Masters Degree in Business Law (LLM)**

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**ADDIS ABABA UNIVERSITY
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I, **Getnet Salew**, hereby declares that this research paper is original and has never been presented in any other institution. To the best of my knowledge and belief, I also declare that any information used has been duly acknowledged.

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CONCLUSION AND RECOMMENDATION

BIBILIOGRAPPY

ACRONYMS

COM	: Council Of Ministers
CR	: Corporate Responsibility
CSP	: Corporate Social Performance
CSR	: Corporate Social Responsibility
EIA	: Environmental Impact Assessment
EMS	: Environmental Management System
FDRE	: Federal Democratic Republic of Ethiopia
FP	: Financial Performance
GATS	: General Agreement on Trade in Services
GTP	: Growth and Transformation Plan
ICCPR	: International Convention on Civil and Political rights
ICESCR	: International Convention on Economic, Social, and Cultural right
ILO	: International Labour Organization
IPP	: Integrated Product Policy
LAC	: Limits of Acceptable Change
MDGs	: Millennium Development Goals
MNE	: Multi National Enterprise
MoFED	: Ministry of Finance and Economic Development
NGOs	: Non-Governmental Organizations
OECD	: Organization for Economic Co-Operation and Development
PASDEP	: A Plan for Accelerated and Sustained Development to End Poverty
SMTEs	: Small and Medium-Sized Tourist Enterprises
SR	: Social Responsibility
ST-EP	: Sustainable Tourism-Eliminating Poverty
TIES	: International Ecotourism Society
UDHR	: Universal Declaration of Human Right
UN	: United Nation
UNWTO	: United Nations' World Tourism Organization
WBCSD	: World Business Council for Sustainable Development
WCED	: World Commission on Environment and Development
WSSD	: World Summit on Sustainable Development
WTO	: World Tourism Organization

ABSTRACT

This paper focuses on the analysis of the existing legal and institutional status and loopholes in CSR in tourism businesses in Ethiopia. The notion of CSR is a growing concept and become more relevant with time to address many problems in different sectors irrespective of the kind of activities conducted. Corporations are the major groups engaged in different sectors of businesses in the social and environmental arenas; so they are expected to take responsibility. Not only this; now a day's unlike the traditional view of understanding CSR as a pure cost; CSR is a strategic practice in businesses in which they use it to enhance their image.

The aim of this paper is to show the legal and institutional status of CSR for tourism businesses in Ethiopia by showing its nexus and what role CSR plays in businesses in today's society and why businesses should work more with its different stakeholders.

One conclusion is that CSR is pure cost and no need of increasing the burden of businesses which is a tradition view of CSR. But, most of the present analysis and discussion about the concept of CSR indicates that it has multi significance that it has impacts not only in tourism businesses but also in different sectors and they affect each other. For this, the government takes the lead in the setting up of the ground for CSR issues in the policy, strategy and laws. So, by clearly researching addressing the legal and institutional drawbacks and laying out the ground in the major legal and institutional framework; tourism businesses can operate more effectively and can be used as a driver for other economy.

CHAPTER ONE

PROPOSAL OF THE STUDY

1. General Background of the Study

In this century; globalization brought many challenges especially with regard to the environment and social welfare because of the vast expansion of different industries and businesses which are capable of **social and environmental engagement** as they pursue their profit-making activities.¹ However, these businesses have no advantage at all times as there are different conflicting interests that entail negative impacts on the social, environment and economy. So, to overcome the growing imbalance of different interests and negative impacts; government intervention is needed to rectify the challenges.

Corporate social responsibility (CSR) is not a recent phenomenon.² The review of literatures made by the writer of this thesis has revealed that there is no consensus among scholars as to when the concept of CSR emerged. Since its emergence, however, the concept has passed different stages of development before it reached the present level where it has come to be issue of discussion for governments and many international organizations including the UN.³ Scope wise, it has also come to be so wide to include the issue of human rights, gender, corruption, led even to the world summit and adoption of definition by different international organization proposal to make it an obligatory activity and to regulate corporation and their performance and reporting.⁴ Now-a-days CSR has gained popular support triggered by the protection of the environment and world economy.⁵ In addition, many academics are focusing their research on CSR issues with the aim of describing perspectives on CSR and providing a context for considering the strategic motivations and implications of CSR and its regulation.⁶

¹ Mark Anthony Camilleri, 'Creating Shared Value through Strategic CSR in Tourism', (Thesis submitted for the doctor of Philosophy Degree): the University of Edinburgh, 2012. 6. Emphasis added.

² Sun-Young Park , Stuart E. Levy , (2014) "Corporate social responsibility: perspectives of hotel frontline employees", International Journal of Contemporary Hospitality Management, Vol. 26 Iss: 3. 3.

³ The conceptual developments of the corporate social responsibility notion. Available at:

<<http://www.google.com/search?client=msthe+conceptual+development++corporate+social+responsibility&oq=qs=>>>, accessed on 10th, August, 2017.

⁴ IliasBantekas, 'CSR In International Law, Boston University International Law,' Journal[Vol. 22:309].327-334.

⁵ <<https://www.smu.edu.sg/.../global-economy-downturn-corporate-social-responsibility>>, accessed on 10th August, 2017.

⁶ Abigail McWilliams, Donald Son Siegel and Patrick M. Wright. 'CSR: Strategic Implications,' (January 2006), Journal of Management Studies 43:1, College of Business Administration, University of Illinois at Chicago; Department of Economics, Rensselaer Polytechnic Institute; School of Industrial and Labour Relations, Cornell University. 3 and 4 .

Tourism businesses, which comprise geographic, economic, environmental, social, cultural and political dimensions, are the major contributors to world's economy.⁷ Tourism is one of the world's fastest growing industries that can play a role in accelerating the economic development of countries, and the number of international tourist's arrival reached in 1.14 billion and created job for one in each 11 persons worldwide (277 million).⁸ Tourism industry has experienced continued expansion and diversification, to become one of the largest and fastest growing industries in the world and today it represents 9% of the world's GDP, and 30% of all service exports.⁹ But this benefit is not without negative impact. According UNWTO Climate change is both a global threat and a development issue.¹⁰

In Ethiopia, tourism business organizations came into existence in different forms and tourism development has become one of the major contributors to the economy. Most of the programs relating to tourism such as attraction, promotion, awareness creation, and tourism exhibitions, and laws such as ministry of tourism and culture establishment proclamation, Ethiopian tourism council and organization regulation, Ethiopian tourism development policy and others are aimed at increasing and expanding the tourism business including by giving incentives. However, seeing Ethiopian laws as to the role of CSR in tourism business, it is not clear whether the law dispersed here and there are adequate that can guarantee its sustainability and accountability. Adequacy of the legal and institutional framework is questionable and not well articulated. Generally in Ethiopia there is a lack of research work in CSR concept and practices and the role and application of CSR in the law needs to be analysed and determined.¹¹

Some researchers studied issues that are related to CSR but, most of them are restricted to large corporations.¹² None of the studies explored the legal and institutional framework of CSR in general and tourism sector in particular. So, this paper is different because it investigates and explores the legal and institutional framework of CSR from the point view of tourism businesses. More importantly the expansion of tourism business companies and corporations calls for a research work into what social responsibilities of these companies are? Therefore, with the major aim of analysing and articulating the legal and institutional framework of tourism businesses oriented CSR in the case of Ethiopia; the researcher identified and investigated the issue at hand.

⁷<www.tandfonline.com/doi/full/10.1080/02508281.2015.1075739>, Accessed on 10th August, 2017.

⁸United nation world tourism organization (UNWTO) report of 2014.6. Here after UNWTO.

⁹ ibid.

¹⁰<sd.unwto.org/en/content/climate-change-tourism>, Accessed on 12th April, 2016.

¹¹ UNWTO, 2015 report. 8.

¹²Hailu FK, Nigatu TF, 'Practices and Challenges of CSR in the Hospitality Industry: The Case of First Level Hotels and Lodges in Gondar City, Ethiopia', (2015), J Tourism Hospit .10.

2. Statement of the Problem

Now-a-days the popularity of CSR is increasing and becoming the common world understanding due to globalization. Specifically tourism business is very sensitive that needs due attention and careful to enhance and maintain its sustainability. Legal and institutional framework of a state plays a fundamental role in putting the minimum requirement of CSR and its implementation.

Now-a-day's tourism businesses have a considerable interest in CSR.¹³ Engaging in CSR practices is important for business companies including tourism business to support the country's sustainable development and for the organization too.¹⁴ Through effective CSR practices, organizations will achieve a balance between economic, environmental and social imperatives and address stakeholders' expectations.¹⁵ So, the role of CSR cannot be overstated in tourism business. However there are different problems surrounding CSR in tourism businesses.

In Ethiopia; the legal and institutional framework of CSR regime is not developed and even not clearly put in place. So, there are various problems surrounding the same which includes:

- Problems surrounding recognition of CSR in the law to make sure its presence, guidance and applicability by accountability.
- Problems around institutional framework of CSR in tourism companies for the control and management of their conduct.
- Lack of understanding to use the benefits of CSR in Tourism businesses for better enhancement of the sector in particular and the overall economy in general.
- Problems in the change of legal and institutional framework of CSR while new tourism business ideas and operations are taking place.

3. Research Questions

Based on the above problems; the paper mainly designed to analyse the existing legal and institutional loophole for CSR and its status in tourism businesses. So, the general research question is what are the existing tourism businesses CSR patterns and institutional framework in the law? In addition it will have the following specific questions:

- What are the legal ground of CSR in tourism businesses and its adequacy in the current Ethiopian legal situation?

¹³ ibid.2.

¹⁴ ibid.

¹⁵ ibid.

- What does the institutional framework and adequacy of CSR in tourism businesses in Ethiopia look like?
- What are the legal and institutional limitations of CSR on tourism businesses in Ethiopia?

4. Literature Review

The CSR field presents a landscape of theories and approaches which are controversial and unclear. There has been a change in the traditional paradigm as currently the final purpose of any company is not focused exclusively on economic performance, but it has come with a triple goal (Triple Bottom Line approach including economic, social and environmental issues). Since the beginning of the study of this phenomenon, many understandings have been emerged. However seeing almost all literatures; there is no common universal understanding of CSR.

Although CSR is being constantly researched and its importance has been widely recognized and while CSR standards are becoming more and more, it is still unclear how it is actually defined and understood in different businesses and it's undeveloped with respect to its precise meaning, content and practice, definitiveness of relationship with the law and clarity of regulatory design and implementation.¹⁶

The concept of CSR has received a lot of attention recently in business practice and a lot of academic research has been done on it.¹⁷ Seeing almost all literatures; there is no commonly agreed definition and understanding to CSR. One perspective is that, CSR is associated with the Holy Bible book:

*“When you reap the harvest of your land, you shall not wholly reap the corners of your field, nor shall you gather the gleanings of your harvest. And you shall not glean your vineyard, nor shall you gather every grape of your vineyard; you shall leave them for the poor and the stranger: I am the Lord your God.” When we see this biblical word is SR practices are ordered by God’.*¹⁸

CSR from the point view of business men, it refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives and values of our society.¹⁹

Under the European Commission in 2011 and 2014, CSR is a concept whereby enterprises should have in place a process to integrate social, environmental, and ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders.²⁰

¹⁶ Benedict Sheehy, ‘Defining CSR: Problems and Solutions’, (2015), 131, J Bus Ethics.

Available at: <scholar.google.com.au/citations?user...hl=en 625–648>, accessed on 10th February, 2017.

¹⁷ Denitsa Dimitrova and Ning Li: ‘CSR in Tourism: How can a CSR certificate enhance the competitive advantage of tourism SMEs in Denmark? Case study of Travel life Certification’, (a thesis on CSR in tourism), AABORGuniversity. (Here after dentisa). 14.

¹⁸ Holy Bible in Leviticus 19: 9-10 cited by Eme Joel Efiong , Obal U. E. Usang , Inyang O. Inyang& Charles Effiong, *CSR in Small and Medium Scale Enterprises in Nigeria:an Example from the Hotel Industry*, (2013).14.

¹⁹ Howard Bowen; *Social Responsibilities of the Businessman*, New York: Harper & Row (1953). 5.

By definition, CSR goes beyond simply fulfilling legal obligations, but it's about companies taking responsibility for their actions and voluntarily rising to social and environmental challenges.²¹

Regarding businesses and CSR; CSR practice involves all the activities a company undertakes in order to be socially responsible which is important to know what businesses do regarding CSR, how they approach it, adopt and embed it in their business operations.²² There is a connection between CSR and business profitability in terms of market, productivity, human resources and competitive advantage.²³ A number of growing literatures such as European commission, united nation proposal, united nation world tourism organization and others support this idea.

In relation to tourism, CSR is the formal and informal ways in which tourism business law makes a contribution to improving the economic, governance, social, ethical, labour and environmental conditions.²⁴ The same author has also asserted "While many believe CSR is a Western invention, there is ample evidence that CSR in developing countries draws strongly on deep-rooted indigenous cultural traditions of philanthropy, business ethics, and community embeddedness."²⁵ The Legal components of CSR to business are important to perform in a manner consistent with expectations of government and law; and successful firm be defined as one that fulfils its legal obligations; provide goods and services that at least meet minimal legal requirements.²⁶

Regarding the business case of CSR, all views accept the requirement of adherence to the laws and regulations of society but the difference really exists regarding the nature and scope of such an obligation. The legal responsibilities of business refer to the totality of the responsibility of business towards society and others argue that laws and regulations constitute but one category of the responsibility of business towards society.²⁷ On the one hand, the legal responsibilities of business refer to the positive and negative obligations put on businesses by the laws and regulations of the society where it operates, and little disagreement exists between the various views on CSR regarding what constitutes the legal responsibilities of businesses.²⁸

²⁰ European commission 2014. Available at: <https://ec.europa.eu/growth/industry/corporate-social-responsibility_en>, accessed on 20th January, 2017.

²¹ Heinz Fuchs, *Responsible Tourism* (2010). Available at: <<http://www.dandc.eu/en/article/corporate-socialresponsibility-tourism-industry>>, accessed on 25th January, 2017.

²² Dentisa. (n17). 9.

²³ Peter F. Drucker: *small & medium-sized enterprises and CSR: a systematic review of the literature*. Springer Science+BusinessMedia , 12, 3205–3218, (1984).18.

²⁴ Wayne Visser, *Revisiting Carroll's CSR Pyramid An African Perspective*. (2005), 38.

²⁵ *ibid.*

²⁶ *ibid.*

²⁷ Archie B. Carroll and Kareem M. Shabana, 'The Business Case for CSR: A Review of Concepts, Research and Practice,' (2010), *International Journal of Management Reviews*. 91.

²⁸ *ibid.*

There are four different groupings of the business case based on the focus of the approach, the topics addressed, and the underlying assumptions about how value is created and defined.²⁹ Their four approaches include: (1) cost and risk reduction; (2) gaining competitive advantage; (3) developing reputation and legitimacy; and (4) seeking win–win outcomes through synergistic value creation.³⁰

In Ethiopia, a short Essay is written about the Nature of CSR in Ethiopian Businesses on CSR.³¹ In addition, other work is also done on the Practices and Challenges of CSR in the Hospitality Industry: The Case of First Level Hotels and Lodges in Gondar City, Ethiopia.³² The practices of CSR in sugar industry and the effect of CSR on customer's loyalty: In case of Dashen brewery factory in Gondar city, Ethiopia is also conducted.³³

Other widely accepted approaches to the business case include focusing on the empirical research linking CSR with Corporate Social Performance and identifying benefits to different stakeholder groups that directly or indirectly benefit companies. In addition, the socially conscious investment movement, sometimes called 'ethical investing' is often built on the belief that there exists a strong correlation between social performance and financial performance.³⁴

Regarding CSR in the Tourism business, Tourism is one of the most important economic practices in the world in terms of revenues and generation of employment.³⁵ The industry has also both negative and positive impact on the environment, the socio cultural life of the people and the economy as well and therefore the tourism companies and enterprise clearly take some responsibility for decision they have made on human, environment and social consequences of those decisions.³⁶

Taking into account that the effects of climate change have already a serious impact on several tourism destinations, certain activities relating to the tourism sector generate only a small proportion of the total greenhouse gas emissions, that there is scientific evidence that global warming will continue to increase at an alarming rate if substantial remedial actions are not taken.³⁷ The concept of CSR began to emerge in different industry sectors since the mid-1990s³⁸ and recently, has become more significant within the tourism industry and has become a buzzword in the mainstream tourism

²⁹ Kurucz, Et al and Colbert; *The business case for CSR*, (2008). 88-92.

³⁰ *ibid*.

³¹ TeweldeMezgobo, CSR in Ethiopian Business Context: An Essay on CSR. International School of Management, March 2012. 5

³² Hailu (n12).3.Hailu FK, Nigatu TF, 'Practices and Challenges of CSR in the Hospitality Industry: The Case of First Level Hotels and Lodges in Gondar City, Ethiopia', (2015), J Tourism Hospit

³³ AbeyiAbebe studied the practices of CSR in sugar industry and AsfawTilahun studied the effect of CSR on customer's loyalty: In case of Deshen brewery factory in Gondar city, Ethiopia

³⁴ Carroll and shabana (n27). 87.

³⁵ John Swarbrooke, *Sustainable Tourism Management*. CABI Publishing, UK. (1999) 50; Hailu (n12).

³⁶ Hailu (n12).3.

³⁷ UNWTO and UN Environment Programme Climate Change and Tourism – *Responding to Global Challenges*, Madrid, Spain (First printing 2008). 19.

³⁸ Mara Manente, Valeria Minghetti, & Erica Mingotto, *Responsible Tourism and CSR: Assessment Systems for Sustainable Development of SMEs in Tourism*. Springer International Publishing Switzerland.(2014).15.

and CSR stands for a whole range of concepts, which are used by tourism companies to make tourism more sustainable.³⁹

Sustainable tourism development is the "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, and the environment and host communities".⁴⁰ According to this definition, sustainable development should conserve natural heritage and biodiversity, respect and protect the socio-cultural authenticity and heritage of host communities and provide socio-economic benefits to all stakeholders. All tourism actors such as tour operators, travel agencies, transportation companies, government, community, NGOs and tourists need to work together to tackle all of the social and environmental issues that negatively impact the destination and the industry as a whole.⁴¹ Thus, when the companies operate in the specific area, it's expected to be ethical and act as a good citizen who takes the responsibility for the community, employees and the environment;⁴² undoubtedly, it is the responsibility of the company.⁴³

5. Objectives of the Study

The main purpose of the study is to assess the existing problems in away the law regulates and addresses the issue of CSR and to shed some light on understanding of the importance of regulation and institutional framework of CSR in tourism businesses. In addition; it has the following specific objectives.

- To analyse and describe the current state of the law and institutional framework around CSR in tourism businesses;
- To assess the familiarity of legal and institutional framework of tourism business with CSR.
- Explore the regulation with regard to the adequacy of CSR in tourism businesses to promote a vision of business accountability to stakeholders, shareholders and investors;
- Examine the existing CSR patterns and its application to tourism business in Ethiopia;
- Bring a clear investigation whether tourism business must make specific law choices with respect to CSR;
- Support tourism business companies, community and environment at large by putting a direction to introduce adequate CSR law to the legal and institutional framework.

³⁹ *ibid.*

⁴⁰ UNWTO, 2005. 41. Available at: <http://cf.cdn.unwto.org/sites/all/files/pdf/annual_report_2015_lr.pdf>, accessed on 10th February, 2017.

⁴¹ AzilahKasim, 'The Need for Business Environmental and Social Responsibility in the Tourism Industry,' (2006), 7 (1), International Journal of Hospitality & Tourism Administration.22.

⁴² Hailu, (n12). 3.

⁴³ Swarbrooke (n35).

6. Significance of the Study

The study has different significance for different bodies. Its significance may be seen from the perspective of those who are affected or benefited by the operation of CSR in tourism businesses. Community, environment, tourism business companies and government are those that affected or benefited by the operation of CSR in tourism businesses. So, the study will help these bodies by showing the importance of practicing CSR in their activity.

The study is also important in identifying and highlighting the CSR loopholes and problems in the field of tourism businesses which will help the regulators to revisit and amend the law, and academicians to do further study and investigation in this area.

The study is very important towards finding answers to problems and shortcomings of the law and institutional arrangement for the development and application of CSR towards tourism businesses.

The study particularly will help the regulators to see the legal and institutional loopholes of CSR regime in tourism businesses so that they can propose to revisit the law and better overcome the problems so as to make tourism business sustainable.

7. Organization of the Study

The study has 4 chapters. The first chapter is proposal of the study that includes general background of the study; statement of the problem; research questions; literature review, objective of the study, significance of the study and methodology. The second chapter concentrate on concept of tourism and tourism businesses in general. To do so some theoretical aspect; definition; types of tourism business and Stakeholders and its effect will be investigated. The Third chapter explores the concept of CSR its development, theories, definition, scope and content of; principle of CSR, and its nexus and application on businesses in general and tourism businesses in particular. The fourth chapter devoted to analysis of CSR under international instruments; legal and institutional framework of CSR under Ethiopian law that includes the status of CSR in the law; the institutional structure and its legal capacity to respond to irresponsible tourism business practices. Finally conclusion and recommendation follow.

8. Research Methodology

The study mainly used qualitative methodology to achieve its objective. Since the goal of this paper is to describe the current situation around CSR in the tourism businesses; the qualitative methodology will provide a comprehensive approach to this study for its objective at hand.

The paper used both primary and secondary data. The identification of relevant legislation, cases and secondary sources in law will be conducted.

First, primary data will be used which is the exploration of international instruments and treaties; the applicable law of Ethiopia including Ethiopian Constitution, proclamations, regulations and directives and other related laws in question to see what is the law in tourism business companies and CSR. In addition interview with government tourism institution officials working with CSR or related activities is conducted. In this regard analysis application of these laws and data will be conducted in order to ascertain the precise state of CSR in tourism businesses.

In addition secondary sources such as library research books, policy, commentaries and reports, journals, articles, research papers in the field of tourism businesses and CSR is used. Policy and law research that includes a consideration of the social factors and/or the social impact of current law and practice is involved in a restricted manner. In addition CSR reports if any, annual reports, corporate Web pages, news and press will also be used for evaluation of the policy, laws, problems and the need for CSR in tourism businesses to outline an existing legal and institutional problem.

CHAPTER TWO

2. THE CONCEPT OF TOURISM AND TOURISM BUSINESS

2.1. Definition

It is a difficult task to come up with a universally acceptable definition of tourism and tourism business. Moreover, there is no consensus on the definition of tourism. Different authors, literature, organizations and authorities defined it differently. However, there are similarities in most of the elements and concepts used to define tourism. Before seeing the definition of tourism, it would be important to put the definition of a tourist because the existence of tourism presupposes tourist.

Tourist is someone who visits a place for pleasure and interest, usually while on a holiday.⁴⁴The most widely accepted modern definition of tourism is the one given by World Tourism Organization as follows:

“Tourism is the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.”⁴⁵ According to this definition, tourism is not a permanent movement. It’s a temporary movement to destinations that are outside of that of the normal abode of a tourist for a maximum of one year. The following definition makes it clearer.

“Tourism is the temporary short term movement of people to destinations outside the places where they normally live and work, and activities during their stay at these destinations; includes movement for all purposes, as well as day visits or excursions.”⁴⁶ In the first definition, the maximum length of movement is one year. According to the second definition, day excursions are also a minimum movement. Tourism is not only temporary movement; it also includes activities undertaken at the destination. In this regard, the following definition is important.

Tourism is the temporary movement of people to destinations outside their usual places of work and residence, the activities undertaken during their stay in those destinations, and the facilities created to

⁴⁴<<http://dictionary.cambridge.org/dictionary/english/tourist>>, accessed on 20th September, 2017.

⁴⁵World Tourism Organization, 2004. Available at: <www.eunwto.org/doi/book/10.18111/9789284407262>, accessed on 10th April 2017.

⁴⁶ Christopher Holloway, Claire Humphreys and Rob Davidson: *The Business Of Tourism*, Pearson Education Limited, Edinburgh Gate, Harlow, Essex CM20 2JE, England, 8th edition, (2009). 8.

cater to their needs.⁴⁷ So, the activities undertaken are also an important element. Not only are these, but also provision of services included.

Tourism is a set of activities aimed at attracting visitors to a geographical area, receiving visitors and satisfying their demands is a particularly complex industry and comprises a residential activities (hotels, apartments, camp sites, second homes); transportation; services in the place of origin tour operators, travel agencies, information services) and services at the place of destination.⁴⁸ So, in addition to the first three definitions; provision of services is also an element of tourism.

From all the above definitions, we can infer common elements of tourism. It's the temporary movement of people that involves a travel outside the usual environment and geographical area of the destination. So, the movement or travelling, staying and the activities of people at destination are the very reason for the existence of tourism. Mobility, involves access to transportation and the hours required to get to destination; provisions of facilities including accessing of information and others that are necessary for tourist and tourism in general.

Generally movement of tourist, duration, provisions of services and change of place are the common element to be considered.

Having seen the meaning of tourism; it is convenient to define and explain the meaning of tourism business by relating it to the definition of tourism.

It is the business or industry of providing information, accommodations, transportation, and other services to tourists⁴⁹ which is economic and social occurrences resulting from interactions of travel tour and stay activities of tourists.⁵⁰

Marketing of the enjoyable and other features of a travel destination and provision of facilities and services for the pleasure travellers (tourists)⁵¹ which is an exciting, progressive, a dynamic and competitive industry that requires the ability to adapt constantly to customers' changing needs and desires, as the customer's satisfaction, safety and enjoyment are particularly the focus of tourism businesses.⁵²

Generally Tourism business is the business of providing tours and services for tourists or it is one type of business that is conducted primarily with the activities of actors of tourism (tourists) and other

⁴⁷ Geoffrey Wall, Alister Mathieson *Tourism : changes, impacts and opportunities*: Publisher: Harlow : Pearson Prentice Hall, 2006. 85.

⁴⁸ Antonio Ardanadona, *CSR in the tourism industry, some lesson from the Spanish experience*, business school, university of Navarra, Spain (January, 2010). 1.

⁴⁹ <<http://www.dictionnary.com/browse/tourism?>>, Accessed on 13th March, 2017.

⁵⁰ Federal Democratic Republic of Ethiopia (here after FDRE), tourism transformation council and Ethiopian tourism organization establishment council of ministers regulation no 294/2013, federal negarit gazetae 19th year no 64 Addis Ababa 27th August, 2013. Article 2. (Here after tourism council regulation)

⁵¹ <<http://www.businessdictionary.com/definition/tourism.htm>>, accessed on 15th March, 2017.

⁵² <<https://www.go2hr.ca/bc-tourism-industry/what-tourism>>, accessed on 15th March, 2017.

actors comprises of providing information, transportation, accommodation, food and beverage, boarding, recreation and entertainment, guiding and other travel services and activities that are directly or indirectly related with tourism.

2.2. Types of Tourism Businesses

To properly understand types of tourism businesses, it's important to know components of tourism that makes the industry. So Components of tourism are Accessibility, Attractions and Accommodations called 3A's.⁵³ Attractions are what draw individuals to specific destinations that are designed to meet the needs of everyone.⁵⁴

Regarding accessibility, it is a means by which a tourist can reach the area where attractions are located **which are vital for the success of tourism businesses**.⁵⁵ With respect to accommodation which includes hotels, motels, conference centres, resorts and **others are important components of the tourism industry**.⁵⁶

So, tourism businesses comprises of different commercial organizations and stakeholders that provide services such as transport, accommodation and the provision of food, beverages and tourist attractions are mainly supplied by commercial organisations and organisations range from **multinational companies to public limited companies and local enterprises**.⁵⁷ The business of tourism takes different forms of business organizations from international level that is multinational companies to local level. So, types of tourism business organizations may be transnational, national, regional and local companies that may take the form of Share Companies, private limited companies, sole proprietorships, partnerships and other forms. In terms of size and types of reaction they have; tourism business may be large resorts and hotels, and medium, small and micro enterprises⁵⁸

⁵³ <<http://books.google.com.et> books>, Accessed on 12th, October 2017.

⁵⁴ <<https://books.google.com.et/books?isbn=9712346978>>, accessed on 12th, August, 2017

⁵⁵ Tourism Travel Techniques, Introduction to Tourism Products.170 and 171. Emphasis added.

⁵⁶ Tutorials point tourism management. 41. Emphasis added. Available at: <www.tutorialspoint.com>, accessed on 20th March, 2017.

⁵⁷ Helen Atkinson, *Finance and accounting for tourism*, John Beech and Simon Chadwick(eds), *the business of tourism management*, Coventry Business School and Birkbeck College, Pearson Education Limited, University of London, Edinburgh Gate, Harlow, Essex CM20 2JE, (England, 2006) 144. Emphasis added.

⁵⁸ United Nations Environment programme and world tourism organization, *Making Tourism More Sustainable; A Guide for Policy Makers* .65. Available at: <www.unep.fr/shared/publications/pdf/DTIx0592xPA-TourismPolicyEN.pdf>, accessed on 15th march, 2017.

2.3. Stakeholders in the Tourism Industry

A “Stakeholder” in tourism is ‘any group or individual who can affect or is affected by the achievement of a tourism organization’s objectives’.⁵⁹ A stakeholder is a party that has an interest in an enterprise or project.⁶⁰ Usually, the stakeholders are investors, suppliers, employees and customers, but nowadays community, trade associations and the government have become part of the definition.⁶¹ Tourism business comprises of different stakeholders such as service providers; Providers of Adventure Tourism and Recreation; Attractions; Events and Conferences; Food and Beverage; Tourism Services; Transportation Travel Trade and others. Generally Tourism industry includes different stakeholders and intermediaries consisting of mainly consumers; suppliers and the government. Consumers and suppliers are directly related to the marketplace.

A- Consumer Conduct: It is demand understanding of tourism that focus on the behaviour of purchasers usually households and individuals when making decisions to consume (or not) tourism products and services.⁶² Consumer conduct is all about tourist’s behaviour as defined above which is a requirement for travel.

B- Supplier Conduct: Now-a-day when we say tourism business; it is not limited only to tourists and tourist activities. It also includes tourism products that tourism producers offer. These are bodies that offer products or services in tourism business. There are specialists and suppliers of goods and services to consider and the prospective experts comprise a range of entities including inter alia national tourism departments, local tourism organizations, local municipalities, NGOs, travel operators and travel agents, guides and the like.⁶³ So, Given the diverse nature of supply, different bodies and businesses are classified as either direct suppliers or indirect suppliers that are grouped into transport carriers, Hotels, Theme parks, Souvenirs, Conference centres, accommodation providers and the suppliers of man-made attractions, restaurants and other food and beverage services, transport companies, incoming agencies, health and spa enterprises, leisure, theme adventure parks, souvenir industry, travel equipment outfitters, meeting/incentive/convention etc., event industries, airports, travel insurance, artisans, culture and entertainment enterprises.

⁵⁹ Edward Freeman, *Strategic management: A stakeholder approach*. Boston: Pitman (1984). 6.

⁶⁰ Dentisa (n17). 26.

⁶¹ *ibid.* 26.

⁶² Atkinson (n57). 22.

⁶³ Adrian Nicolaidis, *Tourism Stakeholder Theory in practice: instrumental business grounds, fundamental normative demands or a descriptive application?* Graduate School of Business Leadership University of South Africa. 19. available at: <[file:///G:/article25vol4\(2\)july-nov2015.pdf](file:///G:/article25vol4(2)july-nov2015.pdf)>, accessed on 13th April,

C- Government:

*These are Government Departments and Public Tourism Organizations involved in tourism that often seen as an individual actor that sets the background against which consumers and suppliers interact and have an immediate and direct influence on markets through legislation, licensing/operating conditions and level of duties they may place on particular products/services; may provide economic incentives and support for favoured industries; make decisions which can affect the economy at large or local levels.*⁶⁴

To conclude major stakeholders in tourism include public bodies, commercial organizations, and voluntary organizations.

Public bodies comprises of Central and Local government departments. Central government consists of departments dealing with tourism industry, arts and sports, economic development planning, travel, passports and immigration. Local government consists of cultural and recreation facilities and services, physical planning. Government agencies, National tourism organisations, Heritage, sports, culture organisations.⁶⁵

Commercial organizations comprise of share companies, Public limited companies, Partnerships and sole proprietorships, Joint ventures, Franchising Management contracting Private/public partnerships, and voluntary originations that include Charitable associations and trusts at national and local levels, including business/professional, sports, heritage and community groups.⁶⁶

2.4. Intermediaries in Tourism Businesses

In tourism business, there are different intermediaries that play important roles in the course of the business by connecting and bringing together tourists and direct suppliers. They are indirectly stakeholders in the business. They play an integration/intermediary role and they are the mediators.⁶⁷

These are mainly tour operators and brokers and travel agents.⁶⁸ Other intermediaries include Conference placements and handling agencies, Exhibition companies, Event management companies, Incentive travel agencies, Destination marketing and management agencies.

Tour operator, is an individual or organisation in the business of (bulk) buying, and subsequently bundling, the various components that makes up a package holiday, for sale via a travel agent or

⁶⁴ David Littelljohn and Ian Baxter, The structure of the tourism and travel industry; (John Beech and Simon Chadwick(eds), *the business of tourism management*, Coventry Business School and Birkbeck College, Pearson Education Limited, University of London, Edinburgh Gate, Harlow, Essex CM20 2JE, (England, 2006). 22.

⁶⁵ *ibid.* 34.

⁶⁶ *ibid.*

⁶⁷ Tutorials point (n16). 41.

⁶⁸ John Beech and Simon Chadwick, the unique evolution of tourism as 'business', John Beech and Simon Chadwick(eds), *the business of tourism management*, Coventry Business School and Birkbeck College, Pearson Education Limited, University of London, Edinburgh Gate, Harlow, Essex CM20 2JE, (England, 2006). 25.

direct to the consumer.⁶⁹ Travel agent is the retailer of travel and related products, and while this refers to the sales person employed to sell travel products, the term is often applied in reference to the business that is established to sell travel products (the travel agency).⁷⁰

Tour operator is business set-up which selects various components of tourism, prepares a tour product for a targeted market segment, plans itineraries, and conducts tours and promotions for the tours and that are responsible for booking the travel to the destinations, reserving accommodations, planning the entire tour in terms of what to see and do, and provide ancillary support to the tour.⁷¹

2.5. Impacts of Tourism Business

Any industry has both negative and positive impact in which tourism industry is not an exception. There are good and bad things that are derived from the industry. For the study at hand, the notions of ‘good’ and ‘bad’ refer to the impacts which tourism and tourists have on the destinations visited.⁷² The most common impacts are: economic; socio cultural, environmental and broadly speaking impacts can be positive or negative to the specific reference.

2.5.1 Economic Impacts of Tourism Business

To begin with the positive impact; the flow of tourists between generating and receiving areas can be measured in four distinct ways and We must examine the effect on income, employment, the area’s balance of payments and investment and development.⁷³

Tourism is an important source for generation of revenue. Now-a-days tourism is one of the major contributors of world’s economy.⁷⁴ UNWTO points out that particularly developing countries stand to benefit from sustainable tourism and that it acts to help make this a reality.⁷⁵ Income is earned as profits from booking, reservation, transportation, accommodation, pay and salaries. Most of pay and salaries of those working directly or indirectly are from labour intensive industry such as tourism.⁷⁶ The other positive impact is job opportunity. Jobs are created by stakeholders and intermediaries of tourism businesses such as in hotels, travel agencies, community and privately owned lodges,

⁶⁹ John Beech and Simon Chadwick: *the business of tourism management: the future of the tourism industry*; Coventry Business School and Birkbeck College, Pearson Education Limited, University of London, Edinburgh Gate, Harlow, Essex CM20 2JE, (England, 2006). 560.

⁷⁰ Atkinson (n57). 560.

⁷¹ Tutorials point (n57). 44.

⁷² Beech and Chadwick (n68). 6.

⁷³ Holloway (n48).93.

⁷⁴ John Tribe; *The economic impact of tourism* (John Beech and Simon Chadwick (eds), *the business of tourism management*, Coventry Business School and Birkbeck College, Pearson Education Limited, University of London, Edinburgh Gate, Harlow, Essex CM20 2JE, (England, 2006). 333.

⁷⁵ <<http://www2.unwto.org/content/why-tourism>>, accessed on 13th April, 2017.

⁷⁶ Holloway (46). 94.

transport companies, tour operators and others who supply tourist services in both the generating and destination areas.⁷⁷ Tourism can be a major contributor to national income and prosperity.⁷⁸ Its main economic impacts include those on expenditure, incomes and employment as well as tax generation (Recreation, leisure and tourism activities also offer an important stream of taxation revenue) and foreign currency earnings.⁷⁹ Tourism projects not only bring direct income and employment in the construction and running phases but can also have significant multiplier effects on the local and national economy.⁸⁰ The tourism industry is also increasingly seen as an appropriate vehicle to aid economic growth for developing countries.⁸¹ It is, however, sometimes difficult to determine the exact contribution of tourism to a country's economy because the boundaries between tourism and other activities can be blurred.⁸² Through tourism, there will be improved links with consumers who travel to the destination thereby leading to opportunities for the sale of additional goods and services – micro-enterprises and small businesses can sell handicraft and souvenir products to potential consumers; access to international export markets that have been closed to traditional export products; opportunities for the cultural and wildlife heritage resources to provide earnings for poor, rural communities; increased employment opportunities for women so promoting gender equality.⁸³ More importantly; tourism plays an important role regarding expansion of investment and development as well as balance of payment.⁸⁴

Regarding negative impact of tourism:

*It creates economic leakage which is the leaking of profits back to the country from which the visitors have come and arises when tourists stay in hotels that are owned by companies based in the home country of visitors, and the demonstration effect, which is the process whereby local people want to buy the goods that have been imported.*⁸⁵

The direct income for an area is the amount of tourist expenditure that remains locally after taxes, profits, and wages are paid outside the area and after imports are purchased; these subtracted amounts are called leakage.⁸⁶ There are many hidden costs. It can also promote parallel economies. The revenue earned from tourism business seldom is beneficial to the local population if the destination

⁷⁷ Tribe (n74). 324.

⁷⁸ *ibid.*

⁷⁹ *ibid.*

⁸⁰ *ibid.* 323.J

⁸¹ *ibid.* 324.

⁸² *ibid.* 323.

⁸³ Marcella daye: Developing mass tourism in developing nations (John Beech and Simon Chadwick(eds), *the business of tourism management*, Coventry Business School and Birkbeck College, Pearson Education Limited, University of London, Edinburgh Gate, Harlow, Essex CM20 2JE, (England, 2006). 472.

⁸⁴ *ibid.*

⁸⁵ Beech and Chadwick (n68).6.

⁸⁶ <<https://www.slideshare.net/EmanAbbas/economic-impact-of-tourism-13613739>>, accessed on 29th march, 2017.

has accommodation provided by international hotels.⁸⁷ All types of tourism create a sense of dependency on the customer or economic recession.⁸⁸

2.5.2 Socio Cultural Impacts of Tourism Businesses

Some of the more beneficial impacts of tourism on society include creation of employment; revitalisation of poor or non-industrialised regions; rebirth of local arts and crafts and traditional cultural activities; revival of social and cultural life of the local population; renewal of local architectural traditions; conserve areas of outstanding beauty which have aesthetic value.⁸⁹ In developing economy, tourism can create greater social mobility through changes in employment from traditional economic activity to service industries and may result in higher wages and better job prospects.⁹⁰

Regarding negative impact of tourism business; it causes cultural alienation.⁹¹ Mass tourist destinations in the developing world display a common pattern of negative socio cultural impact such as the denigration of local cultural traditions to satisfy the desire of tourists for ‘authentic cultural performances, the commodification of traditional art and craft for sale to tourists.’⁹² The other is it increases crime and prostitution particularly within resort communities.⁹³ There will also be transition of traditional lifestyle to modernism; loss of traditional economies in favour of tourism related economy because of over-dependency on tourism, and potential displacement of local people in favour of tourism development.⁹⁴

More clearly, a process, known as ‘acculturation’, may occur when the contact is for a longer period.⁹⁵ Acculturation theory states that:

*when two cultures come into contact for any length of time, an exchange of ideas and products will take place that, through time, produces varying levels of convergence between the cultures; that is they become similar and One of the perceived negative effects of this acculturation process is the reduction in the diversity of global cultures.*⁹⁶

The emulation of the behaviour, lifestyle and language of tourists by locals at the destinations, termed the demonstration effect, is also seen as a direct outcome of the encounter between tourists and their hosts.⁹⁷

⁸⁷ Tutorials (n57). 54.

⁸⁸ *ibid.*

⁸⁹ Peter mason managing socio cultural impacts of tourism. (John Beech and Simon Chadwick(eds), *the business of tourism management*, Coventry Business School and Birkbeck College, Pearson Education Limited, University of London, Edinburgh Gate, Harlow, Essex CM20 2JE, (England, 2006). 340 and 341.

⁹⁰ *ibid.*

⁹¹ daye (n83). 477.

⁹² *ibid.*

⁹³ *ibid.*

⁹⁴ Kasim (n41). 4.

⁹⁵ Mason (89). 341.

⁹⁶ Atkinson (57). 341.

⁹⁷ Daye (n83). 476.

The extent of the distribution of the benefits of tourism in the local community may also be a major factor in the attitudes and responses of local hosts to tourist development.⁹⁸ Where there are large communities of unemployed locals, problems of tourist harassment occur where visitors are unduly pestered for money.⁹⁹ Unfair distribution of tourism income will lead to hostilities and chaos.¹⁰⁰

In addition, tourism has other detrimental effects such as causing overcrowding in resorts and this overcrowding can cause stress.¹⁰¹ This problem is made worse where tourism is a seasonal activity and residents have to modify their way of life for part of the year. In countries with strong religious codes, altered social values caused by a tourist invasion may be viewed as nationally undesirable.¹⁰²

2.5.3 Environmental Impacts of Tourism Businesses

Now days the issue of environment is a sensitive issue starting from the top international organizations to local level. However, like any other business, tourism business has positive and negative impact on the environment.

Regarding positive impact of tourism businesses it promotes investment in conservation of natural habitats.¹⁰³ It thus in turn, contributes to the stability of the ecosystem. It contributes to creating awareness of the value of environment for humans. Revenue that is generated which may indirectly contribute to the conservation of more fragile areas. A key feature of tourism is that it gives an economic value to nature. Through the conservation of nature, tourism results in economic benefits, then the incentives for conservation are enhanced. Tourism can therefore act as an important catalyst to resource conservation.

The negative impact is, internationally it causes depletion of natural resources (Water Resource, Local Resources, Land Degradation), pollution (Air Pollution and, Solid Waste and Littering, Sewage, Aesthetic Pollution, Climate change), physical impacts (construction activities, marina development, trampling, loss of biodiversity).¹⁰⁴ It makes Habitats loss to tourism related developments particularly resort development in pristine areas; Land erosion and water runoff during construction; Increased demand on water supply; Increased demand on energy supply; Increased burden on solid waste management; Pollution of water bodies; Air pollution from various mode of transport; Alteration of the natural environment—ocean floor, mangrove area, beaches.¹⁰⁵ The continued presence of large numbers of tourists results in the degradation of the natural environment,

⁹⁸ *ibid.*

⁹⁹ *ibid.* 477.

¹⁰⁰ *ibid.* 476.

¹⁰¹ Mason (89). 341.

¹⁰² *ibid.*

¹⁰³ Ugur Sunlu, *Environmental Impacts of Tourism*, Ege University, Faculty of Fisheries, Dept. of Hydrobiology, Bornova/Izmir, Turkey. 269&268.

¹⁰⁴ *ibid.*

¹⁰⁵ Kasim (n41). 4.

through direct impact on the physical environment, through inappropriate use of land and water resources and through putting excessive pressure on the built environment, especially in the case of historical and cultural buildings.¹⁰⁶ It also promotes vandalism and littering. It makes way for destruction of wild life and vegetation. It invites air, and water pollution and it creates a large carbon footprint and creates a sense of dependency on the natural resources.¹⁰⁷ It impedes the life of local population because of congestion, noise, and pollution. It can bring problems of alcoholism, drug addiction, and prostitution in the local society. To make place for new accommodations or recreational facilities, the locals may be displaced by acquiring their lands and violating human rights and it may act as a platform for the spread of contagious diseases.¹⁰⁸ Tourism can change local community structure, family relationships, collective traditional life styles, ceremonies and morality.¹⁰⁹ Large-scale tourism has contributed to the loss of coral reefs and mangroves, the deterioration of water quality and the ‘appropriation of high-quality farmland.’¹¹⁰ Intensive large-scale hotel development along beach coastlines, poor waste management and disposal of effluent from these facilities as well as lax planning regulations and their enforcement are examples of poor management practices that exacerbate problems leading to negative environmental impacts of tourism.¹¹¹

¹⁰⁶ Beech and Chadwick (n68). 6.

¹⁰⁷ tutorials (n56). 67.

¹⁰⁸ *ibid.*

¹⁰⁹ *ibid.* 68.

¹¹⁰ daye (n83). 476.

¹¹¹ *ibid.*

CHAPTER THREE

3. THE NOTION AND SCOPE OF CORPORATE SOCIAL RESPONSIBILITY (CSR), AND ITS NEXUS WITH AND APPLICABILITY ON BUSINESSES IN GENERAL AND TOURISM BUSINESSES IN PARTICULAR

3.1. Concept of CSR

3.1.1 Introduction

CSR is undeveloped with respect to its precise meaning, content and practice, definitiveness of relationship with the law and clarity of regulatory design and implementation.¹¹² Researchers and practitioners find the concept of CSR quite complex, unclear and under researched and a lot remains to be done.¹¹³ So, different academicians and bodies define CSR differently from different perspectives and there is no clear and universally accepted definition.

3.1.2 Definitions of CSR

The definition that currently exists underpins the impact that businesses have on society at large and the societal expectations and “the entirety of CSR can be discerned from the three words confined within its title phrase: ‘corporate’, ‘social’, and ‘responsibility’ ”.¹¹⁴

“CSR is the continuing commitment by business to behave according to business ethics and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and the society at large.”¹¹⁵ From this, CSR of businesses are to help the concerned community at large. However, CSR is not limited only to business organizations; it also includes the obligation of businessmen and can be defined from the businessmen perspective as follows.

CSR also refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives and values of our society.¹¹⁶

According to European commission, “CSR is the responsibility of enterprises for their impacts on society.”¹¹⁷ If we follow this definition, it’s considered that businesses should take into account

¹¹² Osuji (2011) cited in Benedict Sheehy (n16). 5. Benedict Sheehy, ‘Defining CSR: Problems and Solutions’, (2015), 131, J Bus Ethics.

Available at: <scholar.google.com.au/citations?user...hl=en 625–648>, accessed on 10th February, 2017.

¹¹³ Fuchs (2010) cited in Dentisa(n17),14.

¹¹⁴ Mohammed BelalUdin et al, ‘Three Dimensional Aspects of CSR,’ (January 2008), Vol. 3 No. 1, Daffodil International University Journal of Business and Economics, 204.

¹¹⁵ Belal (n114). 199.

¹¹⁶ Bowen (n19). 14.

social, environmental, ethical, human rights and consumers into their business strategy and core operations.

Considering the above mentioned definitions, CSR is about companies taking responsibility for their impacts on society. To fully meet their CSR, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders. This placement should be with the aim of maximizing the creation of shared value for their owners/shareholders and for other stakeholders and society at large; identifying, preventing and mitigating their possible adverse impacts.¹¹⁸ This should be done by believing that CSR is important for the sustainability, competitiveness, and innovation of enterprises that it brings benefits for risk management, cost savings, access to capital, customer relationships, and human resource management.¹¹⁹

3.2. Evolution of CSR

There are a lot of sources on the evolution of CSR and almost all of these sources give different references to tell the evolution and development of CSR. Historically speaking, the notion of CSR has been associated with corporate philanthropy.¹²⁰ Also according to different literatures; although it has only recently been recognized and supported by most companies throughout the world; it was born since when corporations were born and societies to accommodate them and has been known and practiced for more than thousands of years.¹²¹ During the late eighties and early nineties public opinion, social movements and activities by non-governmental organizations led businesses to develop a more ‘sophisticated’ approach to CSR, known as ‘enlightened self-interest’.¹²² Having said this general remark, it is important to see the evolution by dividing the period according to Literature Overview in 1990s to properly understand evolution of CSR.

Clark is the first scholar who introduced the concept of Corporate Responsibility although he didn’t provide a definition of CSR, he used a combination of economic responsibility, business ethics and business responsibility to present an idea that has parallels with modern concepts of CSR.¹²³

¹¹⁷ European Commission Brussels, 25.10.2011 Com (2011) 681 Final Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions: A renewed EU strategy 2011-14 for CSR. 6.

¹¹⁸ *ibid.*

¹¹⁹ <http://ec.europa.eu/growth/industry/corporate-social-responsibility_en>, accessed on 20th December, 2017.

¹²⁰ Constantina Bichta, *CSR A Role In Government Policy And Regulation?* University of Bath School of Management. 7.

¹²¹ Marinela Krstinić Nizic, *CSR In Tourism - The Most Popular Tourism Destinations In Croatia: Comparative Analysis* University of Rijeka, (June, 2010). 108.

¹²² Bichta (n120). 665.

¹²³ Clark Maurice, ‘*The changing basis of economic responsibility*,’ (1916), 24(3), *The Journal of Political Economy*, the university of Chicago. 209.

The 1950s marked the Birth of Modern CSR Study. Bowen in 1953 attempted to give the earliest definition of CSR which is “Businessmen must follow those lines of action which are desirable in terms of objectives and values of our society.”¹²⁴

Compared with the research on CSR conducted earlier; 1960s and 1970s were remarkable for the expansion and proliferation of the statement of CSR conceptualization.¹²⁵ Many others believed that the general public believed that the subject of CSR arose following the negative behaviour of some corporations.¹²⁶

In addition to scholars, contributions were also made during 1960s and 1970s by non-governmental and governmental organizations such as the Committee for Economic Development (CED) in the USA composed of businessmen and academics, published Social Responsibility of Business Corporations in 1971, which is the first discussion about the changing Social Responsibility.¹²⁷

According to Jones, During the 1980s and 1990s continued Proliferation and Development of CSR were observed.¹²⁸ It’s emphasized that CSR should be considered as a process, and then Jones presented the idea that corporate involvement in a process of CSR decision making itself constituted CSR behaviour and he defined CSR as the “notion that corporations have an obligation to constituent groups in the society other than stockholders and beyond that prescribed by law and union contracts.”¹²⁹

The term CSR has been developing since the mid-1990s to become an essential framework for changing business practice.¹³⁰ Generally speaking during the New Millennium there is research diversity and major shift by adopting different methodology. Lee saw the evolution of CSR as a major shift from social level of CSR to the industrial behavioural level and the shift from explicit normative and ethics-oriented theoretical studies to implicit normative and performance-oriented empirical studies in terms of theoretical orientation.¹³¹

Current literature review points out that the current studies have overemphasized the link between CSR and Corporate Social Performance by looking at business case studies, which they claim have

¹²⁴ Bowen (n19). 28.

¹²⁵ Zhao Kuan, Hotel Corporate Social Responsibility Guest Satisfaction, and Repeat Purchase Intention in China’s Domestic Hotel Market A thesis submitted in fulfilment of the requirements for the degree of doctor of philosophy The university of WAIKATO RESEARCH COMMONS. 63. Available at: <<http://researchcommons.waikato.ac.nz/>>, accessed on 12th, April 2017.

¹²⁶ *ibid.*

¹²⁷ *ibid.*

¹²⁸ Thomas M. Jones, ‘CSR Revisited, Redefined,’ Spring (1980), Vol. 22 No. 3, California Management Review, 59&60.

¹²⁹ *ibid.*

¹³⁰ Minghetti & Mingotto (n38). 15.

¹³¹ Min-Dong Paul Lee: ‘A review of the theories of CSR: It’s evolutionary path and the road ahead,’ (2008), International Journal of Management Reviews .58.

not been able to generate conclusive results, and they expressed concerns regarding the direction in which CSR research is moving.¹³²

So, seeing most of the notion of CSR, we can conclude that the current definition of CSR is developed around two main principles according to Kuan:

*First the interests of the firm's stakeholders should be represented at the company board and the decision-making process of the firm, and second since corporate law protects the interests of the firm's shareholders, a CSR or 'corporate citizenship' stance would involve the formulation of decisions that go beyond legal requirements and exceed the law, 'compliance plus.'*¹³³

From all the above we can say that CSR started long years before commercial activities have occupied philosophers, writers, religious leaders and law-makers.

3.3. Theories of CSR

The development of the concept of CSR has been subjected to different theories depending on the school of thought.¹³⁴ According to literature there exists three discernable schools of thought and practice about CSR.¹³⁵ These schools may be characterized as neoliberal, neo-Keynesian and radical political approach.¹³⁶ However, "the intellectual foundation for most evolving views of CSR lies largely with the notion of a 'social contract' between a corporation and its host society"¹³⁷ The theory of social contract "is what the French philosopher Rousseau understood as a 'social contract' between business and society as being 'symbiotic'".¹³⁸

3.3.1 Shareholders Theory

Shareholders theory is a primary theory with regard to the duties of businesses in maximizing profits.¹³⁹ It is the oldest theory which states that there is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game and prefers that the state address the social problems.¹⁴⁰ It is an argument shared by the neoliberal school of thought.¹⁴¹ As per this theory, the interest of employees and suppliers and customers should be governed by their contract and the existing laws.

3.3.2 Stakeholders Theory

¹³² Kuan (n125).

¹³³ Bichta (n120).8.

¹³⁴ *ibid.*

¹³⁵ *ibid.*

¹³⁶ *ibid.* 10.

¹³⁷ UNCTAD, *The SR of Transnational Corporations*, UN, New York and Geneva, (1999).5.

¹³⁸ Bichta (n120).3.

¹³⁹ Milton, Friedman, *The SR of Business is to Increase its Profits*, The New York Time Magazine, (September 13, 1970). 6.

¹⁴⁰ *ibid.*

¹⁴¹ *ibid.*

It is the approach taken by the neo-Keynesian school of thought “that more clearly recognize the active role of corporation’s stakeholders.”¹⁴² Corporation has a set of responsibilities toward non shareholder interests. Stakeholder “is any group or individual who can influence or is affected by the attainment of the firm’s objectives” and may include “government, local community organizations, owners, consumer advocates, customers, competitors, media, employees, special interest groups, environmentalists, suppliers.”¹⁴³ In short, stakeholder theory is a generalisation that stakeholders have a right to demand certain actions by management, so do the other **stakeholders** have a right to make claims.¹⁴⁴

Donaldson and Preston 1995 advocated stakeholders theory and stressed the moral and ethical dimensions of stakeholders theory as well as the business case for engaging in CSR.¹⁴⁵ It is a normative theory which pushed managers to consider their moral duty towards the legitimate interests of all stakeholders.¹⁴⁶

Generally stakeholders theory states that all stakeholders must be considered in the decision making process of the organization because it is the morally and ethically correct way to behave, and doing so actually benefits the shareholders, and it reflects what actually happens in an organization.¹⁴⁷

3.3.3 Social Responsibility of a Business

Bowen is the main contributor of this theory. In his definition of the term ‘social responsibility of businesses he maintained that, ‘businessmen ought to make decisions or to follow lines of action which are desirable in terms of the objectives and values of society and argued that SR is no panacea for all the businesses’ social problems, but it contains an important truth that must guide it in the future.’¹⁴⁸ He suggested in the composition of the boards of directors, greater representation of the social viewpoint in management.¹⁴⁹

Heald suggested that there are different ways to know the extent to which business people were actually adopting and SR.¹⁵⁰ Frederick went even further, when he maintained that the businessman should oversee the economic system to fulfil the expectations of the public and he suggested to

¹⁴² Ray Broomhill, *CSR: Key Issues and Debates*, Dunstan Paper No. 1 (2007). 7.

¹⁴³ Freeman (59). 25. Edward Freeman, *Strategic management: A stakeholder approach*. Boston: Pitman (1984).

¹⁴⁴ Bichta (n120). 17. Emphasis added.

¹⁴⁵ Thomas Donaldson and Lee E. Preston, ‘the Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications,’ (Jan., 1995), Vol. 20, No. 1, the Academy of Management Review, Published by: Academy of Management. 75&76.

¹⁴⁶ Camilleri (n1). 56.

¹⁴⁷ David Crowther and Gulerara: *CSR*; ventus publishing, (2008). 30&31.

¹⁴⁸ Bowen (n19). 35. Emphasis added.

¹⁴⁹ *ibid.*

¹⁵⁰ Morrell Heald, *The Social Responsibilities of Business: Company and Community*, (1970). 25.

businessmen to endeavour towards socio-economic welfare of the wider public.¹⁵¹ McWilliams and Siegel also present a supply/demand perspective on CSR which implies that the firm's ideal level of CSR can be determined by cost benefit analysis.¹⁵²

3.4. Scope and Contents of CSR

CSR is based on the concept of triple-bottom-line which in general consists of three dimensions social, environmental and economic.¹⁵³ The “triple-bottom line” approach adds environmental and social elements to the economic bottom-line. It measures the economic, environmental and social profits and losses. This means that instead of being responsible only for profit optimization, companies that are engaged with CSR have to be responsible for their actions regarding the environment and society. “The SR of business encompasses the economic, legal, ethical and discretionary expectations that society has about organizations at a given point in time”.¹⁵⁴

3.5 Principles of CSR

When we speak of CSR, there are principles that together make CSR. These are principles on which CSR is based. These are sustainability, accountability, and transparency.

3.5.1 Sustainability

Action taken in the present should have the options available in the future and the society must use no more of a resource than can be regenerated.¹⁵⁵ So, Sustainability is one of the principles of CSR that determines the use of resources at present by taking into account the needs of future generation so as to make development sustainable.

3.5.2 Accountability

It is a principle that organizations recognize that their actions affect the external environment and all stakeholders; and assume responsibility for the actions or quantification of the effects of actions taken both internally and externally and **reporting** of those quantifications to all parties affected by those actions.¹⁵⁶ So, it's a principle that makes the business enterprises accountable for their actions to the concerned stakeholders.

3.5.3 Transparency

Transparency is a process of disclosing businesses activities either the positive or negative impact accompanied by the availability of full information required for collaboration, cooperation, and

¹⁵¹ Frederick (1960) cited in *Center for Ethical Business Cultures: The Influence of Shareholders on CSR*; Preliminary project planning paper, Working Paper No.1, (2005). 23.

¹⁵² McWilliams (n6).7.

¹⁵³ Manente (n38). 15. Emphasis added.

¹⁵⁴ Carroll (n27). 499.

¹⁵⁵ Crowther (n147).14&15.

¹⁵⁶ Crowther (n147). 15. Emphasis added.

collective decision making.¹⁵⁷ So, it's the responsibility of businesses to let the community and other stakeholders know about their conduct in relation to the socio- cultural, environmental, and economic impacts they undertake.

3.5.4 Responsibility

The external impact of the action of the organization should be ascertained from the organizations reporting without disguising pertinent facts including disclosing external impacts which is part of recognition of responsibility by the organization.¹⁵⁸

3.6. Nexus With and Applicability of CSR on Businesses in General and Tourism Businesses in Particular

3.6.1 CSR on Businesses

Initially, CSR was used for philanthropy purpose and there was/is many views that oppose the application of CSR on businesses. The classical view of Milton Friedman on CSR criticized CSR arguments by stating that 'few trends could so thoroughly undermine the very foundations of our free society as the acceptance by our corporate officials of a SR other than to make as much money for their stockholders as possible' and the starting point in Friedman's argument is that people have responsibilities but businesses do not.¹⁵⁹

Now-a-days according to literature review, CSR is becoming increasingly important to businesses nationally and internationally. A lot of academic research has been done about CSR and the concept has received a lot of attention recently in business practices and is also related to business efficiency.

In the first definition of CSR in 1953 in the publication by Howard R. "It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives and values of our society".¹⁶⁰ Therefore, it is important that companies realize the power they have in the community they operate in and that their positive image will lead to their future benefit in one way or another. In addition, a healthy society will have a higher demand for businesses because public needs are met and their aspirations grow.¹⁶¹ When a society is healthy, people tend to procreate and more humans will need to work, and thus businesses grow.¹⁶² Meanwhile, a healthy and happy society needs successful companies. In this respect, CSR is

¹⁵⁷ <blog.experts-exchange.com/ee-blog/transparency-in-business-why-it-matters/>, accessed on 3rd April, 2017.

¹⁵⁸ *ibid.*

¹⁵⁹ Bichta (n120).15.

¹⁶⁰ Bowen (n19).Cited in Dentisa (n17). 14.DenitsaDimitrova and Ning Li: 'CSR in Tourism: How can a CSR certificate enhance the competitive advantage of tourism SMEs in Denmark? Case study of Travel life Certification', (a thesis on CSR in tourism), AABORGuniversity.

¹⁶¹ Michael Porter and Mark Kramer, (December 2006). 82.

Available at: <www.hbs.edu/faculty/Pages/item.aspx?num=23102>, accessed on 30th March, 2017.

¹⁶² *ibid.*

in the interest of society and not only for companies.¹⁶³ Contributing to CSR is considered as long term investment, not as pure cost. So Contributing to local community's development would bring in firms' long-term profitability.¹⁶⁴ From all the above we may say that CSR has economic, social, environmental and other significance for businesses.

Regarding Economic significance, through strategic CSR a company will make a significant impact in the community and will reap the greatest business profits.¹⁶⁵ Strategic CSR involves both inside-out and outside-in dimensions, working in tandem that the success of a company and community may become mutually reinforcing so that the more companies' businesses are closely tied with social issues, the greater the opportunity to leverage the firms'.¹⁶⁶ In return business has economic responsibilities as providing a decent return on investment to owners and shareholders; creating jobs and fair pay for workers; innovation, and the creation of new products and services along with its other objectives.¹⁶⁷ CSR being a way of community and business development in a responsible and sustainable manner, it increases consumer trust. Therefore, there exists a positive indirect relationship between CSR and financial performance with intermediate variables like customer loyalty, employee attraction, retention and motivation, social reputation, business reputation, access to capital between firms CSR activities and FP.¹⁶⁸ So, we can say that there is a positive association between strategic SR and competitive advantage, and it's a source of competitive advantage, and the creation of competitive advantage occurs through the implementation of strategies that add value and create benefits for one company when another company fails to do so.¹⁶⁹

Not only economic significance, It's also discovered that there are intangible benefits beyond the balance sheet that result from CSR implementation and they can be cost savings from recycling, energy saving, waste reduction and other environmental measures.¹⁷⁰ "Successful corporations need a healthy society," and thus a healthy society creates an expanding demand for business and therefore, sustainability had to be integrated into the business.¹⁷¹ So, other significance involves social, environmental and other benefits.

¹⁶³ Manente (n38). 17.

¹⁶⁴ *ibid.*

¹⁶⁵ Porter and Kramer, 2006, 2011 cited in Mark Anthony Camilleri (n1). 80.

¹⁶⁶ *ibid.* 73 and 74.

¹⁶⁷ Carroll (n27). 500.

¹⁶⁸ Lorraine Sweeney, 'A study of current practice of Corporate Social Responsibility (CSR) and an examination of the relationship between CSR and Financial Performance using Structural Equation Modelling,' (Submitted in fulfilment of the requirements for the degree of Doctor of Philosophy), in the college of Business, Dublin Institution of Technology, December 2009. 109.

¹⁶⁹ Barney, J. 'Firm resources and sustained competitive advantage,' (1991), 17(1), *Journal of Management*, 110.

¹⁷⁰ Tim Coles, Emily Fenclova and Claire Dinan: *Tourism And CSR: A Critical Review And Research Agenda* ; Centre for Sport, Leisure and Tourism Research, University of Exeter Business School. 2013. 40.

¹⁷¹ Porter (n165). Michael Porter and Mark Kramer, (December 2006). 82.

Available at: <www.hbs.edu/faculty/Pages/item.aspx?num=23102>, accessed on 30th March, 2017.

So, Regarding Social significance; which is social motives focused on two main points. The first is creating causal cohesion and equity and they are usually concerned with the employees, their health, safety and wellbeing.¹⁷² The second deals with motivating staffs by offering training and other development opportunities.¹⁷³ At the same time, in order to achieve sustainability and long-term profits; they must recognise the needs to minimise negative socio cultural impacts on host communities.

Regarding Environmental significance, Environmental protection of the physical environment has become an international concern. Businesses have contributed substantially to environmental damage through chemical and noise pollution, loss of habitats and often poor quality urbanisation.¹⁷⁴ In order to achieve sustainability and long-term profits; enterprises must recognise the need to minimize negative environmental impacts.¹⁷⁵ Being environmentally responsible leads to good publicity, which may attract more customers and help for retaining staff, and CSR activities such as recycling and energy saving can result in reducing costs, which in turn increase profitability.¹⁷⁶ So, Expenditures on strategic CSR activities are typically intended as long-term investments that are likely to yield financial returns.¹⁷⁷

Generally speaking 'Business case' for CSR has generated a huge amount of research, and a number of reports and articles have appeared which purport to demonstrate that companies which adopt socially responsible policies are better run, more attractive to investors, employees and consumers, more efficient and therefore more profitable.¹⁷⁸ Thus, a number of scholars have proposed that CSR has positive effects of business performance such as consumer satisfactions, reputation, competitive advantage, and organizational commitment, humanitarian, medical and social cases, environmental causes, cultural, heritage protection, philanthropic activities and sport related initiatives.

3.6.2 CSR in Tourism Businesses

As shown in the section above, now-a-days there are greater recognition of applicability of CSR in businesses in which tourism businesses are not an exception. The tourism industry is often blamed for causing damage to destinations and showing little willingness to be involved in planning for long-term viability of tourism development.

According to Swarbrooke; *the tourism industry has been accused of (at least):*

¹⁷² Vo, Delchet-Cochet ,&Akeb 2015, cited in Dentisa (n17). 59.

¹⁷³ ibid.

¹⁷⁴ ibid.

¹⁷⁵ Beech (n68). 523.

¹⁷⁶ Delchet-Cochet ,&Akeb 2015, cited in Dentisa (n17). 58.

¹⁷⁷ Vaughn, 1999.Cited in Camilleri (n1). 70.

¹⁷⁸ Jennifer A Zerk, *Multinationals and CSR: Limitations and Opportunities in International Law*, Cambridge studies in international and comparative law, Published in the United States of America by Cambridge University Press, New York, (2006).33.

- *Being mainly concerned with short-term profit, rather than long-term sustainability of destinations;*
- *Being relatively fickle and showing little commitment to particular destinations;*
- *Exploiting the environment and local populations rather than conserving them;*
- *Not doing enough to raise tourists' awareness of issues such as sustainability;*
- *Being increasingly owned and controlled by large transnational corporations, who have little regard for individual destinations, their environments or communities.*¹⁷⁹

So, CSR in Tourism is a major Factor for Sustainable Development to rectify the above mentioned challenges. So, the concept of CSR recently has become more significant within the tourism industry¹⁸⁰ and has become a buzzword in the mainstream tourism.¹⁸¹ Therefore, CSR in tourism businesses are a whole range of concepts that are used by tourism companies with much emphasis on sustainable development of tourism.

Sustainable development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.¹⁸² Sustainable development aims and seeks to find a stable theoretical framework for decision-making in any situation where a person/environment relation can be found, whether environmental, economic or social.¹⁸³

According to the UNWTO, sustainable tourism development is defined as “Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, and the environment and host communities”¹⁸⁴

According to the definition, sustainable development should conserve natural heritage and biodiversity, respect and protect the socio-cultural authenticity and heritage of host communities and provide socio-economic benefits to all stakeholders. All tourism business actors such as tour operators, travel agents, transportation companies, government, community, NGOs and tourists need to work together to tackle all of the social and environmental issues that negatively impact the destination and the industry as a whole.¹⁸⁵ Sustainable tourism development requires the reconciliation of opposing interests and objectives, favouring partnership and cooperation between decision-makers, processors and consumers promoting long term public interest. In order to achieve these goals CSR should be there.

Responsible and sustainable tourism includes all forms of activities that focus on minimizing negative economic, environmental and social impacts caused by tourism businesses.

According to Cape Town Declaration on Responsible Tourism 2002 the aim of responsible tourism is:

¹⁷⁹ Swarbrooke (n35).104–5).

¹⁸⁰ Yuhei Inoue and Seoki Lee: *Effects of different dimensions of CSR on CF performance in tourism-related industries*. Temple University, School of Tourism and Hospitality Management, 2011. USA. 792.

¹⁸¹ Fuchs, 2010 cited in Dentisa (n17). 23.

¹⁸² Zerk(n178).268.

¹⁸³ World Commission on Environment and Development (WCED) Brundtland Report, 1987:24.
Available at: <www.un-documents.net/our-common-future.pdf>, accessed on 3rd February 2017.

¹⁸⁴ UNWTO, available at: <sd.unwto.org/content/about-us-5>, accessed on 3rd June, 2017.

¹⁸⁵ Kasim (n41). 5.

“to improve living and working conditions of the host community and to involve them in decision making regarding local tourism development and planning; to contribute to the conservation of natural and cultural heritage, to build local pride and confidence and provide greater understanding of local culture and more meaningful connection with the locals.”¹⁸⁶

According to Cornel NicolaeJucan, etal: SR in Tourism and Sustainable Development puts CSR significance as:

“there are many benefits arising from the implementation of CSR in tourism businesses such as the increase in operational performance; reduction of operational costs through the optimization of the operation and material flow processes, the improvement of energy efficiency and the reduction of consumption and the improvement of waste and chemical management; the improvement of the public image and increased awareness through the improvement in the communication process with stakeholders and the increase in customer satisfaction and promotion through mass-media; the increase in staff training and employees' satisfaction through the increase in personnel competence and the reduction of the environmental impact through the reduction of pollution, the reduction of energy, water and materials consumption from primary resources and the reduction of the amount of waste generated.”¹⁸⁷

So, emphasizing on sustainable tourism and CSR practices, tourism businesses can influence the destination, may encourage the service and product providers to care more about the CSR issues which in return can improve the quality of tourism products and enhance the customers' satisfaction for better competitive advantage. Therefore, like other businesses; CSR has different dimensions and significances in tourism businesses such as in economic, social, environmental, legal and ethical dimension.

3.7. Regulatory and Supervisory Methods to CSR

CSR resulted from various sources such as International CSR Instruments, regional instruments, NGO Guidelines on CSR, Corporate Codes of Conduct, and domestic legislation on CSR issues. These sources use different ways for CSR. The following are some of them.

3.7.1 Certification

Certification is a procedure by which “a third-party certifier provides a written statement that, for example, a business conforms to the requirements specified in a standard or reference”.¹⁸⁸ It's defined as “a voluntary procedure that assesses and audits and gives written assurance that a facility, product, process or service meets specific standards.”¹⁸⁹ Certification are applied to assess different aspects of tourism businesses such as the quality of the tourism products, tourism sustainability and accountability, as well as ecotourism that takes place in natural, protected, or fragile eco-systems, and

¹⁸⁶ <<http://responsibletourismpartnership.org/cape-town-declaration-on-responsible-tourism/>>, Accessed on 23rd march, 2017.

¹⁸⁷ Cornel etal: *SR in Tourism and Sustainable Development*, University of Sibiu, Faculty of Economics Sciences, Issue 10, Volume 6, (October 2010). 682.

¹⁸⁸ Font &Buckely, 2010 cited in Dentisa (n17). 4.

¹⁸⁹ Rachel Dodds& Marion Joppe(june2005): *CSR in the Tourism Industry? The Status of and Potential for Certification, Codes of Conduct and Guidelines* 19, 20, 23 and 32.

different manifestations of CSR.¹⁹⁰ So, there are different reasons for tourism enterprise to engage with CSR certification. From many of them one is reducing the environmental impact. So, for a tour operator or travel agency to get certified, there is process of compliance assessment system. So, Certification is a tool used to direct and guide the sustainability efforts of tourism companies with a focus on eliminating negative impacts and practice implementing the CSR to meet the standard.¹⁹¹ Because a CSR certificate provides very comprehensive principle in terms of environmental sustainability and responsibility and thus by engaging with a CSR certification program, tourism enterprises will have the opportunities to reduce the negative environmental impacts by saving costs and securing their Brand Recognition.¹⁹² By joining the CSR certification program, the tourism enterprise will gain opportunities to remarketing its products, and integrate the environmentally friendly elements into its products and services.¹⁹³ Now-a-days, growing consumers are willing to support the environmentally friendly products.¹⁹⁴ Certification also enhances competitive advantage. Because, certification enables tourism enterprise to have a better corporation with supply side of companies and the program helps the awarded companies to communicate with customers by different marketing tools including using the awarded logo because by the certificate. CSR Certification increases acceptance in the market place for enhancing competitive advantage.¹⁹⁵ Also to the host communities where the awarded travel agencies and tour operators work, by promoting sustainable development, CSR Certification will help to develop the environmental facilities,¹⁹⁶ and They could make bigger impact on the stakeholders such as the customers, suppliers and on the destination.¹⁹⁷

3.7.2 carrying-capacity analysis

Given the negative impacts of tourism; carrying capacity analysis is the starting point in the environmental management of tourism that attempts to control the numbers of users.¹⁹⁸ Carrying capacity refers to the number of tourists that a place can accommodate without detriment to the environment or host population or any reduction in tourists' satisfaction. It may be related to different

¹⁹⁰ Dentisa (n17).32.

¹⁹¹ *ibid.* 4.

¹⁹² *ibid.* 36.

¹⁹³ *ibid.* 75.

¹⁹⁴ *ibid.* 36.

¹⁹⁵ *ibid.* 43.

¹⁹⁶ *ibid.* 37.

¹⁹⁷ *ibid.* 97.

¹⁹⁸ Andrew holden; Managing the environmental impacts of tourism (John Beech andSimon Chadwick(eds), *the business of tourism management*, Coventry Business SchoolandBirkbeck College, Pearson Education Limited, University of London, Edinburgh Gate, Harlow, Essex CM20 2JE, (England, 2006). 364.

kinds of capacities such as Ecological capacity; Socio-cultural capacity; Psychological capacity; Infrastructural capacity; Environmental Management capacity etc.¹⁹⁹

World Tourism Organization defines carrying capacity as being ‘fundamental and Similar to environmental protection and sustainable development that refers to maximum use of any site without causing negative effects on the resources, reducing visitor satisfaction, or exerting adverse impact upon the society, economy and culture of the area.’²⁰⁰ Mathieson and Wall stated: “Carrying capacity is the maximum number of people who can use a site without an unacceptable alteration in the physical environment and without an unacceptable decline in the quality of the experience gained by the visitors.”²⁰¹

‘Economic carrying capacity’ relates to the extent of the dependency of the economy upon tourism; ‘psychological carrying capacity’ is reflected in the expressed level of visitor satisfaction associated with the destination; ‘environmental carrying capacity’ is concerned with the extent and degree of impacts of tourism upon the physical environment; and ‘social carrying capacity’ is concerned with the reaction of the local community to tourism.²⁰² All have maximum levels beyond which the carrying capacity would be deemed to have been exceeded and leading to deterioration.

3.7.3 Limits of Acceptable Change (LAC)

It’s an extension of the carrying-capacity technique alternatively called the ‘limits of acceptable use’.²⁰³ ‘Limits of Acceptable Change planning system was developed in response to a growing recognition in US that attempts to define and implement recreational carrying capacities for national park and wilderness protected areas were both excessively reductionist and failing’.²⁰⁴

3.7.4 Zoning

It’s a planning and land management strategy zoning of ecosystems according to robustness pressures to mitigate environmental damage for a protected area.²⁰⁵ Spatial zoning is an established land-management strategy that aims to integrate tourism into environments by defining areas of land that have differing suit abilities or capacities for tourism.²⁰⁶ So, it’s a way of excluding tourists from protected areas; environmentally abrasive activities into locations that have been specially prepared for such events and focus general visitors into a limited number of locations. Regarding zoning it’s ‘a

¹⁹⁹ <www.amfiteatrueeconomic.ro> temp Ar...>, accessed 6th June 2017.

²⁰⁰ World Tourism Organization (1992). Available at:

<https://en.wikipedia.org/wiki/Tourism_carrying_capacity>, Accessed on 27th March, 2017.

²⁰¹ Mathieson and Wall, Environment and Tourism, (1982). Available at:

<https://en.wikipedia.org/wiki/Tourism_carrying_capacity>, Accessed on 25th march, 2017.

²⁰² Holden (n198).364 &365.

²⁰³ ibid. 366.

²⁰⁴ ibid.

²⁰⁵ Williams (1998: 111) cited in holden, above (n206). 366.

²⁰⁶ ibid.

protected area that can be divided into zone of strict protection (a 'sanctuary zone', where people are excluded), wilderness (where visitors are permitted only on foot), tourism (where visitors are encouraged in various compatible ways), and development (where facilities are concentrated).²⁰⁷

3.7.5 Environmental Management System' (EMS)

It's a system that connects objectives for the environmental quality of a company's operation with the practical aspects of environmental auditing. To do so, companies will plan tangible targets to perform in a specified period, and mechanisms to achieve the objectives. These mechanisms have the significance of remarketing their product; attract customers, reducing expenses and others.²⁰⁸

3.7.6 Environmental Auditing

All the first five of the above emphasise upon the management of tourism through planning measures initiated by government. Environmental auditing is one type of environmental management system by corporate sector to demonstrate a responsibility to the surroundings they operate in.²⁰⁹

An environment audit is merely supervision, investigation and recording the activities of the organization in order to develop the understanding which addresses the extent of compliance with regulation; the extent and effectiveness of pollution control procedures.²¹⁰ It's also the extent of energy usage and possibilities for increasing energy efficiency; life cycle analysis of products and processes; the existence of potential for environmental management procedures to be implemented and others.²¹¹

It provides consistent business practice with the view of management as a controlled cyclic process based on continuous monitoring of impacts and change, the development of knowledge and the feeding back of these into decision-making by formalised process.²¹² By doing so; companies can reduce their costs of operations and increase their profits through the utilisation of environmental auditing. An environmental or eco-audit would cover aspects of environmental management, including: the company's environmental and purchasing policies and the adequacy of its communication of environmental practices.

3.7.7 Codes of Conduct

Corporate Codes of Conduct are policy statements that outline the ethical standards of conduct to which a corporation adheres that is inserted in the corporation's contracts with suppliers, buying

²⁰⁷ WTO (1992: 26) available at: <<https://books.google.com/books?isbn=0521857643>>, accessed on 27th April, 2017.

²⁰⁸ Dentisa (n17). 36.

²⁰⁹ <https://edisciplinas.usp.br/.../Lucas_Understanding_Environmental_Management_Prac...>, accessed on 12th March, 2017.

²¹⁰ *ibid.*

²¹¹ *ibid.*

²¹² *ibid.*

agents, or contractors and other source of CSR.²¹³ Codes of Conduct have the aim of influencing attitudes and modifying behaviour. Codes of Conduct serve as catalysts for dialogue between government agencies, industries, community interests, environmental and cultural NGOs and other stakeholders in tourism development; create awareness within the industry; sensitize host populations on the importance of environmental protection and the host-guest relationship; and encourage cooperation among industry sectors.²¹⁴ Codes of Conduct have also salient principles of sustainable use of resources; reducing waste and over-consumption; adopting internal environmental management strategies such as environmental auditing; support and involvement of the local economy by using local suppliers where possible; pursuing responsible marketing.²¹⁵

3.7.8 Capacity Building

Capacity building is about developing the potential and ability of stakeholders to make and implement decisions that will lead to more sustainable tourism, by increasing the understanding, knowledge, confidence and skills of all stakeholders.

3.8. Experience from Selected Jurisdictions

Many countries in the world use different approaches and ways of implementing CSR from different perspectives. These countries are working on CSR not only for a specific sector of the country but also for branding of the country in the world by encouraging and supporting companies to implement it. Branding (a nation) is a process of designing, planning and communicating the name and the identity, in order to build or manage the reputation (of a country).²¹⁶ Best example for such is Sweden. CSR is very much recognized and accepted activity in Sweden by companies and the government is also helping out companies to achieve all objectives.²¹⁷ The country brand index report of 2007 shows that clean environment and people's wellbeing is creating a soft image of Sweden in international community and taking in the top ten nation brands of the world.²¹⁸ For the activities of CSR they have a separate body called Swedish institute by putting clear objectives to take initiatives to make aware Swedish companies about the importance of CSR and trying to implement it in the country enterprise in close collaboration with the Swedish Trade Council. In such a way, the Swedish Trade Council helps Swedish corporations to grow internationally in order to promote the brand image of Sweden. Sweden is almost universally admired, and its brand image boasts of a rare

²¹³ Bantekas (n4). 322.

²¹⁴ UNEP 1995, available at: <www.unep.fr/shared/publications/pdf/DITx0679xPA-CommunicatingEN.pdf>, accessed on 3rd April, 2017.

²¹⁵ holden (n198).369, 370, 371.

²¹⁶ Simon Anholt, 2005. Available at: <<https://www.bezern.com/read.php?id=141222>>, accessed on 23rd February, 2017.

²¹⁷ ibid.

²¹⁸ Future Brand, (2007).

combination of stable and responsible governance, honest and trustworthy people, successful cultural exports, a prime location for investment, and yet isn't seen as boring or predictable, but young and dynamic.²¹⁹ Swedish government always supports corporation's activities in order to bring concurrent economic, social and environmental benefits in the country. To implement CSR in the country, government works in partnership with the private and public sector and community bodies.

Other jurisdictions especially developed countries such as UK, Denmark include CSR in the law which is mandatory for big businesses. For example in Denmark; On 16th December 2008, the Danish Parliament adopted "Act revising the Danish Financial Statement Act (Accounting for CSR in large businesses)" According to which large businesses are obligated to account for their work on CSR.²²⁰ Since 2013, a new requirement was added to the existing law, according to which it is mandatory for businesses to also clearly account for their policies for respecting human rights and for reducing their climate impact.²²¹ CSR in Denmark has always been characterized by a high involvement of the government in the form of a general political encouragement for businesses to engage in CSR.²²²

There are different approaches for the SMTEs to implement and engage in CSR, and the certification is one of the options. There are more than 100 certification schemes that have been already established in 2002 all over the world.²²³ Now-a-days, travel life certificate is common. Travel life is a program concerned with travellers' action and movement to increase travellers by keeping safety of the travellers founded in 2007 which is training, management and certification scheme based in the Netherlands.²²⁴ This scheme is used for tourism enterprises, such as accommodations, travel agencies and tour operators supported by many countries.²²⁵ Accordingly three steps have to be carried out by the travel agencies or tour operators before awarding the certification.²²⁶

"Stage 1—Travelife Engaged: By the first stage the company conducts an application to introduce the proper management issues in relate to CSR.

Stage 2—Travelife Partner: The company conducts a sustainability report in accordance with the basic requirements assessed by Travel life.

Stage 3—Travel life Certified: in the third stage, an independent auditor will evaluate the company's compliance with the international Travel life standard for travel companies, and this is done by on-site visit."²²⁷

²¹⁹ Ulf Berg, Sweden 2007, cited in AamirSohail,KashifShahzad, Ishtiaq Ahmad Din, 'The role of CSR to create positive positioning in the branding of a country and particular to Pakistan,' (Master Thesis Report MSc in Business Administration), Blekinge Institute of Technology School of Management Ronneby, Sweden. 11 June 2008. 12.

²²⁰ Dentisa (17). 4.

²²¹ *ibid.*

²²² *ibid.* 22.

²²³ Medina, L. K. (2008). 'Ecotourism and Certification: Confronting the Principles and Pragmatics of Socially Responsible Tourism,' .Journal of Sustainable Tourism , 290.

²²⁴ Dentisa (n17). 35.

²²⁵ *ibid.* 35.

²²⁶ Travel life certificate 2007.

²²⁷ Dentisa (n17).38, 39.

There is certain link between the competitive advantage and the Travel life certification in Denmark which means, if the companies can practice CSR issues more strategically, and by the help of Travel life certification, it is possible to enhance the competitive advantages.²²⁸

Other regulatory and supervisory way of CSR are the ones used by commission of the European communities. Accordingly A good example of an approach that allows public authorities to work with businesses is an Integrated Product Policy (IPP) which is founded on the consideration of products' impacts throughout their life cycle, and involves businesses and other stakeholders in dialogue to find the most cost effective approach.²²⁹ In the environmental field, it can therefore be seen as a strong existing framework for promotion of CSR.

Another approach that facilitates CSR is the Community's Eco- Management and Audit Scheme (EMAS) that encourages companies voluntarily to set up site or company-wide environmental management and audit systems that promote continuous environmental performance improvements.²³⁰

CHAPTER FOUR

4. CSR OF TOURISM BUSINESSES UNDER INTERNATIONAL INSTRUMENTS AND ETHIOPIAN LAW/S

4.1 CSR of Tourism Businesses under International Instruments

CSR as a driver of CR and social movement on legal trends; it's developing and there are several international CSR regimes and sources already in existence, and several other international instruments touching on CSR.

Authoritative guidance and principles are provided by internationally recognised instruments, in particular the updated OECD guidelines for multinational enterprises,²³¹ certain principal and subsidiary organs of the UN such as World Commission on Environment and Development (WCED), ten principles of the UN Global Compact, UN proposal defining CSR, UN Guiding Principles on business and human rights, and the ILO Tri-partite Declaration of Principles concerning multinational enterprises and social policy.²³²

²²⁸ *ibid* 78.

²²⁹ Commission of the European Communities Brussels, 18.7.2001 COM(2001) 366 final
Green Paper *Promoting a European framework for CSR*. 11.

²³⁰ *ibid*.

²³¹ European Commission (n117). 51.

²³² *ibid*.

OECD Guidelines, the UN Global Compact, and the 1998 ILO Declaration on Fundamental Principles and Rights at Work, UN code of conduct for tourism are the most influential public international CSR instruments.

To begin with OECD Guidelines, they are recommendations that contain issues on human rights, employment and industrial relations, environment, bribery, consumer interests, science and technology, competition, and taxation to be addressed by governments to multinational enterprises. OECD guidelines by voluntary social reporting, it promote high quality standards for disclosure, accounting, and audit of financial and non-financial information.²³³ The organization has identified a number of factors that will help increase the impact of its CSR policy, including the need to address company transparency on social and environmental issues from the point of view of all stakeholders, including enterprises themselves; the need to give greater attention to human rights; the need to acknowledge the role that complementary regulation plays in creating an environment more conducive to enterprises.²³⁴

Concerning the UN Global Compact, the UN Secretary General has launched a “Global Compact” initiative which seeks to make business a partner in achieving social and environmental improvements globally.²³⁵ The UN Global Compact’s Ten Principles are derived from globally acknowledged and widely recognized declarations of the UDHR, ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption.²³⁶ So, CR starts with a company’s value system and a principled approach to doing business and by incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

UN Global Compact regarding Human Rights states that Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.²³⁷ In relation to Labour; Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; eliminate all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.²³⁸ With respect to environment; businesses should support a

²³³ OECD Principles of Corporate Governance Principle III, Organisation for Economic Co-Operation and Development (OECD) Doc. SG/CG(99)5, (1999). 20.

²³⁴ European Commission (n117). 5.

²³⁵ <www.unglobalcompact.org>, accessed on 4thth, may 2017.

²³⁶ Peter Muchlinski, International Corporate Social Responsibility and International Law, The School of Law, The School of Oriental and African Studies, University of London.4.

²³⁷ The UN Global Compact's ten principles, [Principle 1](#) and 2.

²³⁸ *ibid.*

precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.²³⁹ Thus, the Global Compact succinctly merges the precautionary approach and sound environmental management concepts.²⁴⁰ These benefit MNEs in terms of insurance costs, company image, and other long-term benefits that can be achieved through the mechanisms of environmental risk assessment, life cycle assessment, environmental impact assessment, and strategic environmental assessment.²⁴¹

United Nations World Tourism Organization (UNWTO) is the United Nations agency responsible for the promotion of responsible, sustainable, and universally accessible tourism.²⁴² It upholds the implementation of the Global Code of Ethics for Tourism to maximize tourism's socio economic contribution while minimizing its possible negative impacts.²⁴³ The Global Code of Ethics for Tourism is UNWTO's core policy document serving as the fundamental frame of reference for the responsible and sustainable development of tourism.

According to UNWTO Global Code of Ethics for Tourism:

*Global codes of ethics for tourism outlines principles to guide tourism development and to serve as a frame of reference for the different stakeholders in the tourism sector, with the objective of minimizing the negative impact of tourism on environment and on cultural heritage while maximizing the benefits of tourism in promoting sustainable development and poverty alleviation; emphasizes the need for the promotion of a responsible and sustainable tourism that could be beneficial to all sectors of society; invites governments and other stakeholders in the tourism sector to consider introducing, as appropriate, the contents of the Global Code of Ethics for Tourism in relevant laws, regulations and professional practices; encourages the WTO to promote effective follow-up to the Global Code of Ethics for Tourism, with the involvement of relevant stakeholders in the tourism sector.*²⁴⁴

This code of ethics, in general, refers to UDHR, ICESCR, ICCPR, Convention concerning the Protection of the World Cultural and Natural Heritage, GATS, Convention on Biodiversity and other international instruments. Understanding the whole code of ethics, all stakeholders in tourism have the responsibility to promote and contribute for sustainable and responsible tourism in relation to the culture, heritage, economy, environment and other values at the destinations; and to the public.

Member States of UNWTO approved a historical document of UNWTO Framework Convention on Tourism Ethics.²⁴⁵ The Convention, approved at the 22nd UNWTO General Assembly, transformed the Code of Ethics for Tourism into an international convention, the first in the life of the

²³⁹ *ibid.*

²⁴⁰ Guide to the Global Compact: A Practical Understanding of the Vision and Nine Principles, (2002). 54. Available at: <<http://www.mas-business.com/docs/global%20compact%20guide.pdf>>, accessed on 12th march, 2017.

²⁴¹ *ibid.*

²⁴² <www2.unwto.org> content? Who-we-are...>, Accessed on 12th October, 2017.

²⁴³ UNWTO Annual Report 2015 Madrid, Spain, (2015). 3 and 4.

²⁴⁴ UNWTO, Global Code of Ethics for Tourism, Resolution adopted by the General Assembly 21 December 2001, preamble page III.

²⁴⁵ <<https://www.hospitalitynet.org/news/4084590.html>>, accessed on 12th, April 2017.

Organization.²⁴⁶ The Convention covers the responsibilities of all stakeholders in the development of sustainable tourism, providing a framework that recommends an ethical and sustainable *modus operandi*, including the freedom of movement for tourists and the rights of employees and professionals.²⁴⁷ So, it is mandatory to respect all its principle the like principles in other convention. Under the UN proposal defining CSR; companies should protect and respect human rights, and remedy human rights violations. CR to respect human rights would require a process of due diligence that ensures compliance with national laws and also manages the risks of human rights harms in order to avoid them.²⁴⁸ To meet their due diligence obligation, companies would be expected to establish a human rights policy; integrate the policy as a key factor in decision-making; conduct human rights “impact assessments” in order “to understand how existing and proposed activities may affect human rights,” and track and respond to their performance.²⁴⁹ The aim of UN proposal defining CSR for Human Rights is also to impose on corporations the obligation to compensate for the political, civil, economic, social, or other deficiencies of the countries in which they conduct business.²⁵⁰

Regarding ILO Declaration; Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; eliminate all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation and others.²⁵¹ So, as far as labour rights are concerned; human rights apply *mutatis mutandis* with regard to labour rights, which represent a particular expression of human rights law.²⁵² Regarding Human rights; CSR has a strong human rights dimension, particularly in relation to international operations and global supply chains which is recognised in international instruments. Both the Global Compact and the OECD Guidelines refers to the UDHR as the most appropriate standard.²⁵³

The responsibility to respect human rights requires that business enterprises avoid causing or contributing to adverse human right impacts through their own activities, and address such impacts

²⁴⁶ *ibid.*

²⁴⁷ *ibid.*

²⁴⁸ UN Proposal Defining CSR for Human Rights (may1, 2008). Principle 7, 8 and 9.

²⁴⁹ *ibid.*

²⁵⁰ *ibid.* 1.

²⁵¹ ILO Declaration on Fundamental Principles and Rights at Work 1998. Available at: www.ilo.org/declaration/lang-en, Accessed on 7th June 2017.

²⁵² Bantekas(n4).126.

²⁵³ *ibid.* 335.

when they occur.²⁵⁴ The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure.²⁵⁵

European commission is also one of the prominent body for the development of CSR agenda. It developed an agenda for action of CSR to enhance the visibility of CSR and disseminating good practices; improving and tracking levels of trust in business.²⁵⁶ It's agenda for action is also improving self and co-regulation processes; enhancing market reward for CSR; improving company disclosure of social and environmental information; Further integrating CSR into education, training and research; Emphasising the importance of national and sub-national CSR policies.²⁵⁷

With Environmental Rights and Sustainable Development; the recurrent theme behind the OECD Guidelines, the Global Compact, and other relevant instruments rests on the application of sound environmental management; the precautionary approach fitted to industry needs; cleaner production, recycling, and use of renewable resources through technological innovation, and public disclosure and consultation with stakeholders.²⁵⁸ Thus, Environmental rights are undoubtedly part of wider well-established human rights, such as the 'right to life', the 'right to health'.

There is a 10-stage process for policy making, development planning and management of tourism in destinations or sites.²⁵⁹ This includes data gathering, identifying visions and objectives, review of legislation, impact assessment and management, decision making, implementation, monitoring and adaptive management.²⁶⁰ The guidelines also set out requirements for notification of any intended development and for capacity building to strengthen the overall process.²⁶¹

In its Plan of Implementation, the WSSD specifically called for the promotion of sustainable tourism as one of a number of strategies for protecting and managing the natural resource base of economic and social development.²⁶²

From the above mentioned international instruments, we can see that CSR is multidimensional by its nature. So, CSR at least covers human rights, labour and employment practices, environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption.²⁶³ Community involvement and development, the integration of disabled persons, and consumer interests, including privacy, are also part of the CSR

²⁵⁴ UN human rights office of the high commissioner, *Guiding principles on business and human rights*; new York and Geneva, (2011).14.

²⁵⁵ *ibid.*

²⁵⁶ European Commission (n117). 10-12.

²⁵⁷ *ibid.*

²⁵⁸ Bantekas. (n4). 335.

²⁵⁹ *ibid.*

²⁶⁰ *ibid.*

²⁶¹ *ibid.*

²⁶² 2002 World Summit on Sustainable Development, Johannesburg.

²⁶³ European Commission (n117). 7.

agenda.²⁶⁴ All the above concerns about businesses in general and tourism businesses in particular are not an exception. Tourism businesses are subjected to all the above mentioned responsibilities. Tourism, to promote sustainable development, should take full account of the opportunities offered by tourism businesses.²⁶⁵ As the leading international organization in the field of tourism, UNWTO promotes tourism as a driver of economic growth, inclusive development and environmental sustainability, offering leadership and support to the sector in advancing knowledge and tourism policies worldwide.²⁶⁶

Taking almost all conventions, tourism has guiding principles and approaches of taking a holistic view (not taking place in isolation) and should be considered as part of the sustainable development of communities, alongside other activities; Pursuing multi-stakeholder; planning for the long term; addressing global and local impacts; promoting sustainable consumption; and equating sustainability and quality.

Seeing all the principles and objectives; we can say that ILO Declaration, OECD Guidelines, and the UN Global Compact are not mutually exclusive; indeed, they are complementary, stressing further the cohesion and consistency of CSR in international law.²⁶⁷ Generally speaking, the UN Norms proposed a mix of procedural and substantive obligations, such as carrying out proper environmental impact assessments, sharing information about environmental risks, ensuring that the views of those affected are heard and taken into account, applying ‘best practice’ in environmental management and, finally, respect for the precautionary principle in corporate decision-making.²⁶⁸ To conclude, despite what the above principles and guidelines provide for; CSR lacks coordination and implementation at international level. Concerns have been expressed by a range of different groups of companies, NGOs and governments. There is also a perceived lack of ‘policy coherence’ between different international bodies on issues and policies with a CSR dimension.²⁶⁹

4.2. Legal Framework on CSR of Tourism Businesses in Ethiopia

It is a difficult task to come up with the exact point for conception of CSR in Ethiopia. One can argue that the conception of CSR might be related with the above referred biblical text. It is recently that the issue of CSR developed in Ethiopia and mostly started to emerge due to government policy and

²⁶⁴ *ibid.*

²⁶⁵ UNEP and WTO, *Making Tourism More Sustainable A Guide for Policy Makers*. 3.

²⁶⁶ UNWTO Annual Report 2014 (n8). 3 and 4. *United nation world tourism organization (UNWTO) report of 2014.6*

²⁶⁷ Bantekas (n4). 320.

²⁶⁸ Zerk(n186).82, 83. Jennifer A Zerk, *Multinationals and CSR: Limitations and Opportunities in International Law*, Cambridge studies in international and comparative law, Published in the United States of America by Cambridge University Press, New York, (2006)

²⁶⁹ World Commission on the Social Dimension of Globalization, *A Fair Globalization: Creating Opportunities for All* (ILO, February 2004). Xiv.

strategy to protect the country's resource and guarantee the development sustainably and responsibly. Thus, Sustainability and Responsibility is at the heart of CSR. Specifically the GTP, Tourism Development Policy, Environmental Policy, and Tourism Code of Conduct advocate sustainability and responsibility. In relation to business practice; it is very recently that CSR started to be embraced especially with the issue of Corporate Governance. In line with these one notes that, it is the issue of corporate governance which is one aspect of CSR that enhance legal responsibility of business organizations. However, corporate governance is a topic that is recognized by the academics to be important, but it does not seem to be a priority given Ethiopia's other serious problems, and few steps have been taken to assure that adequate corporate governance measures are in place.²⁷⁰ From the above point of view CSR is emanated from the perspective of sustainability and responsibility as emphasised in the GTP, code of conduct for tourism and different proclamations.

For CSR, to be effective, appropriate legal framework is necessary. As have seen the development of CSR above, like other countries, Ethiopian CSR regime is not well developed compared to the country's industry. However, as said above, the responsibility to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure.²⁷¹

Seeing specifically tourism businesses; like most other countries; tourism in Ethiopia requires the coordination of a large number of separate activities which requires the recognition and observance of basic rights, protection of social, cultural, environmental rights and bears other responsibilities as prescribed under international instruments and major laws of Ethiopia. Also as made clear above; CSR is multidimensional and has strong link with human, environmental, social, cultural, and economic rights. For the paper at hand, in Ethiopia the FDRE Constitution and other related laws in general and tourism development policy and laws, and environmental laws in particular and other related laws are worth mentioning.

OECD, principles of UN Global Compact, ILO Declaration and other certain principal and subsidiary instruments directly or indirectly are derived from UDHR. UDHR is also expressly stated in the FDRE constitution. In this regard, seeing UDHR with the topic at hand is very important. So, to begin with the FDRE constitution; basic rights and freedoms are mentioned which have to be interpreted in a manner conforming to the principles of UDHR; International Covenants on Human Rights and other international instruments adopted by Ethiopia.²⁷² Ethiopia is also a party to other international conventions and principles such as ILO Declaration, principles of UN Global Compact, UN code of ethics for tourism, UNWTO, WCED, ICCPR and others. Accordingly, every person has the right to life,²⁷³ and improved living standards and to sustainable development.²⁷⁴ All persons have the right to

²⁷⁰ Teweldemezgebu (n31) 10.

²⁷¹ UN human rights office (n254). 14. UN human rights office of the high commissioner, *Guiding principles on business and human rights*; new York and Geneva, (2011).

²⁷² FDRE Constitution, proclamation no 1/1995 Federal Negarit Gazeta 1st Year No.1 Addis Ababa - 21st August, 1995. Article 13(2).

²⁷³ *ibid.* Article 15.

a clean and healthy environment and government shall endeavour to ensure that all Ethiopians live in a clean and healthy environment in which the design and implementation of programmes and projects of development shall not damage or destroy the environment.²⁷⁵ CSR of tourism businesses have a strong link with these rights in Ethiopia.

These are important rights which are fundamental for other rights but they are not the only rights and there are many prerequisite conditions for these rights to be observed and respected.

As mentioned above, the primary goal of CSR for tourism businesses is to protect and preserve the cultural, historical legacies, and contribute to the overall economy. The Ethiopian government has the responsibility to protect and preserve historical and cultural legacies and to contribute to the promotion of arts and sports.²⁷⁶ Besides, government and all Ethiopian citizens have the duty to protect the country's natural endowment, historical sites and objects.²⁷⁷ This obligation cannot be fulfilled only by the state unless the necessary detailed regulations are issued and properly disseminated to different concerned bodies.

Apart from the constitution, there are other subordinate laws and policies, and a host of government ministries, and private actors that affect the performance of the tourism sector. Now-a-days, the Government of Ethiopia has prioritized tourism development in its development strategy, Millennium Development Goals (MDGs), Growth and Transformation Plan (GTP) and tourism policy to optimize the existing tourism resources as a driving force of economic growth for the country.

GTPI, Culture and Tourism, was depicted as enhancing the contribution of the sector for the socio-economic development and democratization process of the country through conserving and developing cultural diversity, historical and natural heritages and continuously promoting them worldwide.²⁷⁸

In order to improve service delivery related to tourism, supervision and certification activities have been undertaken as per the plan and these have helped improve service provision.²⁷⁹

As regards Environment and Climate Change during the GTP I period, the Climate Resilient Green Economy (CRGE) strategy was formulated to embark on building green economy.²⁸⁰ Moreover, a series of consultations at all levels were conducted before the strategy was approved.²⁸¹

²⁷⁴ *ibid.* Article 43.

²⁷⁵ *ibid.*

²⁷⁶ *ibid.*

²⁷⁷ *ibid.* Article 91.

²⁷⁸ Federal Democratic Republic of Ethiopia Growth and Transformation Plan II (GTP II) (2015/16-2019/20) .60.

²⁷⁹ *ibid.*

²⁸⁰ *ibid.*61.

²⁸¹ *ibid.*

Under Proclamation no 916/2015 on definition of powers and duties of the executive organs of the FDRE it is provided;

‘Ministry of Culture and Tourism is given the power to cause the study and preservation of history, cultural heritages and values; establish and enforce a working procedure for awarding and motivating outstanding achievements in creative industry; promote the country's tourist facilities are expanded, and that local communities share the benefits derived from tourism; set and supervise the enforcement of standards for culture and tourist facilities; serve as a focal point for forums established to facilitate the coordination of the multi-sectoral efforts; build the capacity of the Sector through provision of human resource training; collect, compile and disseminate information.’²⁸²

From this, the responsibility *‘to establish and enforce a working procedure for awarding and motivating outstanding achievements in creative industry’* is a good implication of CSR. Here, it is possible for the ministry to apply different regulatory and supervisory methods such as certification and others explained above for awarding and motivating outstanding achievements. However, so far, there are no researches or regulatory and supervisory activities conducted by the ministry.²⁸³ This hinders the activities of the stakeholders and the other functions of the ministry especially in relation to CSR.

The ministry is charged with the responsibility *‘to build the capacity of Culture and Tourism Sector through provision of human resource training and consultancy supports’*; for this the ministry establish a tourism and catering institute for trainee in order to quality provision of service which is a good start. However, it is doubtful whether this institute is adequate especially with regard to CSR. The institute doesn’t offer training or even a single course on CSR and the training is all about service delivery.²⁸⁴ Taking into account the positive impact of CSR for the industry; it is important to have at least a single course on CSR as a starting point.

Under Proclamation no 916/2015, it’s important and a good move to define the powers and duties of ministries. However, various ministries have similar interest, and shared responsibilities that create diffusion of power. This creates duplication of efforts without coordination. If we take human rights issues, employees’ rights, working conditions of employees and others; rests under different ministry with no Channel of communication among them. According to the interview conducted, these ministries have no regular meeting letter based contacts.²⁸⁵

²⁸² FDRE, Federal NegaritGazeta, definitions of federal executive organs proclamation no 916/2015.22nd year no 12, Addis Ababa 9th December 2015. Article 35.(here after FDRE executive organ proclamation).

²⁸³ Interview with Ato FikaduAnmut, natural resource attraction study, research and development senior officer, ministry of culture and tourism sector development and research and studies directorate, Addis Ababa 24th May, 2017.

²⁸⁴ Interview with AtoNuredinDesalegn, tourism department head, Catering and Tourism Training Institute, Addis Ababa 1st June, 2017.

²⁸⁵ Interview with AtoSisayTeklu, Directorate Director, Ministry of Culture and Tourism stakeholders’ relation directorate, Addiss Ababa, 10th March, 2017.

Generally, under the proclamation the ministry of culture and tourism is given the power to Study, Preserve, develop, promote, set and enforce enforcement standards of history, heritages, and language, culture and tourist attractions. Of course, these responsibilities contribute a lot to CSR but, greater emphasis is given to development issue. Moreover, the responsibilities given must lead to benefit the community. Here, the human rights, labour rights of tourist serving employees are disregarded. The society in which all these activities are conducted should benefit from these activities. For that, there should be objective standards for the benefit of the community. For example, if we see the approaches by OECD; there is a voluntary social reporting that promotes quality standards for disclosure, audit of financial and non-financial and other activities. In addition, factors such as company responsibility, give greater attention to human rights, environmentally conducive policy is used to increase CSR. These are absent from the responsibility of the Ministry of Culture and Tourism.

Tourism development policy of Ethiopia issued by Ministry of Culture and Tourism is an important document in dealing with tourism businesses and CSR. This document has the Vision of seeing Ethiopia's tourism development led responsibly and sustainably and contributing its share to the development of the country by aligning itself with poverty reduction.²⁸⁶ This policy gives due attention to guiding the sector in a broad-based development framework, developing the existing and new tourism attractions and products, expanding the infrastructure and tourist services, ensuring that the country benefits from the sector in the international tourism market, and solving the serious limitations in capacity.²⁸⁷

The policy aimed to consolidate the fragmented activities and ensure coordination of efforts being made by government, the private sector, communities at the tourism destinations and civic organizations, and to create conducive environment for these entities to be able to discharge their respective responsibilities appropriately.²⁸⁸ In addition to Guaranteeing Community Participation and benefits, and Instituting Management Transparency and Responsibility are the basic principles in the tourism development policy.²⁸⁹ Leading the industry responsibly and sustainably is the central them of CSR. Although leading the industry responsibly and sustainably is there; the principles and goals set should imply its responsibility and sustainability and the concept of CSR should be there because CSR concept is broad to include enforcement mechanisms, community participation and benefit and other social, cultural, legal and political issues explained above. Since the policy is given due attention to guide the sector in a broad based strategy; the roles of CSR cannot be over stated. In

²⁸⁶ FDRE Tourism Development Policy Ministry of Culture and Tourism Addis Ababa, Ethiopia (August, 2009). 49.

²⁸⁷ *ibid.* 39.

²⁸⁸ *ibid.* 37 and 38.

²⁸⁹ *ibid.* 49.

principle, it is a right measure to have this policy aimed at coordinating different activities performed by different government bodies. However, still there is no detailed regulation except general statement here and there. Also, practically the ministry of culture and tourism is discharging most of its responsibilities by its own because the channel to work with other ministries is not there.

The main policy issues and strategies are:

‘‘Integrating tourism development into key development policies and strategies; developing the existing and new tourist attractions; Expansion of infrastructure and tourist facilities essential for tourism development to create favourable conditions; and overcoming the serious capacity limitations in the industry, and to transform these institution into centres of excellence; to help enhance the capabilities of employees deployed in the various services; a system of professional certification will be introduced in order to encourage entrants into tourism employment fields to develop professionalism and serve as ethical role models.’’²⁹⁰

Here, most of the strategies are directed with the government and government organ. business enterprises and community should be given a clear strategy. Business enterprises by themselves play an important role by voluntary reporting and other means. For example, according to UN Global Compact, Businesses should support and respect the protection of internationally proclaimed human rights;²⁹¹ and make sure that they are not complicit in human rights abuses; support a precautionary approach to environmental challenges;²⁹² undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.²⁹³ These are very important strategies for the success of CSR of tourism business in many respects such as cost, time, enforcement effectiveness and others.

The basic principles are: Guaranteeing Community Participation and benefits; instituting management transparency and responsibility; creating partnership; enhancing the implementation capacity of the sector.²⁹⁴

It’s good to have and incorporate guidelines in the policy for its proper implementation and effectiveness. Guidelines for policy making such as data gathering, identifying visions and objectives, review of legislation, impact assessment and management, decision making, implementation, monitoring and adaptive management is very important.²⁹⁵ It’s good to see some of the guidelines such as identifying visions and objectives, decision making and monitoring are included in the Ministry of Culture and Tourism Policy. However, it doesn’t mean that it is adequate enough. Important guidelines such as, impact assessment, review of legislation and ways of implementation are not clear. In addition unlike the Biological Diversity, Guidelines on Biodiversity and Tourism

²⁹⁰ *ibid.* 54-62.

²⁹¹ UN Global Compact principle 1.

²⁹² *ibid.*

²⁹³ *ibid.*

²⁹⁴ Tourism Development Policy (n286). 49,50.

²⁹⁵ WTO Global Code of Ethics for Tourism, 1999Convention on Biological Diversity, Guidelines on Biodiversity and Tourism Development, 2003. 88.

Development convention; the policy didn't set out requirements for notification of any intended development and for capacity building to strengthen the overall process.

In the implementation of the policy, the participants have roles and responsibilities. Accordingly among other things, Government Organs both in the federal and regional governments and local administrations are charged with responsibilities of:

“collaboration with local communities to develop, maintain, protect and manage existing and new attractions falling their jurisdictions, To ensure that tourism development activities are in line within sustainable environmental and social safety, and to act speedily when and where safety problems occur, To provide appropriate incentives to participants in the development of the sector, and to monitor the implementation of the incentives.”²⁹⁶

Seeing this implementation body, most of the responsibility is imposed upon government organs. When we see the experience of OECD, by voluntary social reporting; they promote high quality standards for disclosure, accounting, and audit of financial and non-financial information which is time and cost effective and participatory. As compared with this, imposing most responsibilities of implementation on the government body is time consuming and not cost effective, not participatory and not efficient enforcement. So, like that of OECD; company transparency on social and environmental issues from the point of view of all stakeholders by voluntary reporting is very important. In addition, UN Global Compact Principles seeks to make business a partner in achieving social and environmental improvements globally. In addition, in line with European commission approach of CSR by improving company disclosure of social and environmental information, and so making enterprises themselves involved in the implementation process is vital.

In general, we can say that the government takes the lead for implementation of the above principles, objectives and directions to create conducive environment for national and local tourism development.

Not only the government but also investors have responsibilities in their sectors of activities to participate in the development, protection, management of tourism development, and formulation and implementation of policies and all activities necessary for tourism development.²⁹⁷

The Ministry of Culture and Tourism also developed tourism code of conduct which has an important implication on CSR approach. The Ministry prepared the code in reference to the Global Code of Ethics for Tourism endorsed by the UNWTO, and other international instruments.²⁹⁸ As explained above, the global code of ethics was converted into a Convention at the 22nd UNWTO General Assembly meeting in 2017. So, it has become mandatory to respect and apply. The code applies to

²⁹⁶ Tourism Development policy. (n286). 63-69.

²⁹⁷ ibid. 63-66.

²⁹⁸ FDRE Ministry of Culture and Tourism, Tourism Code of Ethics, (December 23, 2011). Preamble.

“Tourist Service Providing Enterprise” that includes hotels, lodges, motels, pensions/guest houses, restaurants, tour operators and other enterprises which provide services and products to tourists.²⁹⁹ Among other things, the code has the objective of realizing sustainable and responsible tourism by reducing and eliminating negative impacts of tourism by creating awareness for stakeholders.³⁰⁰ Thus, sustainability and responsibility is the major theme of CSR. In addition, the codes is drawn with major principles of preserve and protect the history, culture, and natural resources, develop sustainable tourism in a responsible manner, building the positive image of the country, develop positive attitude, honesty, sincerity and transparency and others.³⁰¹ In order to achieve the objective, all the stakeholders have their respective responsibilities mainly of protecting the social, environmental, cultural values and many others. Based on this Tourism Code of Ethics, tourist Service Providing Enterprises are expected to prepare an appropriate and detailed Code of Ethics for their employees and all stakeholders shall take the necessary measures for the observance of these ethical obligations.³⁰² When we see this code, it is in line with the Global Code of Ethics objective which is minimizing the negative impact of tourism on environment while maximizing the benefits of tourism in promoting sustainable development and poverty alleviation; emphasising on the need for the promotion of a responsible and sustainable tourism; introducing the contents of the Global Code of Ethics for Tourism in relevant laws, and promote effective follow-up to the Global Code of Ethics for Tourism.

In addition, the Council of Ministers established the following bodies with their powers and duties. Catering and Tourism Training Centre which is responsible for giving pre-service and in-service training to produce skilled man power; undertake research and studies; provide consultancy services; organise seminars, symposiums, and workshops on major current issues and new concepts.³⁰³

Ethiopian Tourism Transformation Council which is established with the objective of providing leadership and set directions for the country’s tourist destinations development and tourism marketing initiatives; provide direction to ascertain collaboration and synergy among various institutions for successful implementation.³⁰⁴

Ethiopian Tourism Organization is also established as an autonomous Federal Government Organ with the objective of enhancing benefits of tourism based on potentials of the country’s attractions in a sustainable and globally competitive manner and by mobilizing and providing leadership to tourism

²⁹⁹ *ibid.* Article 2.

³⁰⁰ *ibid.* Article 3.

³⁰¹ *ibid.* Article 4.

³⁰² *ibid.* Article 11.

³⁰³ FDRE, federal negaritgazetta catering and tourism training centre establishment Council of Ministers regulation 16th year no 15 Addis Ababa 5th March 2010 regulation no 174/2009. Article 5 and 6.

³⁰⁴ FDRE Tourism Council regulation (n50).

sector actors and stakeholders.³⁰⁵ The Ethiopian Tourism Organization has the power and duties of promoting the country's tourism resources domestically and abroad; facilitate the addressing of training needs; establish collaboration and partnership with tourism actors; identify existing and new tourist destinations development, and promote the participation of the private sector.³⁰⁶

Development, Conservation and Utilization of Wildlife Authority of Ethiopian is also another body established with the objective of conserving, managing, developing and utilizing wildlife resources of Ethiopia; development and utilization of wildlife; promote wildlife-based tourism and encourage private investment.³⁰⁷ Development, Conservation and Utilization of Wildlife Authority, ensure the development activities to be undertaken in or outside of wildlife conservation areas to be carried out in such manner that the wellbeing of the ecosystem of the areas is not disturbed.³⁰⁸ It's is responsible to draft policy and laws relating to the development, conservation and utilization of wildlife; and follow up the implementation upon approval; conduct research and training programs and collect, process and provide to users up-to date information.³⁰⁹

Different government ministries also involve directly or indirectly in activities that affect tourism and tourism businesses development as well as CSR issues. Among these the Ministry of Environment, Forest and Climate Change; Ministry of trade; Ministry of Transport; Ministry of Labour and Social Affairs established and their power is determined under proclamation no 916/2015.

A- Environmental Aspect of CSR in Ethiopia

In Ethiopia, Urban Environment, Natural and Cultural Heritage and culture is under threat through neglect, decay, removal or destruction as well as through the less visible and tangible impacts of changing socio-cultural values, foreign ideas and imported technologies.³¹⁰ Because of these, and based on the above article 43 constitutional provision, the government adopted environmental policy and other issued laws for the safety, sustainable development and responsibility of business organizations and other stakeholders. The whole aim CSR is sustainability and accountability of business and maximization of profits. So, these sustainability and accountability principles are the core in the policy.

The Environmental policy is needed for the protection of Urban Environment, Natural and Cultural Heritage, Natural Resource and Environment and for other Cross-Sectoral Environment Policies such as Environmental Economics, Environmental Information System, Environmental Research,

³⁰⁵ *ibid.* Article 7.

³⁰⁶ *ibid.* Article 10.

³⁰⁷ FDRE, Federal Negarit Gazeta Development, Conservation and Utilization of Wildlife Proclamation no 541/2007 13th Year NO.51 Addis Ababa 21st .August, 2007. Article 3.

³⁰⁸ *ibid.* Article 2.

³⁰⁹ *ibid.* Article 13.

³¹⁰ Environment Policy of Ethiopia available at <www.abysinnialaw.com>, accessed on 18th February, 2018.

Environmental Impact Assessment (EIA), Environmental Education and Awareness.³¹¹ Seeing this principles and methods mentioned in the policy, they are the manifestation of CSR for all including Tourism Business Organizations. It's with the objective of improving the environment of human settlements to satisfy the physical, social, economic, cultural and other needs of their inhabitants on a sustainable basis, **which is one of the principles of CSR.**³¹² From this we can also infer the responsibility and sustainability principles for the social, economic and environmental issues have a lot to do with CSR.

The policy covers Sectoral Environmental Policies such as among others Forest, Ecosystem Biodiversity, water resources, Human Settlement, Urban Environment and Environmental Health, Control of Hazardous Materials and Pollution from Industrial Waste, Atmospheric Pollution and Climate Change, Cultural and Natural Heritage.³¹³

To ensure environmental impact assessments, the policy considers not only physical and biological impacts but also social, economic, political and cultural conditions; and to ensure that public and private sector development programmes and projects recognize any environmental impacts early and incorporate their containment into the development design process.³¹⁴ According to the policy Environmental Audits regarding monitoring, inspection and record keeping will take place when required by the Environmental Impact Statement during implementation.³¹⁵ Environmental auditing is one approach to CSR and it is a good start to see these regulatory and supervisory methods. The policy also aimed at Creating Environmental Impact Assessment processes that require environmental impact statements and environmental audits, and establish the necessary institutional framework to ensure compliance with conditionality's.³¹⁶ In line with the policy, the government issued environmental impact assessment proclamation. Accordingly, "Environmental Impact Assessment" means the methodology of identifying and evaluating in advance any effect, be it positive or negative, which results from the implementation of a proposed project or public instrument.³¹⁷ EIA is a legal requirement devised to implement the rights granted by the Constitution and protects against the violation of these by any person, particularly if such rights are violated in the guise of development.³¹⁸

³¹¹ *ibid.* 20-26.

³¹² *ibid.* 3, 4 Emphasis added.

³¹³ *ibid.* 10-18.

³¹⁴ *ibid.* 20.

³¹⁵ *ibid.*

³¹⁶ *ibid.* 20, 21.

³¹⁷ FDRE, Environmental Impact Assessment Proclamation No. 299/2002. Article 2(3).

³¹⁸ *ibid.* Article 18.

Interestingly this Proclamation requires Environmental Impact Study Report.³¹⁹ The report contains sufficient information to enable the Authority or the relevant regional environmental agency to determine whether and under what conditions the project shall proceed that includes the nature of the project, including the technology and processes to be used; the content and amount of pollutant that will be released during implementation as well as during operation; source and amount of energy required for operation.³²⁰ Environmental authority is also discharged with the responsibility to make any environmental impact study report accessible to the public and solicit comments on it and incorporated into the environmental impact study report as well as in its evaluation.³²¹ The Authority uses Incentive within the capacity available to it, support implementation of a project destined to rehabilitate a degraded environment.³²²

With regard to solid waste management, the government issued proclamation 513/2007 that with the objective to enhance at all levels capacities to prevent the possible adverse impacts while creating economically and socially beneficial assets out of the solid waste.³²³ For that urban administrations are given the responsibility to create enabling conditions to promote investment on the provision of solid waste management services and to ensure the participation of lowest administrative levels and their respective local communities in designing and implementing their respective waste management plans.³²⁴

Strictly speaking Environmental Pollution Control is the responsibility of everyone. With the view that social and economic developments endeavours may inflict environmental harm in general, and the safeguarding of human health and wellbeing in particular, are the duty and responsibility of the government that leads to the issuance of environmental control proclamation.³²⁵ Every person has the responsibility not to pollute or cause any other person to pollute the environment by violating the relevant environmental standard.³²⁶

Incentives for the introduction of methods that enable the prevention or minimization of pollution into an existing undertaking are also introduced.³²⁷

³¹⁹ *ibid.* article 8.

³²⁰ *ibid.*

³²¹ *ibid.*

³²² *ibid.*

³²³ FDRE, Federal Negarit Gazeta solid waste management proclamation no 513/2007 13th year no 13 Addis Ababa 12th February, 2007. Article 4.

³²⁴ *ibid.* Article 4 and 4.

³²⁵ FDRE, Federal Negarit Gazeta Environmental pollution Control Proclamation No. 300/2002 9th Year No. 12 ADDISABABA 31 December, 2002. Preamble.

³²⁶ *ibid.*

³²⁷ *ibid.* article 10.

The Criminal Code refers to a corporation as a ‘juridical person’ and this therefore includes a body that has governmental or non-governmental and a public or private structure, as well as any legally recognised institution or association set up for commercial, industrial, political, religious or any other purpose.³²⁸ So, Liability wise, both the individual and/or the corporation will become criminally liable if they are proven to have committed a crime. Criminal law shall apply to any person, whether national or foreign, who has committed a crime in the national territory, specifically the land, air and bodies of water to the extent determined by the Constitution.³²⁹

Generally, seeing the above environmental laws Environmental Information System, Environmental Research, Environmental Impact Assessment (EIA), Environmental Education and Awareness, Environmental Auditing, Environmental Impact Study Report and giving Incentive are the main strategies for safety, sustainable development and responsibility of business organizations to prevent the possible adverse impacts while creating economic and social benefit.

From all the above, the Ministry of Environment, Forest and Climate Change is generally responsible for protecting, preserving and developing the environment.³³⁰ Specifically it coordinates activities to ensure that environmental objectives provided for in the Constitution and the basic principles set out in the Environmental Policy; establish a system and follow up implementation for undertaking environmental impact assessment on policies, strategies, laws and programmes.³³¹ The Ministry also evaluates impacts of implementation of investment programs and projects on environment prior to approvals of their implementation by the concerned sectoral licensing organ.³³²

B- Other Ministries

The Ministry of Trade is responsible for providing commercial registration and business licensing services in accordance with the relevant laws and controls the use of business licenses for unauthorized purposes.³³³

Ministry of Transport, among others is responsible for ensuring that transport infrastructures are constructed upgraded and maintained; sets standards for transport infrastructures; determines the usage, maintenance, and administration system of transport infrastructures.³³⁴

The Ministry of Labour and Social Affairs is responsible for supervising and ensuring the proper enforcement of labour laws; establish a system to maintain industrial peace and ensure its proper

³²⁸ FDRE, Federal Negarit Gazeta Criminal code proclamation no 414/1996 Article 24(4) of the criminal code.

³²⁹ *ibid.* Article 11.

³³⁰ FDRE executive organ proclamation (n282).

³³¹ *ibid.*

³³² *ibid.*

³³³ *ibid.* Article 22.

³³⁴ *ibid.* Article 24.

implementation³³⁵ ; establish a system to prevent occupational accidents and occupational diseases; issue occupational health and safety standards and supervise their implementation.³³⁶ This is more or less in line with ILO Declaration on Fundamental Principles and Rights at Work.

To mention some of it, worker-employer relations are governed by the basic principles of rights and obligations with a view to enabling workers and employers to maintain industrial peace and work in the spirit of harmony and cooperation.³³⁷ For this, both the workers and employers are charged with the responsibility. Accordingly, the Workers have the Obligations to give all proper aid when an accident occurs or an imminent danger threatens life or property in his place of work without endangering his safety and health³³⁸ and the employers shall have obligations to take all the necessary occupational safety and health measures and to abide by the standards and directives to be given by the appropriate authorities.³³⁹

A Plan for Accelerated and Sustained Development to End Poverty (PASDEP) under MoFED Ministry of Finance and Economic Development is designed to maximize the direct economic impacts of tourism, increase the indirect economic impacts, and no less importantly, improve Ethiopia's international image and positioning, including its cultural and environmental standing.³⁴⁰ During PASDEP, Ethiopia will be undertaking a series of Sustainable Tourism-Eliminating Poverty (ST-EP) pilot projects identified with the technical collaboration of the World Tourism Organization.³⁴¹ These are intended to among others Improve the quality of the tourist experience at a destination; Improve the distribution of tourism income and, Ensure that tourism development in the area enhances but does not detract the quality of the environment, the heritage, or the local quality of life.³⁴²

We might also see some aspects of CSR in relation to Food, Medicine and Health Care Administration and Control Authority. It's designed to avert health problems due to substandard health institutions, incompetent and unethical health professionals, poor environmental health and communicable disease.³⁴³

³³⁵ *ibid.* Article 34.

³³⁶ *ibid.*

³³⁷ FDRE, Federal Negarit Gazeta Labor Proclamation No. 377/2003 10th Year No. 12 ADDIS ABABA 2611 February 2004. Preamble.

³³⁸ *ibid.* Article 13.

³³⁹ *ibid.* Article 12.

³⁴⁰ FDRE, Building on Progress A Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (2005/06-2009/10) Ministry of Finance and Economic Development (MoFED) September, 2006 Addis Ababa. 144.

³⁴¹ *ibid.* 147.

³⁴² *ibid.*

³⁴³ FDRE, Proclamation Food, Medicine and Health Care Administration and Control Proclamation No. 661/2009 16th Year No. 9 ADDIS ABABA 13th January, 2010. Preamble.

Other aspect of CSR is certificate of competence. According to Art2(24) “certificate of competence” means a work license issued for a person to carry out food, medicine, health or health related services or trade in accordance with standards set.³⁴⁴ This authority among other things have the powers and duties to prepare and submit to appropriate organ health regulatory standards for safety and quality of food, safety, efficiency, quality and proper use of medicines, competence and practice of health professionals, hygiene and environmental health³⁴⁵ and ensure that handling and disposal of trans regional solid and liquid wastes from different institutions are not harmful to public health.³⁴⁶ For **Occupational Health and Safety** employers are charged with responsibility to ensure the availability of occupational health services to his employees.³⁴⁷ In addition No person shall collect or dispose solid, liquid or other wastes in a manner contaminating the environment and harmful to health.³⁴⁸

Talking tourism strictly to the ministry of culture and tourism; first, there is no proclamation for tourism as a broad industry. So, there is need to issue separate law governing this broad industry. Not only for CSR, but also for proper operation and implementation of a particular sector; a separate law is important to properly understand the work and responsibility. When we come to tourism sector in Ethiopia, there are no separate laws for its conduct except the one stated generally in the establishment proclamation for all ministries. So, we need a separate law not only for CSR but also for the general operation and development of the sector.

Although there are few provisions mentioned above, they are not adequate and they are unclear as to whether they can apply to CSR or not. They are too general and difficult to interpret and implement to the effect of CSR. So, this provisions looks have no hands and legs for CSR. Given the positive effects of CSR, there needs separate regime and clear provisions to support and expand and coordinate the stakeholders.

Seeing the above major legal frame work, responsibilities are imposed upon government institutions and tourism business organizations. Although they are dispersed here and there and far from the approaches of CSR, some general legal aspects of CSR such as responsibilities imposed upon government; tourism enterprises; the effort to make tourism responsible and sustainable, capacity building, tourism codes of conduct and friendly environmental relationship exist at least theoretically. It is interesting to see ‘professional certification’ in the policy explained above. It’s one approach to CSR to be introduced to tourism business entrants. This is to increase the number of institutions or tourism businesses (entrants) to the sector. So, giving professional certification to entrants for the

³⁴⁴ ibid. 2(24).

³⁴⁵ ibid. Article.4.

³⁴⁶ ibid.

³⁴⁷ ibid. article 23.

³⁴⁸ ibid. article 30.

CSR activities is an approach to CSR but it needs to be interpreted broadly not only for entrants but also for those who are in the business.

However, the available provisions are not disseminated to stakeholders. For example, regarding codes of conduct, according to the Ministry of Culture and Tourism codes of conduct for tourism, every tourism business organization should prepare their own codes of conduct based on the Ministry code of conduct but still it's not contacted to the stakeholders and no stakeholder approaches to the ministry to get recognition.³⁴⁹ According to the interview conducted, although the responsibility of creating awareness and capacity building is imposed upon different institutions, there hasn't been any program to this end specifically with CSR.³⁵⁰

Regarding coordination and cooperation, the available few provisions for CSR are stated under the authority of different ministries. As seen above, the Ministry of Culture and Tourism, Ministry of Social Affairs, Ministry of Environment, Forest and Climate Change, Wildlife Conservation and others charged with different responsibilities. The Ministry of Labour and Social Affairs and Ministry of Culture and Tourism is different government organ. So the question is how does the cooperation and contact channel between these Ministries look like? Either in the proclamation or other regulation, there is no established channel of communication. So, legally speaking there is no formal cooperation among these Ministries. In this regard, it is really difficult for the ministry of culture and tourism to follow and control CSR issues and cannot follow rights of workers which is the subject of CSR.

However, while the responsibilities are interrelated; in the law or practically there is no established channel to make these bodies work together. Although the law says “coordination with concerned body”, it is not clear with which body and how. Not only this, practically there is no formal way of coordination among these bodies. This is common not only with other Ministries but also within the Ministry of Culture and Tourism. For example, according to the interview conducted, Tourism Service Competence Accreditation Team Department under the Ministry of Culture and Tourism that approves the competence of tourism business organizations they, don't contact Ministry of Environment, Ministry of Social Affairs or other bodies to do so.³⁵¹ They simply see few criteria's by themselves which is justified by shortage of finance and human resource.³⁵² We can see that the Ministry of Environment and Ministry of Labour and Social Affairs are better organized to deal with

³⁴⁹ Interview with Ato Fasil Endale, senior team officer. Ministry of culture and tourism, tourism service competence accreditation team, addisa baba, 3rd April, 2017, and interview with Biniyam Asrat, senior office, ministry of culture and tourism officer, Ministry of Culture and Tourism stakeholders relation directorate, Addis Ababa, 10th March, 2017.

³⁵⁰ Ato sisay (285), Ato BiniyamAsrat (n320).

³⁵¹ Ato FasilEndale (n349).

³⁵² *ibid.*

environment and working conditions respectively but there is no coordination rather there is overlap or duplication of efforts.

Regarding giving training and capacity building on new concepts and development program, although the responsibility is given to different government institutions such as to Stakeholders Relation Department, Catering and Tourism Training Institute, Ethiopian Tourism Organization and others, so far there is no such kind of program conducted especially in relation to CSR.³⁵³ These are justified by shortage of finance; lack of trained man power and almost most of the departments are new and they are not strong.³⁵⁴

Regarding follow up of the subsidiary organs, it is very important to see the enforcement of the available provisions. However, seeing the establishment proclamation and regulations, there is no effective follow-up mechanisms and procedures.

In relation to research and studies, it is very important to have research and study for sectors development about new concepts and changes with time. Coming to Ministry of Culture and Tourism Sector Development Research and Studies Directorate; there is no any research conducted about CSR, coordinating stakeholders, about capacity building and even they have no plan to do research about CSR.³⁵⁵

Most of the focus of research and studies are concerned about expansion, promotion and increasing tourism businesses.³⁵⁶ Reasons are given for this which is similar with the above. Not only this, Catering and Tourism Institute is discharged with a responsibility to give training and educate new concepts in the training. However, the institution is new as to the concept of CSR and no effort is done to this end.³⁵⁷

Taking into account the above mentioned problems, a committee is organized including members from Federal Attorney General to prepare tourism development proclamation and different departments in the Ministry of Culture and Tourism are waiting a direction from tourism transformation council led by the Prime Minister.³⁵⁸

When we see the practice of other sector, such as construction sector, Ministry of Construction certifies stakeholders when they build schools and roads to the community which is very important for stakeholders to win government and other bids and competition.

³⁵³ Ato Sisay(285), Ato NuredinDesalegn (n287), Ato Sisay Getacew marketing department head, Ethiopian Tourism Organization, Addis Ababa 2nd June, 2017.

³⁵⁴ Ato SisayTeklu (n285), Ato Nuredin Desalegn (n287), Ato SisayGetacew (353).

³⁵⁵ Ato Fikadu Anmut (n283).

³⁵⁶ *ibid.*

³⁵⁷ AtoNuredin Desalegn (n284).

³⁵⁸ Interview with Ato BelachewDeriba, senior legal officer, Ministry of Culture and Tourism legal affairs directorate, Addiss Ababa, 24th May, 2017.

Generally speaking, while the government gives priority to tourism as a driver of other sectors of economy as one main contributor to the economy of the country, it is difficult to say the concept and approaches of CSR is well described, properly addressed and implemented which in turn increases government expense by imposing many obligation on itself. Even the concept of CSR issue is new. Their responsibilities are legally put like other requirements but the profitability of CSR in increasing their business in particular and development of countries tourism businesses in general is not properly understood. For this, we can raise evidences of challenges as implications that are facing the Ethiopian tourism business sector. According to the policy such as challenges are, heritages of the country has not been adequately protected, developed and used as a tourist attraction;³⁵⁹ there is a serious shortage in number and type of tourist facilities; the quality of service is poor and unsatisfactory to tourists; there is a shortage of trained manpower that is crucial to the development of the sector;³⁶⁰ weak mutual support and coordination among tourism stakeholders; lack of coordination among tourism institutions and stakeholders; limitations in implementation capacity of the Sector.³⁶¹ In addition different social crises are created such as prostitution and sex tourism, gay sex, destruction of environment such as firing happened in Bale Mountain, current risk of the Rock Hewan Churches of Lalibela which is the eighth wonders of the world and others.³⁶²

4.3. Institutional Framework on CSR of Tourism Businesses in Ethiopia

As seen above, adequate legal framework is very important to develop and achieve the objectives of CSR. However the presence of appropriate legal framework alone is not meaningful unless it is effectively enforced. So the effective enforcement of CSR legal framework requires the creation of several institutions. Because of this fact, Ethiopia has issued laws that require the establishment of tourism sector organs.

As far as international bodies and instruments of CSR concerned, they have greater importance in Ethiopia as per Article 9 of the FDRE constitution as explained above.

In Ethiopia, the Ministry of Culture and Tourism is one of the FDRE executive bodies established under proclamation 916/2015. It's the central body to control, supervise and implement tourism sector policies and strategies and tourism businesses in general with the responsibilities explained above.³⁶³ It serves as a focal point to facilitate the coordination of the multi-sectoral efforts.³⁶⁴

³⁵⁹ FDRE Tourism Development Policy (289).13, 14, 46.

³⁶⁰ *ibid.*

³⁶¹ *ibid.*

³⁶² *ibid.*

³⁶³ FDRE executive organ proclamation (285).Article 35.FDRE, Federal Negarit Gazeta, definitions of federal executive organs proclamation no 916/2015.22nd year no 12, Addis Ababa 9th December 2015.

Accordingly the Ministry to discharge its responsibilities; established different frameworks and departments under it includes Policy Planning, Monitoring, and Evaluating Directorate, Transformation Management Directorate, Internal Audit Directorate, Office of the Diaspora, Public and International Relation, Information Technology and Data Management System Directorate, Legal Affairs Directorate, Stakeholders Relation Directorate, Gender Affairs Directorate, Tourism Development and Marketing Directorate, Tourism Services Competence Accreditation Directorate, Purchasing, Finance and Property Management responsible for, Human resource development and administration.

There are also executive organs that are accountable to the Ministry of Culture and Tourism which includes the Authority for Research and Conservation of Cultural Heritage; the National Archives and Library Agency; the National Theatre; the Ethiopian Conference Centre.³⁶⁵

In addition, Catering and Tourism Training Centre, Ethiopian Tourism Transformation Council, Ethiopian Tourism Organization, Ethiopian Development, Conservation and Utilization of Wildlife are established under the Ministry of Culture and Tourism. Also in the regional level; there are eleven Regional Cultural and Tourism Bureaus in Ethiopia, which are accountable to the Ministry of Culture and Tourism.

All the above institutions are directly related with tourism sector and tourism businesses. However other host ministries are involved with specific responsibilities mentioned above. These are the Ministry of Trade, Ministry of Environment, Forest and Climate Change; Ministry of Labour and Social affairs; and Ministry of Transport.

However, it doesn't mean that only Ministry of Culture and Tourism and other executive organs directly or indirectly that deal with tourism business, and other ministries are independent. They are expected to have coordination and collaboration. Not only this, but they also have common powers such as initiate policies and laws, prepare plans and budgets, and upon approval implement same; ensure the enforcement of federal laws; undertake study and research; collect, compile and disseminate information; and others.³⁶⁶

4.4. Evaluation of the Institutional Framework of CSR in Tourism Businesses

When we see the responsibilities given to all the above organs; requires the Ministry of Culture and Tourism to work throughout the country. To achieve the very purpose of the Ministry, many of the

³⁶⁴ *ibid.*

³⁶⁵ FDRE proclamation 916 (n285). Art 31(21).FDRE, Federal NegaritGazeta, definitions of federal executive organs proclamation no 916/2015.22nd year no 12, Addis Ababa 9th December 2015.

³⁶⁶ *ibid.* Article 10.

above responsibilities are to be discharged in different regions of Ethiopia. At federal level, under the Ministry many institutions such Ethiopian Tourism Organization, Tourism Transformation Council and others explained above are formed. However, seeing the entire institutional framework; there is no institution that is directly charged with the responsibility to deal with CSR issues.³⁶⁷ Even the federal proclamation doesn't require the regions to establish environmental, tourism and other offices for tourism or CSR. However, we can say that there are some institutions that charged with the responsibility to deal with CSR issues indirectly such as by initiating laws, incentives, giving training and capacity building, dealing with stakeholders, conservation of environment, wildlife and many others. But seeing the activities of this institutions; there is no a clear understanding as to CSR of tourism businesses which is justified by different reasons.

Taking in to consideration the positive impact of CSR; the establishment of CSR institutions is not necessary only at high level but it should be established detail at the lower government echelons. For that there should be a direction from the higher government organs and introduction of the concept of CSR.

As the preceding section demonstrated, different institutions are entrusted with little duty dispersed here and there to, in one way or another, ensure the SR of tourism sector. However, these institutions are in many ways inadequate to ensure the effectiveness of the CSR of tourism businesses. While factors like the lack of adequate manpower and the absence of political will adversely affect most of them, there are other factors which are unique to some institutions as to CR.

Firstly as said above, there is no even a single specified department that directly deals with the issue of CSR of tourism businesses. In a policy and strategy where tourism sector is used as driver of other sectors of the economy; institution that deals with SR are charged with the responsibility of initiating laws specific to CSR, approval, follow up, incentivise, coordinate with other institutions, follow up implementation and others play an important role in the sustainable development of the sector, and helps the economy in general.

Secondly, although different responsibilities seems to appear under various institutions and departments that directly and indirectly deals with tourism businesses; this institution lacks coordination and there is no a pre-established channel to organize and coordinate the concerned institutions and departments other than formal letter request in case of need like other common office relation.

According to tourism policy of Ethiopia, tourism institutions and departments established under Ministry of Culture and Tourism aimed at leading the industry responsibly and sustainably and

³⁶⁷ Belachew Deriba (358).

ensuring the sustainable benefit of the community. However, this organ shall have arguably failed to discharge its responsibilities with regard to CSR, whereas the major reason is defective organizational structure. On the other hand, the organs are not discharging its duties under the Organs Establishment regulation because they are not meeting regularly.

Although the Ethiopian Tourism Organization/ Tourism Transformation Council were legally established in 2013, it has not been fully operational.³⁶⁸ This has had a serious negative impact on how the other institutions operate in discharging their responsibility. For instance, while subsidiary instruments and organs are indispensable for the effective implementation of the Ethiopian tourism organization/ tourism council Proclamation, Ethiopian tourism organization/ tourism council is given the responsibility to approve these instruments.

Issues of competence and impartiality of the members may also contribute to the tourism transformation council non-functionality. At first glance, the composition seems good. In fact, the presence of the PM as members of the council seems to give weight and increase its effectiveness. However, in reality, such composition has its limitations. First, the current structure brings about duplication of efforts. i.e different organs and sometimes persons are entrusted with the same responsibility. One example, the Prime Minister is a member of Tourism Organization/Tourism Council. At the same time he is head of the Council of Ministers. So, if Tourism Council/Tourism Organization initiates regulation or prepares a draft law; the Prime Minister is also member of COM to approve the regulation. This means, they will consider the same document three/two times. Second, it could be argued that the composition of the Tourism Organization/ Council is meant to serve as political expression. After all, as the tourism organization/tourism council is not functional, it is not possible to argue that the political representation purpose is being served. Moreover, the non functionality is hurting the effectiveness of laws.

Third, Absence of CSR advisors to tourism council/tourism organization is also another defect.

Absence of designated CSR organs is also another problem in the tourism business sector. Apart from the Ministry of Culture and Tourism, regional bureaus should also be raised. As explained above, there is no CSR organ even in the federal level except some of CSR responsibilities given to the above organs.

³⁶⁸ Ato Nuredin Desalegn (n284).

CONCLUSION AND RECOMMENDATION

CONCLUSION

Travelling and staying of people are the reason for the existence of tourism and tourism businesses. This mobility involves access to transportation and hours required to get to their destination; provisions of facilities and services including accessing of information. Based on the type of tourism business; different bodies are involved generally described as Consumer conduct, Supplier conduct and Government and this conducts have both positive and negative.

CSR which is based on the concept of triple-bottom-line principle consists of three dimensions social, environmental and economic is a growing concept in which businesses are subjected to CSR regime to encourage economic, social and environmental advantages, and to minimize and eliminate negative impacts. Tourism business specifically now a day is accused of causing socio-cultural and environmental damages and growing consensus is reached as to the subjection of tourism business to CSR regime. Being convinced by these; governments, NGOs, and business organizations use different approaches such as Certification, carrying-capacity analysis, Limits of acceptable change, Zoning, Environmental management system, Codes of conduct, Capacity building and others to encourage and the application and enforcement of CSR.

Due to the growing legal interest of CSR; it's incorporated in the major legal framework internationally, regionally, nationally and locally in which all of them focused on the responsibilities of business in general and tourism businesses in particular. However, CSR lacks coordination and implementation at the international level.

In Ethiopia; tourism businesses legal and institutional framework for CSR is not clear and there is no a pre-defined regime. However, seeing the concerned provisions of the constitution and laws; we can infer provisions for the concept of CSR. Especially in relation to the environment we have different regulatory and supervisory approaches such as Environmental Auditing, environmental management report and competence certification. These concepts are highly related with sustainability and responsibility of business and other operation. However firstly, these provisions are dispersed here and there and far from interpretation to use them for the notion of CSR; second although some provisions are found they are not designed for the purpose of CSR; third they are too general and difficult to implement; fourthly these provisions are found in different ministerial jurisdictions and laws and there is no coordination among these bodies. In addition as seen above different countries use different approach to CSR mentioned above. But, specifically tourism business, in Ethiopia except codes of conduct and Capacity building theoretically; there is no other approach to CSR. Of

course other ministries law apply to tourism business but to the scope of this paper and tourism as a driver of other economy need to be given specific approaches even in a better way that environmental issue. In these and other reasons it is possible to say that CSR is absent from the radar of Ethiopian tourism business laws and institutions. However, since Ethiopian tourism businesses are still developing; it is positive not to be strict and that much mandatory because if it it's compulsory like developed countries; it may decrease and stop the development of tourism sector.

RECOMMENDATIONS

1. The government is spending substantial time and resource on promotion of Ethiopia's tourism and tourism businesses which is a good start. At least theoretically we have some approaches to CSR in general manner. But, there is need to include CSR issues clearly in the policy and strategy, and clear and detail tourism stakeholder laws.
2. In Ethiopia still there is traditional concept of seeing CSR as pure cost. So, from other countries experience, to create modern concept and taking the significance of CSR; it's highly recommended to establish single department of CSR under the Ministry of Culture and Tourism, and due to its paramount significance it will lead to institutionalization by itself.
3. Different approaches to CSR are very important for both governments and stakeholders. For the government it is cost effective, easy to implement and administer and also for other stakeholders. So, CSR approaches especially certification scheme should be introduced in the tourism business practices.
4. As shown above, there were no researches conducted on CSR concept in the sector's Development, Research and Studies Directorate. So, it is highly recommended for the Ministry to design appropriate strategy for research and study of CSR.
5. As seen above, there is no strong coordination and cooperation among the Ministries concerning tourism sector and tourism businesses. Creating conducive channel among the concerned ministries and bodies for cooperation is very important. So, there should be reform with regard to their relationship.
6. As it is clear from the data above; concept of CSR is new and not clearly known in Ethiopian tourism businesses and to address these; the importance of giving capacity building and training for stakeholders and educating CSR for tourism students and professionals in the universities; colleges and include this concept in the catering and tourism institute cannot be overstated. So including CSR course in the curriculum is a key.

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