

Worldwide Tourism's Economic, Ecological and Social Sustainability as a Core Concern and Responsibility in the New Millennium: An Evaluation of the Triple Bottom Line Approach

by

Konrad Gunesch

American University in the Emirates,
Dubai, United Arab Emirates

Tel: 00971-50-8667602, E-mail: konradgunesch@hotmail.com

Abstract

This paper reveals the framework, application and usefulness of the triple bottom line approach for reflecting, assessing and reporting on economic, ecological and social sustainability. These are areas of core concern and responsibility for the global travel and tourism industry. It outlines the conceptual development of the sustainability argument and of the triple bottom line approach along the new millennium, and across global political key events and official reports, declarations and guidelines, culminating in the 2015 United Nations Climate Change Conference. Global tourism has operationalized the triple bottom line as an internal managerial planning and decision-making tool as well as an external assessment and reporting framework. It thus performs the triple task of considering and balancing a company's economic, social and environmental performances and impacts via several key indicators. Empirically, these key indicators are documented and on report cards. The report card categories are synthesized from the literature and real-life tourism companies. Their compact display exceeds the current business practices of even the most circumspect and transparent tourism organizations. The paper recommends the triple bottom line to substantiate tourism's concern for economic, ecological and social sustainability, hoping to inspire discussion about how this industry could develop those goals even further.

Keywords: Sustainable Tourism, Triple Bottom Line, Ecological Economics, Environmental Impact

1. Worldwide Tourism in the New Millennium

At the beginning of the new millennium (2001), the World Tourism Organization (WTO) published its *Tourism 2020 Vision*, in which it described eleven major "factors" for the development of worldwide tourism. Among the key factors were:

- Economy (from post-war to newly emerging economic powers);
- Demography (a possible fragmentation of traveler segments and tourism markets); and
- Social-environmental awareness (rising since shortly before the new millennium)).

Around the same time (2004), the WTO also proclaimed twelve "major megatrends" of global tourism impacting its policies and strategies, among which were:

- Consumer-led campaigns for sustainable tourism (especially sustainability and fair trade);
- Increased socio-environmental consciousness (versus simple mass travel consumption).

The literature, similarly, sees six “key drivers” for world tourism, among which are:

- Economic (effects of globalization, labor demographics, and global wealth distribution);
- Social (such as societal value changes);
- Environmental (energy and natural resource preservation, or global climate change); and
- Basic human needs (global food provision, or strategies for increasing cultural diversity).

Whichever model of major tourism influences in the new millennium one prefers to follow (or combine), all suggest complex interdependencies, especially when considering them holistically under the concept of sustainability.

2. Sustainability in Tourism

“Sustainable development” was first defined in the 1987 *Brundtland Report* by the *World Commission on Environment and Development* (UNWCED) as “meeting the needs of the present without compromising the ability of future generations to meet their own needs,” uniting goals of economic progress and of environmental protection. Following up on these ideas, the 1992 *United Nations Conference on Environment and Development* (UNCED) in Rio de Janeiro produced the *Rio Declaration on Environment and Development* and *Agenda 21* (with principles and guidelines for sustainable development), followed in turn by the 2002 *World Summit on Sustainable Development* (UNWSSD) in Johannesburg, and then the 2012 *United Nations Conference on Sustainable Development* (UNCSD) in Rio de Janeiro.

For tourism, the WTO and the United Nations Environment Program (UNEP), in a 2005 *Guide for Policy Makers* entitled *Making Tourism More Sustainable*, defined sustainability as the suitable, long-term and evolving balance between the 1) environmental, 2) economic and 3) socio-cultural dimensions of tourism development. Specifically, sustainable tourism should 1) optimally use environmental resources (as by maintaining ecological processes and preserving natural resources and biodiversity), 2) respect the socio-cultural authenticity of host communities (as by conserving their cultural heritage and traditional values), and 3) ensure viable, long-term economic operations (as by providing and fairly distributing socio-economic benefits to all stakeholders, especially employees, host communities, and the poor).

Critics see the concept of sustainable development as vague and leading to uneven practices, or as Western or Euro-centric, suiting the developed nations but preventing developing countries from following their path of industrialization, and acquiring their living standards. Yet sustainability has become widely used in international key policy agreements and in industry practice, so most agree that it should be furthered in global tourism via specific frameworks and measures, such as the triple bottom line (“TBL”; informally also “3BL”).

3. Tourism, Sustainability, and the Triple Bottom Line

The first literature voice to suggest a comprehensive approach to sustainable development and environmental protection as a central business challenge was John Elkington’s 1997 book *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*: corporations should consider not just their economic, but also their environmental and social influence. His “triple bottom line” required business activities to be socially, economically and environmentally sustainable. The global tourism industry was soon attributed a key role for advancing and implementing this concept, due to its responsibilities for social and economic development.

Conceptually, the TBL frames business and corporate activities and performances, adding the two bottom lines (balance sheets) of socio-cultural and environmental impacts, thus providing criteria for audits and evaluations, and standardizing the assessment and reporting of all three types of impacts (economic, socio-cultural and environmental). Operationally, the TBL assists internal management planning and decision-making, and external reporting on the economic, environmental and social implications of organizational decisions and activities.

For each of the three dimensions, the reports use key indicators, depending on the tourism industry sector. As each of the three bottom lines measures different types of impacts, weighing and assessing them requires a company judgement. This is why they are seen as tools of a holistic process of appraisal, and more than just an accounting mechanism, namely as the most comprehensive consideration of multi-dimensional impacts of business activities.

4. The TBL: Dimensions and Assessments

In practice, a company monitors and reports to its triple bottom line using a

- Business Report Card (BRC),
- Social Report Card (SRC), and an
- Environmental Report Card (ERC).

For each card, the company selects key indicators (significant and measureable variables) relevant to its operations, expressed either quantitatively (as a percentage over time, such as of growth), or qualitatively indicators (as for evaluating levels of visitor satisfaction around tourist attractions, or the quality of staff-delivered safety instructions and training).

For an overview of the three report cards and their indicators of a tourism business (company, attraction, destination, or event), below the three impact dimensions (I-III) are categorized according to company stakeholders and interests (A, B, C), key indicators measuring tourism impacts (1, 2, 3), and possible sub-categories (a, b, c). A tourism company need not use all of these indicators, yet might add others that better suit its activity profile.

I) Economic Impacts (BRC):

A) Company Benefits from Tourism:

- 1) Revenue;
- 2) Net profit or net income before tax (NIBT);
- 3) Number of visitors.

B) Company Costs from Tourism:

- 1) Direct expenditures, including
 - a) Remunerations (wages, salaries or rewards),
 - b) Taxes paid, or
 - c) Costs for regulatory reports;
- 2) Indirect expenditures, including
 - a) Externalities (costs not chosen, such as pollution cleanups),
 - b) Opportunity costs (investments in other feasible attractions).

C) Stakeholder Benefits from Tourism:

- 1) Total shareholder return;
- 2) Value added or distributed to suppliers.

D) Community and Destination Benefits from Tourism:

- 1) Management of visitor demand and volume;

- 2) Reduction of seasonality effects.
- E) Community and Destination Costs from Tourism:
 - 1) Costs for attraction's deterioration and repair;
 - 2) Costs for destination preservation.

II) Socio-cultural Impacts (SRC):

- A) Tourist Satisfaction:
 - 1) Openness of access;
 - 2) Visitors' motivation.
- B) Tourism's Impact on Public Health and Welfare:
 - 1) Workplace stability;
 - 2) Employee safety and risk management, including
 - a) Occupational health and safety audits and training,
 - b) Emergency plans,
 - c) Written safety instructions,
 - d) Security signage and lighting, or
 - e) Security patrols;
 - 3) Visitor safety (analog to 2).
- C) Host Community's Wellbeing and Participation:
 - 1) Impact on community quality of life;
 - 2) Impact on community pride;
 - 3) Local satisfaction with tourism;
 - 4) Community support and involvement, e.g. community partnerships;
 - 5) People performance management, or employment conditions with:
 - a) Opportunity,
 - b) Diversity,
 - c) Non-discrimination,
 - d) Human rights respect, and
 - e) Ethical corporate governance.
- D) Destination Planning and Control:
 - 1) Socio-cultural carrying capacity;
 - 2) Integration of tourism into local/regional planning and development;
 - 3) Tourist transportation facilities;
 - 4) Sustaining the social and cultural assets of the destination;
 - 5) Protecting the image of the destination.

III) Environmental Impacts (ERC):

- A) Managing and Protecting Scarce Natural Resources and Valuable Assets:
 - 1) Energy management and conservation, such as of
 - a) Oil,
 - b) Gas and
 - c) Electricity;
 - 2) Water
 - a) Availability,
 - b) Quality and
 - c) Conservation;
 - 3) Emissions from transportation of tourists.
- B) Limiting Damaging Impacts of Tourism:
 - 1) Destination's
 - a) Physical and

- b) Environmental carrying capacity;
- 2) Ecosystems'
 - a) Conservation and
 - b) Rehabilitation;
- 3) Waste water quality and recycling;
- 4) Solid waste (metal, wood, paper, plastics) management or recycling;
- 5) Sewage treatment;
- 6) Weed and pest control,
- 7) Pollution via
 - a) Air,
 - b) Noise or
 - c) Visuals (such as architectural degradation);
- 8) Greenhouse gas emission reduction, such as
 - a) Carbon dioxide (CO₂) from transport, or
 - b) Hydrofluorocarbons (HFCs) from cooling;
- 9) Land-from-sea reclamation;
- 10) Ecological efficiency via
 - a) Design;
 - b) Packaging and
 - c) Recycling (strategies and actions for business operations),
- 11) Monitoring suppliers' environmental performances.

5. Criticism and Advantages of TBL Reporting

Criticism of the TBL is mostly addressing

- Redundancy (its three dimensions could be taken care of by single assessments);
- Practical challenges (finding suitable or quantifiable social and environmental indicators);
- Potential bias by businesses picking indicators to justify their investments.

Against these points, one can invoke that

- The TLB is precisely about unifying separate bottom lines;
- It allows for qualitative measurements alongside quantitative ones; and
- User bias is unavoidable and even speaks for the overall practicability of the approach.

In any case, most criticism implies that the TBL is (as of now) the most comprehensive and holistic framework for evaluating key indicators in the three most important dimensions that all tourism stakeholders face as a core concerns and responsibilities in the new millennium.

Overall, the TLB approach improves a tourism organization in manifold ways:

- Conceptual clarity about sustainability (comprehensively defining and operationalizing it);
- Practical clarity about how to achieve it (slogan: "what gets measured gets managed");
- Strategic decision making (integrated and holistic decisions within ethical framework),
- Transparency and accountability (for stakeholders and society);
- Shareholder value (the TBL also positively impacts the economic "single" bottom line);
- Quality standards (institutionalizing best practices and benchmarks);
- Employee relationships (employees are more likely to be loyal and low in turnover);
- Corporate reputation (boosting company's products, marketing, and brand awareness);
- Market positioning (via self-reinforcing cycles of positive reputation);

- Stakeholder relationships (TBL implementations fulfil stakeholder demands); and
- Destination benefits (differentiation from competition, and benefit for local community).

References

- Andersson, Tommy D. (2013), "Triple Impact Assessments of Sport Events," in Sten Söderman and Harald Dolles, Eds., *Handbook of Research on Sport and Business*, pp. 237-256, Cheltenham and Northampton/Massachusetts: Edward Elgar Publishing.
- Darcy, Simon, Bruce Cameron and Simon Pegg (2011), "Developing a Business Case for Accessible Tourism," in Dimitrios Buhalis and Simon Darcy, Eds., *Accessible Tourism: Concepts and Issues*, pp. 241-259, Bristol and New York: Channel View Publications.
- De Lara, Rod Allan A. and Arno Thöny (2011), "Responsible Tourism in Asia," in Geoffrey Williams, Ed., *Responsible Management in Asia: Perspectives on CSR*, pp. 146-160, Houndmills and New York: Palgrave Macmillan.
- Durovic, Martina and Sonja Lovrentjev (2014), "Indicators of Sustainability in Cultural Tourism," *The Macrotheme Review*, Vol. 3, No. 7, pp. 180-189.
- Dwyer, Larry and Deborah Edwards (2013), "Ecotourism and the Triple Bottom Line," in Roy Ballantyne and Jan Packer, Eds., *International Handbook on Ecotourism*, pp. 245-263, Cheltenham and Northampton/Massachusetts: Edward Elgar Publishing.
- Dwyer, Larry, Deborah Edwards, Nina Mistills, Carolina Roman, Noel Scott and Chris Cooper (2008), *Megatrends Underpinning Tourism to 2020: Analysis of Key Drivers for Change*, Brisbane: Cooperative Research Centre for Sustainable Tourism.
- Dwyer, Larry and Jeffrey Faux (2010), "Triple Bottom Line Reporting of Tourism Organisations to Support Sustainable Development," in Janne J. Liburd and Deborah Edwards, Eds., *Understanding the Sustainable Development of Tourism*, pp. 130-147, Oxford: Goodfellow Publishers.
- Elkington, John (1997), *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, Oxford: Capstone Publishing.
- Tyrrell, Timothy, Cody Morris Paris and Vernon Biaett Jr. (2013), "A Quantified Triple Bottom Line for Tourism: Experimental Results," *Journal of Travel Research*, Vol. 52, No. 3, pp. 279-293.
- World Tourism Organization (2001), *Tourism 2020 Vision, Volume 7: Global Forecasts and Profiles of Market Segments*, Madrid: World Tourism Organization.
- United Nations Environment Program and World Tourism Organization (2005), *Making Tourism More Sustainable: A Guide for Policy Makers*, Paris and Madrid: United Nations Environment Program and World Tourism Organization.