

# Chapter 11

## Corporate Social Responsibility in Tourism Industry: Issues and Challenges

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### ABSTRACT

*The company act defines Corporate Social Responsibility “As activation that promote poverty reduction, education, health, environment sustainability, gender quality and vocational skill development.” The Indian tourism industry is one of the biggest contribute in the service sector and contribute significantly in the economic development of the country. The tourism industry impact highly on the environmental issues, legal issues and social condition of a particular place in a significant manner. The basic objectives of Corporate Social Responsibility are to maximize the company’s overall influence on the various stakeholders of society. This study will discussed the contribution and existing scenario of Corporate Social Responsibility in the tourism industry for the better quality of services and corporate obligations to all the stake holders. This chapter begins with the concept of Corporate Social Responsibility, its origin and various Issues and Challenges faced by organizations while applying corporate social responsibility in the tourism industry.*

### INTRODUCTION

Corporate Social Responsibility is a responsibility and accountability towards the larger section of the society by ensuring active compliance with the ethical standards and globalised norms. It encourages positive import on the various shakeholders i.e. Govt., Company, Employees, Banking & Financial Institutions, Investors, Creditors and Competitors, Society etc. (De Grosbois, 2001) stated that stakeholders of Corporate Social Responsibility demanding responsible business practices due to growing awareness towards social & environmental issues.

The new company Law, 2012 make it mandatory for all companies, which either have a net worth of Rs. 500 crore or a turnover of Rs. 1000 crore or net profit of Rs. 5 crore, need to spend at least 2 percent of its average net profit of immediate three financial years on Corporate Social Responsibility activities.

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## ***Corporate Social Responsibility in Tourism Industry***

Corporate Social Responsibility in today's world extended its boundaries to all areas of society as the govt alone cannot develop each and every sector. Corporate Social Responsibility plays a very important role in the service sector specially in the tourism industry. The basic need of implementing Corporate Social Responsibility in tourism industry is due to the following reasons.

1. Transparent and Fair policy for the customers.
2. 100% commitment for providing quality services.
3. Fair treatment to all the stakeholders of the tourism industry.
4. Providing international standards in safety and services to the customers.
5. Ethical Business Practices.
6. Starting community development programme to the nearby communities of a business place.
7. High level professionalism of in the tourism industry specially in the open competition.
8. Respect the local customs & community.
9. Keeping promises with high standards of services and qualities.
10. Involve all the employees and trade unions in formulating new policies.

So the idea of Corporate Social Responsibility has gained promises from all aspects. Some estimate/predict an amount of 20,000 crore rupees in the field of Corporate Social Responsibility and helps in sustainability in India. Corporate Social Responsibility in tourism industry must aware themselves with social environmental ethical practices as one of the major business practices.

Unethical practices and can lead to great environmental hazards like great disasters in Uttrakhand in 2013 this leads to death of thousands and of tourist and local residence.

Miller, Rathouse, Scarles, Halmes and Tribe (2010) emphasized that there is lack of awareness of tourisms impact relative to day-to-day behavior, feelings and unwillingness to make significant changes to current tourism behavior.

Logar's (2010) expressed the potential uses of various instruments (eight) for managing more sustainable tourism in the coastal town of Crikvenica Croatia.

Hence, the environmental issues are not only the responsibility of the Govt, but all the stake holders of the tourism industry must strictly compliance with the law and should not go against the law of nature. (Millar and Baloglu 2011) stated that more and more hoteliers are now days believe in incorporating responsible business practices in their business due to the environmental issues of the various stakeholders.

## **Need of Study**

The objectives need of this article is to assess and fulfill the expectation of the tourists, investors and the stake holders of the tourism industry i.e. tour operators, tour agencies, hoteliers, Airlines agencies etc by ensuring the sustainable development, guaranteed and transparent standard services to the tourist and also fulfill various requirements of the society. The other requirement of the study is to know whether Corporate Social Responsibility is success in spreading sustainable tourism practices by aligning itself with national/international standard and criteria.

## **Rationale behind the Study**

Corporate Social Responsibility in tourism industry means what the business houses does over the statutory requirements for the benefits of tourist and other stakeholders of the tourist industry. The behaviour

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