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# STRATEGIC SUSTAINABLE MANAGEMENT OF TRAVEL INDUSTRY IN A RECYCLING SOCIETY

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## ABSTRACT

The social recognition on environmental effect which tourism has produced is increasing as tourism has grown on a large scale world-wide. Hence, "sustainable tourism" is advocated in order to reduce the bad effects on the environment. For example, ecotourism which has low impact on environment has been practiced all over the world. From tourism point of view in market scale, we can say that consciousness in mass tourism lead to reduce more environmental impact. Furthermore, it is to introduce market economy into environmental activity of a company by LCV (Life Cycle Value) that can contribute to a recycling society, thus it will lead the paradigm change of the industry itself. When we come to discuss the travel industry of 21st century. We can't ignore the sustainable management which has often been overlooked before.

Key Words: Sustainable Management, Corporate Social Responsibility(CSR).

## 1.INTRODUCTION

While the concern about Corporate Social Responsibility (CSR) is growing world-wide, in Japan, environmental management has been recognized rather as management strategy than compliance. On the other hand, CSR in the tourism industry has grown mainly in Europe. According to World Travel and Tourism Council(WTTC), their report entitled "Corporate Social Leadership in Travel & Tourism "(CSL) in November, 2002, has claimed that CSR brings competitive advantage to meet market demand in the future. Moreover, even in the travel industry, Association of British Travel Agents(ABTA) has submitted the report "Improving tour operator performance the role of corporate social responsibility" in November, 2002, and promoting activities of various CSR focused on the enlightenment and support to a tour operator. However, although there is environmental management such as in transportation business, in the tourism industry in Japan, activities of environment management have not done in the travel industry.("The travel industry" means travel agents business in this literature in terms of "tourism industry" which means whole travel & tourism industry.)

### 1-1.A recycling society and tourism industry

"The Basic Law for Establishing the Recycling-Based Society" was delivered in June, 2000. The purpose of this law is shown as below:

The purpose of this Law is to facilitate the policies for the transformation into the recycling-based society comprehensively and systematically and thereby contribute to ensure healthy and cultured living for both the present and future generations of the nation, through articulating the basic principles on the establishment of the recycling-based society, in conformity with the basic philosophy of the Basic Environment Law (Law No. 91 of 1993),

clarifying the responsibilities of the State, local governments, businesses and the public, and articulating fundamental matters for making policies for establishing recycling-based society, including those for establishing the Basic Plan of Establishing the Recycling-based Society.

This Law is about the policies which transform our society into the recycling-based society systematically. Therefore, it contributes to have healthy and cultured living for present and future generations of the nation.

After this law, various recycling laws had been released, therefore corporate activities for establishing recycling society have become increased.

Then, how is the travel agent business? The travel agent business has developed as they had packaged tours and made mass selling in recent years. Consequently, such an expanding tourism had an influence on society, economy and environment world-wide. However, responsibility of a travel agent business has not been clarified. The aim of this research is to clarify social responsibility of the travel agent business which builds and sells tour production, and to claim the concrete solution of environmental impact reduction.

## 2. Type of Influence on environment by travel product

### 2-1. Influence on environment by travel product

A travel agent business is growing as "travel product". And many tourists have visited various places and have left impact there. From a point of view of tourism geography, there are two aspects of spatial structure of tourist flow.

- a. move to destination (by transportation)
- b. stay and action at a destination (tourist facilities are used)

Among these, the main subject is an aspect *b*, the impact on the environment in the tourists destination. Especially ecotourism has been most suitable travel forms which has low impact on environment.

### 2-2. Ecotourism market in Japan

Quite a few ecotourism associations have been established all over Japan. According to the investigation in Okinawa in 1998 shows the result that tourists' desire to ecotourism was high. In the 21st century which global environment problems actualize and will be called environmental century, the role of ecotourism is to reduce environmental impact and environment-conservation tourism is essential. However, the contents of ecotour are a jumble of wheat and tares. It is because that the definition of the ecotourism has not been defined. The World Tourism Organization (WTO) says that it has to define sustainable tourism industry and ecotourism in recent years. Although ecotourism is ideal, it can be said that ecotourism in Japan mainly does not concern about low impact of environment, and is the way of marketing strategy (a way of customer satisfaction). Many ecotours have been produced just instead of mass tours to meet market needs.

Without having a bad influence on ecosystem or local culture by the tourists, the facilities which consider environmental aspects and environmental education are given to tourists in order to understand, appreciate and enjoy natural area. The purpose of travel is protecting regional nature and culture, contributing to protection and region. (Nature Conservation Society of Japan).

But in fact, in Japan ecotourism is used as the general term of only nature-based tourism. Therefore it is easy to commercialize ecotour with the vague definition, and commercialization may be promoted superfluously.

Under the condition of no environmental regulations, leaders and tour guests who do not have enough environmental treat and education may cause a bad influence to the nature which people generally does not step in, this is the opposite direction of the idea of "ecotourism".

### 2-3. Ecotourism and ecological management

Kunori and Kobayashi(2002) indicated that ecotourism is so separated from the idea of ecotourism by popularization of ecotourism as a result of commercialized as business. In the case of Japan, commercialization of ecotourism has preceded and developed rather than the view of sustainable tourism. Sustainable tourism cannot be established only if a travel plan is made with environmental consciousness. In other industries, a company which practice environmental management manufactures and offers eco-products, i.e., environmentally-friendly products and services, and they also adopted the ecological management system (EMS).

Recently, in accordance with the European GRI guideline (Global reporting initiative; cooperate reporting standard about information disclosure by the triple bottom lines-society, environment, and economy, made by NGO in the United States and UNEP. ), a element of cooperate social contribution is also adopted, and the integration-approach of third person evaluation and disclosure of cooperate information about the sustainable possibility of a company.

So, what kind of environmental commitment we need in the tourism industry?

The contents of a travel itself like ecotours have been paid much attention. But, in the travel industry under the modern business circumstance should do as follows; wholesale companies, tour operators and other tourism-related companies have concern about the environment and consider the distribution of goods and service, supply chains among trade purchase and logistics, collaboration with NPO and administration, with compliance and industrial independence standard in environment. Ecotourism should stand on total environment consciousness throughout the all enterprise action and its whole related industry.

### 3. For environmental load reduction and the social contribution in the travel industry.

#### 3-1. Responsibility for environment in the tertiary industry

Although environmental management is important in manufacturing industry , why environment and social consideration are also needed in the tertiary industry?

First, the importance of tertiary industry is increasing every year as the industrial structure has changed. Second, each industrial sector should tackle environmental load reduction cooperatively, and in tertiary industry, ISO 14001 acquisition or construction of EMS are far behind than other sectors. In White Paper on the Environment in Japan, the role of tertiary industry is pointed out as follows:

Primary industry which maintains and increases an environmental preservation function and supplies renewable resources, secondary industry which investigates environmental efficiency and forms the circulation of recycling and tertiary industry as a promotion media of using capital stock and non-material system circulation. In each industry,

it is important to raise sustainability and to make the transition to recycling-type industrial structure by maintaining mutual balance and by strengthening their mutual collaboration.

The environmental white paper has pointed out that tertiary industry should act as a prompter of environmental load reduction cooperating with other industries. It is necessary to contribute to the big change of the industrial structure in Japan.

### 3-2.CSR in travel agent business and compliance program

Kunori and Kobayashi(2002) point out that tourist agent business as tertiary industry should have social ,economical and environmental responsibility and contribution by the concept of sustainable management and triple bottom line(TBL). When travel agents introduce TBL in management , the measure they can do is pointed out to below:

- Social responsibility

While only focusing on importance to develop industry, CSR has received a low priority. A company dose not only pursuit profits, but has to contribute to society. There is the necessity of seeking social contribution type of tourism.

- Environmental responsibility

The aim of compliance includes general law, company own rule, social rule and ethics side. A company must abide these maintaining and strengthening the compliance. Recently, compliance has become general and company is required to make own guideline and follows it.

- Economical responsibility

It is required to abolish external diseconomy about social and environmental influence which were not incorporated into company accounting. Not consumed-type tourism but recycle-type tourism should be seek for.

It is not appropriate if a company may cause economical problem by corporate activity of social contribution and environmental contribution.

- Action plan for sustainability in travel agent business

To make it short, EMS should be adopted in a company as crucial and travel agent should publish environmental report, a social environmental report or a sustainable report, etc. These communications means the responsibility with a stakeholder. On this annual report, top management's commitment is expressed and the purpose of each company and achievement target are clarified. The number of companies carrying out "environment information disclosure" has extended to 1,953 companies in 2001 compared with 485 companies in 1997 in Japan. This shows that the social request of the environmental information disclosure is increasing.

### 3-3.LCV and an introduction of environmental and social contribution management

How does the travel agent business as software industry should adopt the management system which contributes to sustainability? Certainly acquisition of ISO14001 is general way, but using the concept of LCV (Life Cycle Value) could be more suitable in tertiary industry. LCV is a value of products design under TBL management. In LCV, it consists of three, economic value (goods value), environmental value (earth value), and social value. Though the products are able to contribute to environment or society, if the travel

products are not attractive to the consumers, there is no economical contribution in company. And it means that LCV has trinity aspects. If a packaged tour is produced based on this LCV design, the type of the tour never be only "present ecotourism" in Japan. Although LCV designed tours are not looked different from mass tourism, tours are designed as environmental load reduction type, social contribution type, which attract tourists as other general tours. LCV design provide better travel product quality with an environmental and a social contribution element.

#### 3-4. An introductory method of sustainable management goal and evaluation

Sustainable management consists of as follows; a management system (EMS), compliance including risk management, the education in a company, communication with stakeholders, and its qualitative evaluation system and audit. Here, compliance and evaluation are described additionally below;

- Voluntary standards

The top management of a company declares the promise of the contribution to environment and society under compliance. And all information are clarified. A company should never be hidden by making voluntary standards.

- Standard of an industry group

In the manufacturing industry, Extended Producer Responsibility (EPR:) has been introduced which means that producer responsibility expands not only to the stage of manufacture, usage, and a circulation of a product but to the stage on which a product is discarded, processed and recycled. In Japan it is clearly written in "The Basic Law for Establishing the Recycling-based Society". Then what kind of ERP is necessary in travel agents business? An industry guideline should be established with regard to the influence on the natural environment, social culture and economy by tourism.

Self-designed guideline in the industry should be set up quite more severely than the usual law, and should have an advanced guideline.

- Evaluation

In an environmental element, evaluation can be quantitatively measured by environmental performance evaluation. In a social element, evaluation is possible with the investment, the number of staff will be active for its continuity. Finally, in an economical element, evaluation can be measured by the financial statement, IR as usual. Although it is pointed out that the evaluation methods between each company differs and comparison is difficult, the achievement degree can be compared by sustainability ranking of the company by the third person like INOVEST in U.S.A., New method of Sustainability Management Rating Institute in Japan.

#### 4. CONCLUSION

In the travel agent industry in Japan, the contribution activities to sustainable tourism of a company have still started just now in a practice level and also in a theoretical level. It has been widely recognized that the consumer does not desire eco-conscious goods and the market is not asking for them. However, in other industries, CSR has widely adopted. Also in the travel agents, drastic change of market needs started to happen. From now on, it becomes important that management in travel agent business stays with LCV design to carry out the contribution to environment, society, and economy.

Such a point of view causes the paradigm change of the existence of the travel agents itself. Travel products surely include tourist destination, and there is a local resident there. It is essential to change the present consciousness of all the employees of a travel company on how tourism impacts on natural environment of their area, contributes to the society ,their culture and to the economical profits of their region in the process of planning ,producing and selling of travel products. Such consciousness change may cause competition predominance.

However, this consciousness change will surely brings the drastic revolution in the travel agent industry and tourism in the sense of modernization.

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