

Ethics and social responsibility

Key concepts

The main concepts covered in the chapter are:

- A typology of ethics and social responsibility
- The variety of ethical dilemmas and social responsibility challenges which face organisations in the different sectors of leisure.

Introduction

There appears to be a growing interest in the twin concepts of ethics in management and social responsibility in business. Perhaps, amongst other reasons, this is a result of the numerous scandals in political and economic life which characterised many countries in the 1990s.

Ethics and social responsibility are broad subjects with many elements, as can be seen from Figure 27.1. This also illustrates the fact that some ethical dilemmas and issues of social responsibility are primarily internal to organisations while others relate to the organisation's links with the outside world.

In this chapter, we will consider several types of ethical dilemmas and issues of social responsibility which are found in the various sectors of leisure. We will also consider the marketing implications of these for organisations within these sectors.

Later in the chapter we will consider how such ethical dilemmas can be seen as either threats or opportunities. Furthermore, the chapter will conclude with a brief discussion of national differences and similarities across the world, in attitudes towards ethics and social responsibility.

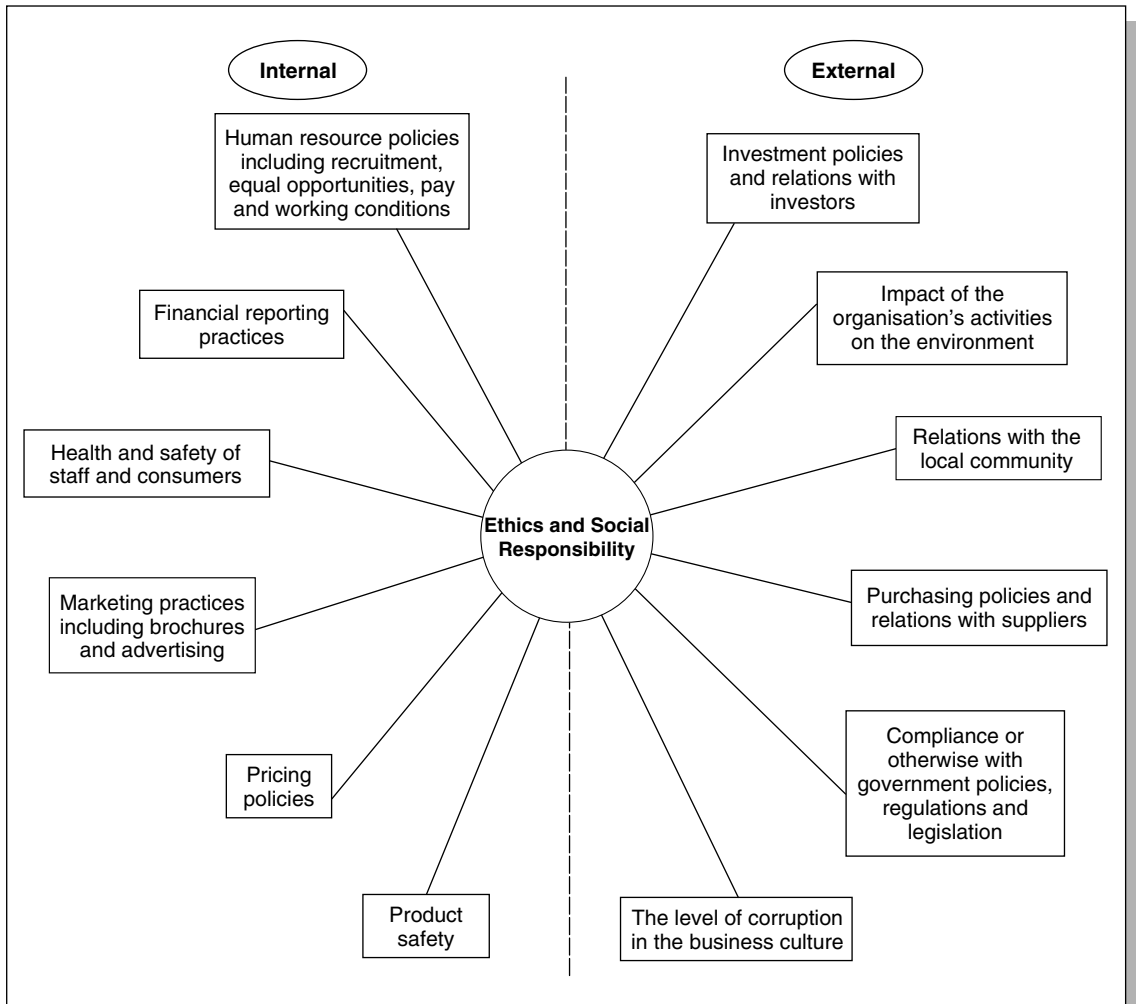


Figure 27.1 Aspects of ethics and social responsibility

By definition, the choice of issues in this chapter is selective but it does serve to illustrate the range of such issues which are encountered by managers in leisure.

It is also important to note that as ethical standards are highly personal, the choice of issues and the comments made about them are subjective and, at times, perhaps, controversial.

The broad range of ethical dilemmas and questions of social responsibility in the *visitor attractions* sector are illustrated by the following examples:

- (i) In the museums sector there are the issues of how to handle *controversial and politically sensitive historical events and the ways in which the history of minority groups should be represented*. Such issues might include:
- the role of British entrepreneurs in the slave trade;
 - the contribution of Turkish workers to the 'economic miracle' in Germany;
 - the treatment of the Jews by the Nazis;

- the blurring of historical reality and nationalist aspirations in the Balkans;
- telling the story of minority groups such as the Basques, the Corsicans, the Lapps and Gypsies.

Tackling these issues can be a painful process that can lead to adverse publicity, reduced visitor numbers and the creation of a climate of conflict. On the other hand, ignoring these questions can lead to the story that is being told not offering a true picture of history. It may also discourage some potential customers from visiting the museum.

- (ii) The *safety of theme park and amusement park rides* is a more complex issue than it might at first appear. The attraction of many rides is the excitement which requires just a tinge of danger, and in any event total safety is not possible. Furthermore, many theme and amusement parks live on narrow profit margins and employ casual staff, both of which can be constraints in terms of optimising safety.

However, an accident at a theme park or amusement park can result in very negative media coverage. Ironically, in the UK at least, such coverage rarely seems to adversely affect an attraction's visitor numbers. In some cases, it can even lead to an increase in visitor numbers! Nevertheless, there is a moral duty to optimise safety and, unlike the museums example, action is usually compelled by law, rather than being a thoroughly voluntary matter.

- (iii) The *question of zoos and whether it is right to keep animals in captivity for the entertainment of visitors* is a long-standing debate. Many zoos, recognising growing public distaste for traditional zoos, have responded by changing their promotional message. They now sell the idea that their main purpose is education and conservation, rather than entertainment. As many zoo owners are voluntary-sector bodies, acting on behalf of the 'public interest', it is vitally important to their credibility that they are seen to behave in a socially responsible manner. It is interesting to note that one of the first tourism-related applications of virtual reality that has been talked about is the idea of the animal-less 'Virtual Zoo'.

Tourist destinations – countries, regions and resorts – also face a range of ethical challenges, as follows:

- (i) To what extent *should those who do not gain financially from tourism subsidise the tourism industry*. Destinations keen to attract tourists spend vast sums of money on marketing and infrastructure, for example. This money usually comes from taxation which is levied on the community as a whole. Yet in many destinations, only a minority of the population will rely on tourism for their livelihood, directly or indirectly. Often relatively poor residents may find themselves subsidising the promotion of private-sector enterprises or the holiday costs of more affluent tourists. Such hidden subsidies distort the pricing system on which all private-sector marketing concepts are predicated.
- (ii) The *degree to which public money is spent on tourism rather than other sectors of the economy and society* is a contentious issue. Many developing countries, and even Eastern European countries, see tourism development as a good way of achieving short-term economic development. However, money spent on tourism is clearly not available for spending on other items such as health, education and housing. The marketing implication is that local resentment towards tourists may increase as people become frustrated by the priority accorded to tourism-related government expenditure. This resentment can reduce the quality of the holiday experience and lead to a decline in visitor numbers.

- (iii) Finally there is the *tension between short-term and long-term perspectives in the development of destinations*. This tension has been seen clearly in some Mediterranean and Asian countries and is currently evident in Eastern Europe. The need for the short-term benefits of tourism can lead to tourism development which is too rapid and uncoordinated. In the longer term this may lead to social and economic problems which will make the destination less attractive to tourists who may go elsewhere. The destination can then be left with huge capacity which is under-utilised.

The *accommodation* field offers many examples of ethical issues and social responsibility dilemmas, as follows:

- (i) The *existence of many allegedly poor employment practices* in this sector is undoubtedly a contributory factor to the problems of recruitment and the high labour turnover that characterises the accommodation sector. Long hours, low wages, poorly developed equal opportunities, and racial and sexual harassment have all been identified within this sector. Yet employers would argue that some of this reflects consumers' unwillingness to pay a higher price for the product.
- This has underpinned the opposition of many hoteliers to the ideas of the European Commission on minimum wages and maximum working hours. However, the problems are clearly about attitudes as well as money, in relation to equal opportunities, for instance. The result, from a marketing point of view, is that high turnover and low staff morale can lead to poor service and reduced levels of repeat custom.
- (ii) *Purchasing policies* can pose an ethical dilemma for accommodation operators. Buying from local suppliers aids the local community and increases local goodwill. However, if local suppliers are relatively expensive, operators may be forced to buy elsewhere for financial reasons. The most severe challenge may be when local products are best in terms of quality but are more expensive than those from elsewhere. Here there is a quality–cost dilemma which may be very difficult to resolve.
- (iii) The rapidly developing *timeshare sector* of the accommodation 'industry' has seen much controversy over the ethics of some of its selling methods. Images of aggressive sales people accosting people in Mediterranean resorts and using the prospect of 'free gifts' to invite people to view and buy timeshare properties is a common phenomenon across much of Western Europe.

Tour operators live in a transnational and competitive business environment, which contains many ethical dilemmas and social responsibility challenges, including:

- (i) The issue of *how honest they should be in their promotional activities*. Tour operators in many countries have a poor reputation for honesty in their brochures, for example. Hotels have often been said to be 'just five minutes from the beach' when this would only be possible by helicopter! Some winter holiday brochures may feature photographs of the destinations taken in the summer when the temperatures are much higher and all the seasonal tourism businesses are open, and not a word may be said about the building work which may be taking place in a rapidly growing resort. Tour operators are reticent to take a lead in honesty in brochures in case they suffer competitive disadvantage if their competitors do not follow suit. However, in Europe, we have seen with the EC Package Travel Directive that such inaccuracy may result in compulsion through legislation.
- (ii) *Many tour operators do not provide adequate advice for their clients on potential hazards and inconveniences* in case such information might discourage them from purchasing the product. This might cover everything from diseases that are prevalent in particular

destinations to the risk of Deep Vein Thrombosis on long flights, to the annoying insects of Scotland and Scandinavia, to street crime in major cities and the lack of plugs in many Eastern European hotels! In the short term, failing to give such guidance may not be a major problem, but in the longer term it may lead to customer dissatisfaction and a loss of business.

- (iii) The classic dilemma of *whether to add to the problems of already overcrowded destinations* by selling holidays to those destinations. On the one hand, a customer-led organisation should, sell these because these are the places consumers want to visit. On the other hand, continued emphasis on such destinations may destroy them in the longer term. Where then will the operators take their clients?

The *transport* sector is a rich vein of ethical challenges and issues of social responsibility, of which the following are a brief selection:

- (i) The question of *'fair competition' in the airline sector* where state intervention has taken place in Europe, to protect state-owned national airlines. This is now changing as a result of 'liberalisation' introduced in European Union countries as part of European Commission competition policies. However, the supporters of state intervention would argue that it is beneficial in that it protects the strategic interest of nations concerned and safeguards non-profitable routes. Opponents on the other hand would argue that it artificially inflates prices and leads to inefficient operations. Liberalisation is thus ushering in an era of massive change which also offers the prospects of lower fares for the consumer, and more competition.
- (ii) The *debate over the use of the private car* in leisure is highly topical. The car opened up leisure opportunities for many people in the 1950s, 1960s and 1970s and it created new forms of leisure such as caravans touring. However, now the increased car ownership is harming the quality of experience as well as harming the environment. Yet we cannot bring ourselves to ban cars for they are a symbol of the basic right to freedom of movement. This dilemma is found from the clogged streets of historic cities to the narrow lanes of the countryside. Failure to tackle it effectively may result in certain congested destinations losing much of their appeal to tourists.
- (iii) *Safety on ferries* is a major issue after a series of ferry disasters around the world. However, greater safety means slower turn around times in ports and higher fares at a time when competition with other modes of travel such as the Eurotunnel and air transport is at a peak. Operators, therefore, have to balance their desire to achieve greater safety with the willingness of customers or put up with the effects of such action.

The main ethical issue which is specific to *resort complexes* is the question of their relationship with the area around them. Many appear like self-contained 'tourist ghettos' which have little to do with the local economy and communities that surround the complex. This can be said of the types of complexes managed under brands like Club Med and Center Parcs. One view suggests that this isolation is good in terms of protecting the locals from the social, environmental and economic 'pollution' that tourism can cause.

Others are unimpressed, saying such isolation is socially divisive. To some extent, perhaps, it is a matter of the extent to which tourists wish to mix with the host community and feel safe in the broader destination area. It is perhaps no coincidence that many modern resort complexes that are self-contained have developed in areas where tourists may feel a little uncomfortable or unsafe at certain times.

Retail travel includes a range of ethical dilemmas and moral challenges, as follows:

- (i) The *incentives which a tour operator may give travel agency staff to sell its products* can be financial or nonfinancial (a free holiday, for example). This means that the client may not receive the impartial advice they expect to receive. This situation is exacerbated in the UK, for instance, by the fact that the leading travel agency chains are owned by the major tour operators.
If this form of inducement continues, it may further convince customers that travel agents are not impartial, and in time technology will allow tourists to access products without the need for travel agents.
- (ii) *Many travel agents use sales promotions with restrictive conditions* to attract customers. For example, the client purchases the travel agent's own insurance policy at the same time. This means that the client is obliged to buy the insurance, which may well be relatively expensive, to obtain the discount. This can be seen as a form of unfair, less than scrupulously honest promotion which again might reduce the reputation of travel agents as impartial intermediaries.

There are numerous ethical dilemmas within the *arts and entertainment* field, including:

- (i) The issue of *subsidies* – in other words, who should fund the subsidies and who should receive them. For example, there is the debate in the UK about the validity or otherwise of subsidising a minority art form such as opera, where most opera-goers are relatively affluent, as a whole, while providing little or no subsidy to the cinema. Commercial operators who receive little or no subsidy believe such subsidies for their public-sector 'competitors' amount to unfair competition. In any event, the existence of subsidies certainly distorts pricing mechanisms within the arts and entertainment sector.
- (ii) The question of subsidies is also linked to the debate about *the extent to which arts and entertainment organisations should seek to encourage participation from people who do not normally participate in, or even spectate at, arts and entertainment events*. Sometimes trying to attract such people can lead to what purists might see as a dilution or trivialisation of the pure art form. This happens, for instance, when directors attempt to increase the appeal of Shakespeare plays by staging them in the modern day and in modern dress. On the other hand, not seeking to attract new customers in this way can limit audience numbers and reduce income at a time when state subsidies are often being reduced.
- (iii) *Some parts of the entertainment 'industry' are increasingly thought to be having a detrimental effect on society*. This is particularly true of television which is often accused of discouraging young people from playing outside their homes or taking part in healthy activities. It is also often blamed for violent behaviour amongst children. The influence of television is clearly spreading with the growth of satellite and cable television and computer games. This has serious implications for other sectors of leisure such as visitor attractions, for whom they represent competition.

The broad field of *recreation and sport* offers a wide range of examples of ethical issues, including:

- (i) In many countries, *football is increasingly seen as a business where the owners of famous football clubs seek to use them to generate a profit*. At the same time, these clubs are also an important part of the everyday life of the people who live in that area; they are part of the social fabric and heritage of the locality. Many clubs seek to charge prices

that will be high enough to secure a good rate of return on investment, while their supporters simply want to pay as little as possible to see their team play.

Customers are seen as a captive market tied to a monopolistic product so that they will pay the price demanded in return for, what is to them, a unique experience. This polarity of interest is reinforced by the, some would say immoral, fact that clubs which pay huge salaries and transfer fees for top players, yet provide relatively poor facilities for their consumers, the spectators. How many other businesses could survive if they behaved in a similar manner?

- (ii) The ethical dilemma of social engineering and paternalism is evident in areas such as countryside recreation. In the UK, for instance, strenuous efforts have been made to encourage people from ethnic minorities to take part in countryside recreation. This was based on two beliefs which may or may not be true, namely:
 1. That countryside recreation is 'good for you' and is somehow an 'uplifting experience'. This view is probably not shared by everyone.
 2. That people from ethnic minorities would visit the countryside if they only knew more about it. This appears a rather patronising view that appears, in general, not to have been borne out by the results of the various marketing campaigns that have been undertaken by the relevant governmental agencies.

Leisure shopping, as we have seen, is a relatively recent arrival on the leisure scene. Nevertheless, it has already given rise to a range of issues relevant to this chapter, including:

- (i) The criticism that *leisure shopping encourages people to spend money they do not have on goods they do not need*. Some commentators argue that it has fuelled the rise of materialism and the development of the all-embracing consumer society.

On the other hand, it could be argued that it is simply offering consumers a choice which they are free to accept or reject. If many choose to take up the offer of the leisure-shopping sector, who is to say it is a 'bad thing'.

- (ii) In many modern mixed use developments it could be argued that *leisure-shopping complexes within such developments have helped ensure that the less affluent have been forced to move out*. In the UK, dockland development schemes in London and Liverpool, for example, have hardly any shops selling 'normal' products such as bread and vegetables. Instead they are packed with 'leisure' shops selling gifts, stationery, exotic foods and city souvenirs, usually at relatively high prices. Such shops can afford higher rents than everyday utility shops, and, in any event, developers prefer leisure shops because of their ability to attract visitors to the development. However, because they dominate retail provision, less well-off local people without access to a car cannot live in the area, for there is nowhere for them to buy the things they need for everyday life. In the long run, this means that such developments become 'leisure ghettos' with no indigenous resident population to give them a sense of continuity and purpose, and a living heart. In the end, this may reduce their attraction for visitors. Others would argue that this is simply an example of market forces in a postmodern world.

Several major ethical dilemmas are found within *the restaurant and catering* sector, namely:

- (i) *Whether priority in purchasing policies should be given to products that are more animal-friendly*, such as truly free range eggs and chickens that have lived in a natural environment. These products are usually more expensive than their industrially farmed counterparts and it is a matter of will consumers care enough to pay the extra price.
- (ii) *The issue of what is healthy and what customers like to eat*. Caterers have to decide if they will sell products which, while popular, are known to be harmful to people's health.

They may contain sugar or be rich in fats, for instance. Yet they are popular with customers. Surely the consumer-led approach to marketing dictates that such products should be sold, but to what extent does the caterer have a moral obligation to remind the consumer of the health implications of eating these products given that the customer may then not purchase the product?

- (iii) Many would, furthermore, argue that *caterers in any location should also have a responsibility to maintain local gastronomic traditions* by offering at least some traditional local dishes, using local ingredients. However, often, customers want more international dishes. Likewise it may well be cheaper to produce the dishes using nonlocal ingredients. Should this be done, and if so, should the customer be told?

Organisations can adopt a number of responses to ethical issues ranging from denial ('it is not a problem') to full ideological conversion leading to a total change of corporate policy. Most responses lie somewhere between these two extremes. Some may see such issues as a threat and seek to nullify this threat by making changes to policies and marketing practices, so they are less vulnerable to criticism.

On the other hand, certain issues may be viewed as opportunities by some organisations, to be exploited through the development of new products, supported by a promotional campaign to inform potential customers about the stance the organisation is taking.

Leisure organisations have taken a range of proactive approaches on issues of social responsibility, including:

- The airline Virgin's legal battle with British Airways in the 1990s over what might be termed the issue of fair competition and alleged 'dirty tricks'
- Proactive action of German tour operators TUI and LTU on environmental policies
- Burger King setting out to employ more older people to counter criticisms that the hospitality sector is ageist in its recruitment policies.

However, as yet, no leisure organisation has gone as far as the 'Body Shop' in making its stance on ethical concerns, perhaps the main strand in its competitive strategy. This may change if De Bono's concept of 'sur-petition' or the selling of corporate values grows in popularity.

The decision on which stance an organisation should adopt on any particular ethical issue is determined by a range of factors including the views of major shareholders, the organisation's culture and reputation and the views of its customers. Or more accurately, perhaps, the views which managers think are held by their consumers.

There are apparently *national differences and similarities* in relation to this subject, at a number of levels as follows:

- There is a similar situation across much of the world whereby interest in ethical issues in all industries in general has risen in recent years as a result of numerous scandals.
- Debates have developed in a number of countries over a range of ethical issues and matters of social responsibility in leisure, including employment policies, transnational organisations, promotional techniques and the whole field of sustainability.

At the same time there are also differences between individual countries and blocs of countries as the following examples illustrate:

- In Eastern Europe the need to pursue short-term economic development has relegated many of the ethical issues we have explored in this chapter to matters of secondary importance.

- On most issues, concern seems greater in the Northern European countries that have traditionally been the tourist-generating countries than in those Mediterranean countries that have generally been net receivers of tourists. This may simply reflect the way tourism has developed and may change as the economies of countries like Spain, Portugal, Italy and Greece develop further and they become even greater generators of tourist trips.

Interestingly, the similarities may grow as the European Commission legislates on some of the issues covered in this chapter, and enlargement means that more and more European countries join the European Union.

Conclusion

We have seen that there are many complex ethical issues in leisure. Furthermore, they appear to be growing in importance, particularly those which we might group under the heading of 'sustainability'.

It is also clear that there are similarities between the issues faced by organisations in different sectors within our field. For example, both destinations and tour operator face dilemmas in how they should present their product to potential consumers.

As yet, very few leisure organisations appear to have been willing to take high profile stances on ethical issues. Perhaps they see this as a risky strategy, particularly if consumer interest is not high enough that such an organisation taking a proactive stance would be rewarded by increased custom.

Some would argue that either it is impossible to be highly ethical in any business or ethics are really the responsibility of government and society, not individual organisations.

Indeed if one were to argue from the point of view of customer-led marketing, it could be said that, ultimately, organisations have to respond to consumer pressure so that they should mirror the options of their customers in the ethical stance they adopt.

Whichever view one takes, it seems likely that for leisure marketers, ethical issues and questions of social responsibility will become increasingly important considerations in their working lives.

Discussion points and essay questions

1. Discuss some of the major current ethical dilemmas in one of the following sectors:
 - museums
 - restaurants and catering
 - hotel
 - recreation and sport.
2. Evaluate the action which some leisure organisations have taken on ethical issues in relation to social responsibility.
3. Compare and contrast attitudes to ethics and social responsibility between different parts of the world.

Exercise

Select *one* sector, within leisure from those covered in Chapters 14–24 inclusive.

Identify an ethical dilemma which currently exists for organisations operating within your chosen sector.

You should then:

- produce a short report introducing the dilemma and discussing its implications for organisations within your chosen sector;
- outline the range of possible stances which organisations in the sector may adopt in response to these implications;
- discuss the main factors which an organisation should take into account when deciding which stance to adopt.