

CSR4 TOURISM

CSR4Tourism: Policy recommendations

Project Result 3, Task 2

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1. Introduction

The CSR4 Tourism policy recommendations put forward a range of measures we deem would have a strong impact on making the environment more suitable for the implementation of CSR principles by SMEs and achieving SDGs in the tourism sector. These recommendations target policymakers in charge of sustainable tourism development on the EU, national, and at the decentralized (local) level.

The aim of this recommendations is to increase the impact of SMEs' CSR strategies and improve the sustainability of their activities. Joint efforts will lead to more efficient solutions to social and environmental challenges in tourism sector that are a concern to both companies and governments.

2. Methodology

This document translates the research carried out during the project into concrete recommendations for the changes that can be implemented on the EU, national and local level to make the environment more suitable for the implementation of the CSR principles in tourism SMEs.

Frequent problems mentioned by the stakeholders in regards to CSR implementation and results from desk research performed by project partners in the PR1, have been summarized in the set of ESG challenges that require special attention and solutions to foster implementation of CSR principles in practice.

Policy recommendations are the result of the work of all consortium partners in collaboration with tourism stakeholders. During the project results 1 and 2, project partners identified areas where SMEs need support in regards to the CSR implementation. With the implementation of the living labs in the first phase of the project result 3, project partners discussed with the tourism stakeholders possible solutions to the identified challenges. This document summarizes the suggestions for the policy-makers in regards to how they could support the SMEs in the implementation of the CSR principles. Policy recommendations are directed towards policymakers at local, national and EU level.

3. ESG challenges and policy recommendations

This chapter presents four environmental, social, and governance challenges in regard to which SMEs require support from policy-makers to facilitate the adoption of corporate social

responsibility practices and improve implementation of sustainability practices. ESG challenges include social inclusion and equality, labor rights and working conditions, environmental responsibility and GHG emissions and CSR governance, i.e. development of appropriate CSR organizational culture.

Each subchapter begins with the introduction to the challenges, supported with desk research and input from stakeholders, continues with the overview of the applicable EU policies and regulations, offers policy recommendations prepared by the consortium and concludes with the clear benefits for SMEs.

3.1 Social inclusion: Accessibility of tourism services to people with disabilities

Introduction to the ESG challenge

Social inclusion is an important aspect of the corporate social responsibility. Even though accessibility is a human right, still a lot of restaurants, tourism attractions, cultural sights, transport, public spaces and accommodation are inaccessible to people with disabilities. Disabilities include visual and hearing impairments as well as physical and mental disability. Some of the main obstacles for better accessibility include: physical barriers, lack of technical aids and equipment for disabled and lack of educated staff. Decision-makers could facilitate the accessibility of tourism services by providing support to the SMEs that want to modify their services with the adoption of assistive technology, infrastructural changes and development of skills.

Accessibility in tourism refers to the ability of people with disabilities to fully participate in tourism activities without facing obstacles. This encompasses physical access to tourist sites as well as the availability of information and services suitable for different types of disabilities.

People with disabilities encounter a variety of challenges when traveling, ranging from a lack of accessible infrastructure to a shortage of awareness among tourism service providers. Major obstacles include the absence of ramps and elevators in buildings, a lack of information in accessible formats such as braille or audio, insufficiently trained staff to assist people with disabilities, and a lack of adapted transportation.

For small and medium-sized enterprises (SMEs) in the tourism sector, making their products and services accessible can be challenging due to financial constraints and a lack of understanding of the needs of people with disabilities. Additionally, the perception that accessibility is costly and difficult to implement may discourage SMEs from taking action in this regard.

However, there are solutions and best practices that can help overcome these obstacles. For instance, training staff in assisting people with disabilities can improve service quality and customer experience. The use of assistive technologies, such as mobile applications or assistive devices, can facilitate access to information and communication for people with disabilities.

Furthermore, SMEs can take advantage of incentives and funding available at local, national, or European levels to implement accessibility improvements. These may include grants for installing ramps or elevators, training programs for staff, or financial support for acquiring assistive technologies.

In summary, accessible tourism ensures the full participation of all individuals, regardless of their abilities. While there are challenges to achieving accessibility in the tourism sector for both people with disabilities and SMEs, there are also solutions and best practices available. Collaboration between the public sector, the private sector, and organizations representing people with disabilities is crucial for advancing towards a more inclusive and accessible tourism industry for all.

Problems mentioned by tourism stakeholders during focus groups (PR1 T2) and living labs (PR3 T1) in relation to accessibility in tourism sector

- Lack of accessible products and services: Stakeholders mentioned the lack of accessible services and products in terms of accommodation, transportation and recreation for people with disabilities. Recommendations centered on designing tourist experiences that consider diverse needs and ensure complete accessibility. SMEs pointed out the lack of guidance in relation to making their products and services more accessible.
- Lack of awareness and understanding: Stakeholders expressed concerns about the general lack of awareness and understanding among tourism service providers regarding the needs and preferences of individuals with disabilities. This can lead to inadequate services and facilities, making it challenging for people with disabilities to fully participate in tourism activities. Lack of knowledge and skills of staff on how to host people with disabilities was also mentioned as a challenge.
- Insufficient infrastructure: Stakeholders identified a lack of accessible infrastructure as a significant barrier to inclusivity in tourism. This could include inaccessible transportation options, such as buses or trains without wheelchair ramps, as well as tourist attractions and accommodations that are not wheelchair-friendly or lack appropriate signage for people with visual impairments. Participants suggested overcoming physical barriers through inclusive design, technological aids, and adherence to construction standards ensuring universal accessibility.

- Limited information and communication: Stakeholders raised concerns about the limited availability of information and communication in accessible formats for people with disabilities. This includes websites and promotional materials that are not compatible with screen readers or do not provide information in braille or large print formats, making it difficult for individuals with visual or cognitive impairments to plan their trips effectively.
- Discrimination and stigma: Stakeholders highlighted instances of discrimination and stigma experienced by individuals with disabilities when accessing tourism services. This could include negative attitudes from staff or other tourists, as well as instances of overt or covert discrimination based on disability.
- Financial barriers: Stakeholders identified financial barriers as a significant obstacle to inclusivity in tourism. This could include the high cost of accessible accommodations and transportation options, as well as the lack of financial support or incentives for tourism service providers to invest in accessibility improvements.
- Insufficient application of available technologies: Responses highlighted the importance of widespread use of assistive technologies, clear signage, and staff training in utilizing such aids. The integration of technology, such as Metal Gusto's virtual tour experience, was emphasized as a valuable tool for enhancing accessibility ([MetaGusto](#)). Stakeholders pointed out the need for raising awareness on available technology and sharing successful experiences with the tourism stakeholders.
- Lack of networking and community engagement: Participants stressed the significance of community involvement in tourism processes, emphasizing collaborative initiatives and partnerships with local organizations. The proposal to redesign welcoming spaces through universal design, incorporating sensory simulations like the "Empathy Walk," was discussed ([Example Materamare](#))

Policies and regulations in EU

The European Union (EU) has adopted several policies and regulations to promote accessibility in the tourism sector and ensure equal opportunities for all individuals, including those with disabilities. One key policy in this regard is the [EU Directive 2019/882](#), which sets specific requirements to enhance the accessibility of tourism products and services across the EU.

Furthermore, the European Tourism Strategy (2010-2020) and its successor, the European Strategy for Sustainable Tourism (2020-2030), have also emphasized the importance of accessibility in tourism and urged member states to take action to ensure equal access to tourist destinations and their services.

The EU has provided funding and support through programs such as Horizon 2020 and the European Regional Development Fund (ERDF) to promote accessibility in tourism. These funds

have been used for research projects, development of accessible infrastructure, and training of staff in the tourism sector.

Additionally, the EU has worked closely with member states, local authorities, the private sector, and civil society organizations to exchange best practices, develop guidelines, and raise awareness about the importance of accessibility in tourism.

However, despite these efforts, significant challenges remain in the effective implementation of accessibility policies in tourism across the EU. These include the lack of harmonization of regulations at the national level, the need for greater awareness and training in accessibility for tourism professionals, and the lack of financial resources to implement accessibility improvements in some tourist destinations.

In summary, while the EU has adopted policies and measures to promote accessibility in tourism, there is still work to be done to ensure equal access to tourist destinations for all individuals. It is crucial to continue collaborating at the European and national levels to address these challenges and create a more inclusive and accessible tourism industry for everyone.

Based on the gaps identified by stakeholders and policy review performed by project partners, following policy recommendations are proposed:

Policy recommendations

- Host occasional training for tourism staff in regards to accessible tourism.

Local tourist boards could implement training initiatives for staff working in tourism SMEs to enhance their knowledge and skills in accommodating people with disabilities. This training should cover topics such as communication strategies, assistance techniques, and facility modifications to ensure a welcoming and inclusive environment. For this purpose, local tourist boards could partner with the NGOs that specialize in accessible tourism and/or work with people with disabilities.

- Establish accessibility certification program

Establish an accessibility certification program that focuses on recognizing and promoting businesses that care about accessibility for people with disabilities. This program can include specific training modules and guidelines for SMEs to enhance their understanding of the needs of people with disabilities and ensure their premises and services are accessible. After completing training, passing the knowledge and skills test and audit of the facilities, a certificate is awarded that confirms their dedication to accessible tourism.

- Offer financial assistance for physical modifications for better accessibility

Cost of modifications of existing facilities can sometimes be an obstacle preventing SMEs to offer greater accessibility. Public subsidies for these modifications could facilitate the improvements.

- Promote the application of technological aids that overcome physical barriers

It's recommended to raise awareness on the existing assistive technologies and their importance in making tourism experiences more accessible. Incorporating technology, like virtual tours for example, can significantly improve accessibility. Engaging the community and fostering partnerships with local organizations are vital for inclusive tourism.

Benefits of the policy recommendations for the SMEs

The policy recommendations directed toward decision-makers outlined above can benefit SMEs in the tourism sector in several ways:

- Increased competence: Occasional training programs for tourism staff, in collaboration with NGOs specializing in accessible tourism, help improve the skills and knowledge of SMEs' employees. Staff trained in communication strategies, assistance techniques, and facility modifications can provide a higher level of service to individuals with disabilities. This not only enhances the overall visitor experience but also boosts the confidence of SMEs in delivering accessible and inclusive services.

- Recognition and market differentiation: Establishing an accessibility certification program allows SMEs to be recognized and promoted for their commitment to accessibility. The certification serves as a tangible acknowledgment of their efforts in creating an inclusive environment. This recognition can contribute to the positive branding of SMEs in the tourism sector. SMEs holding an accessibility certificate can differentiate themselves in the market, appealing to travelers seeking businesses that prioritize accessibility.

- Financial support: Offering financial assistance for physical modifications addresses a common barrier faced by SMEs. Decision-makers provide subventions, reducing the financial burden on SMEs and encouraging them to invest in better accessibility. This financial support makes it more feasible for SMEs to create an inclusive environment.

3.2 Labour rights and working conditions: well-being of workers in the tourism sector

Introduction to the ESG challenge

The International Labor Organization underscores the pivotal role of the tourism sector in job creation, yet it underlines the significant deficits in decent work, marked by excessively long working hours, low wages, high turnover rates, and a lack of social protection.

While safe and healthy work environments are fundamental human rights, tourism jobs often negatively impact employees' physical and mental well-being. First-line jobs in the tourism sector are characterized by a fast-paced work environment with demanding customers, excessive workloads, and long hours which can cause stress and anxiety among employees. As set out by principle 10 of the [European Pillar of Social Rights](#), workers have the right to a high level of protection for their health and safety at work.

Zooming in on Europe, data from [Eurostat \(2020\)](#) illustrates the precarious nature of employment in tourism compared to other sectors. The likelihood of holding a temporary job in tourism stands at 18%, surpassing the 12% in the total non-financial business economy. Moreover, the allure of the tourism industry for a younger and less-educated workforce, owing to its perceived accessibility, further contributes to the sector's employment instability. This scenario is reflected in hourly earnings and labor costs, which consistently fall below the broader economy's average. In 2016, 20 EU Member States reported lower hourly labor costs in tourism than in the overall economy.

Beyond financial disparities, the tourism industry grapples with challenging working conditions. Findings from the [European Working Conditions Survey \(2015\)](#) reveal that 12% of the workforce in accommodation and food service activities lack written contracts, a stark contrast to the 5% recorded in the broader economy. Additionally, 43% of EU workers in Commerce and Hospitality report instances of emotional and/or physical exhaustion (EWCTS, 2021).

These challenging working conditions are exacerbated by **weak labor regulations and enforcement mechanisms**. **Individual ethics** also play a significant role, contributing to a sizable portion of the tourism sector operating in the informal economy. The informality of employment arrangements hampers efforts to regulate and enforce labor standards effectively. Limited oversight and a lack of formal contracts in informal employment contribute to vulnerability, making it difficult for authorities to monitor and address violations. Strengthening regulations, improving enforcement, and promoting ethical practices are crucial steps to create a more secure and equitable working environment in the European tourism sector.

Addressing these challenges necessitates envisioning a decent working environment within the tourism sector. A sustainable workplace in this context is characterized by key elements such as fair wages, reasonable working hours, and the adoption of socially responsible practices. Fair wages not only ensure employees are remunerated appropriately but also contribute to overall job satisfaction and well-being. Reasonable working hours are essential for preventing burnout and maintaining a healthy work-life balance. Moreover, embracing socially responsible practices, including environmental sustainability and ethical labor standards, is crucial for fostering a positive workplace culture and ensuring the long-term viability of the tourism industry. By prioritizing these aspects, stakeholders can contribute to a more sustainable and equitable future for workers in the European tourism sector.

Problems mentioned by tourism stakeholders during focus groups (PR1 T2) and living labs (PR3 T1) in regards to working conditions in tourism sector

- Low respect for provisions of work contracts and labor rights: Employees in the tourism sector report not being paid overtime, absence of sick days in practice, poor work-life balance due to excessive or inflexible working hours, overdue payments of wages, poor treatment by management, a lack of health and safety measures in the workplace, lack of access to training and professional development opportunities, abuse of temporary or precarious contracts affecting their job stability, limitations in access to social security and labor benefits, workplace discrimination based on gender, age, ethnic origin, or other characteristics and lack of protection against workplace harassment and discrimination.
- Lack of support for higher responsibility towards employees: SMEs point out how the higher responsibility towards workers presents a financial burden and makes them uncompetitive on the market. They emphasize how the efforts to create favorable working environment is not incentivized neither by the market nor the authorities.
- Tourism workers do not report poor practices: Many tourism workers are employed as seasonal workers that are afraid of losing their jobs and thus are not ready to report poor working conditions and bad practices. Also, many tourism workers are not familiar with their labor rights and do not know who and how to contact in case of rights violations. They are also afraid of consequences and losing their income.
- Lack of enforcement of labor rights by authorities: stakeholders report a lack of inspections that facilitates the existence of informal economy and poor working conditions.
- Lack of attention to the new forms of work: Stakeholders pointed out that Remote Units are often neglected and that ensuring effective communication and support for workers in remote settings is important for their well-being.
- Practices that foster the employees' well-being: Actively engaging employees in decision-making processes, would create a sense of ownership and empowerment within the workplace. Decision-making autonomy would help foster a work environment that values their input and expertise. Strategies to improve the management of working hours, organizational structure, and workload distribution were discussed to prevent burnout and enhance overall well-being. The importance of providing motivational support and incentives to boost employee morale and job satisfaction was a recurring theme.

EU policies and regulations

At the level of working conditions and worker welfare, there are several EU policies that need to be considered, combined with those in the tourism sector: since 1997, EU member states have already begun to establish a set of common goals and targets for employment policy with the [European Employment Strategy](#) (EES). With over 240 million workers in the European Union,

Individual EU countries must make sure that their national laws protect certain minimum rights for every EU worker related to:

- **Health and safety at work:** general rights and obligations, workplaces, work equipment, specific risks, and vulnerable workers
- **Equal opportunities for women and men:** equal treatment at work, pregnancy, maternity leave, parental leave
- **Protection against discrimination** based on sex, race, religion, age, disability and sexual orientation
- **Labour law:** part-time work, fixed-term contracts, working hours, employment of young people, informing and consulting employees

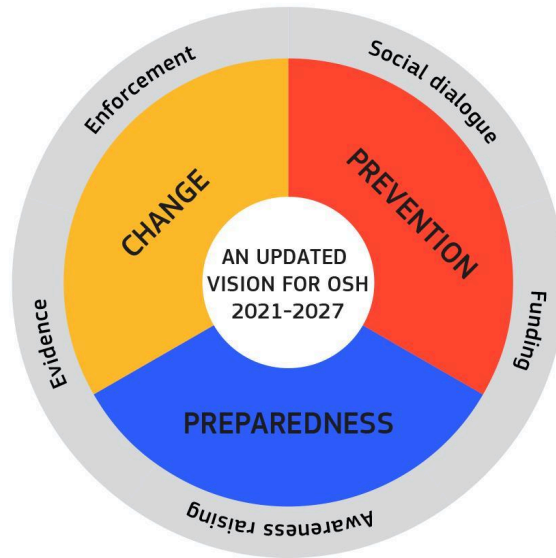
These rights are laid down by **EU Employment laws**, which among several points include:

- promoting a sustainable social market economy and investment in creating quality jobs, taking advantage of the digital and green transitions
- modernising the economy, by means of well-designed short-time work schemes to support restructuring and preserve employment, and facilitate skills development
- considering hiring and transition incentives and upskilling and reskilling throughout working life
- shifting taxation away from labour to other sources that are more supportive of employment and inclusive growth and in line with climate and environmental objectives
- ensuring that all workers have adequate and fair wages.

Member States should then promote sustainability, productivity, employability and human capital, remove barriers for labour market participation, for example by adapting work environments for people with disabilities, tackle the gender employment and pay gaps.

Labour law, in particular, defines the rights and obligations of workers and employers, covering the two main areas of **working conditions** (working hours, part-time and fixed-term work, posting of workers) and **informing & consulting workers**. Thereby, EU labour law also benefits employers and society as a whole by providing a clear framework of rights and obligations in the workplace, protecting the health of the workforce and promoting sustainable economic growth.

Another important policy document is the **strategic framework on health and safety at work**: the new 2021-2027 Occupational Safety and Health (OSH) framework aims to reduce and to protect people from health and safety hazards on the job over the coming years in the context of the post-pandemic world, marked with green and digital transitions, economic and demographic challenges and the changing notion of a traditional workplace environment.



Source:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0323&qid=1626089672913#footnote2>

Finally, the [European Agenda for Tourism 2030](#), adopted by the end of 2022, outlines comprehensive strategies and actions to promote sustainable tourism across Europe, addressing economic, environmental, cultural, and social dimensions. Acknowledging the sector's significant contribution to economic growth, the agenda emphasizes the need for coordinated efforts to ensure the resilience and competitiveness of the tourism ecosystem, especially in light of recent crises such as the COVID-19 pandemic. Key priorities include fostering a green and digital transition, enhancing resilience and **inclusion**, and supporting skills development and **workforce well-being**. In particular, the Agenda includes a multi-annual work plan with actions to be taken, including a **pact for skills** in order to actively encourage skills development and provide training opportunities for the **workforce**, the **unemployed** and **SMEs** by establishing fast-track training courses, apprenticeship schemes and blended models by 2030.

Based on the gaps identified by stakeholders and the policy review performed by project partners, the following policy recommendations are proposed:

Policy recommendations

- *Development of a certification program for socially responsible employers and good work environments.*

Introduction of the audit and certification program for the work environment and working conditions would help socially responsible employers to stand out and to attract the best workforce. Exemplary practice could be met with incentives such as tax reductions. Such recognition programs could encourage compliance and create positive competition within the industry. That could possibly put pressure on employers that have poor working conditions to improve their practices and improve their employees' well-being.

- *Establishment of the Ombudsman Office for tourism workers.*

Establishment of a dedicated ombudsman office or a designated point of contact within the national or regional tourist boards specifically focused on addressing labor issues in the tourism sector. This office can serve as a point of contact for employees that face poor working conditions, investigate complaints, serve as mediator between employees and employers, take necessary actions to enforce labor laws and offer protection to employees whose rights are violated. The reporting process could be facilitated with the digital app.

- *Establishment of a labor rights information hub.*

Create a centralized online information hub that serves as a resource for tourism workers to access information about their labor rights in a simple and intuitive manner. This hub should provide details on applicable laws, case studies with examples of rights violations and solutions, contact information for relevant labor authorities, and guidelines on reporting violations anonymously if needed. Ensure that the information is easily accessible and available in multiple languages.

- *Conduct frequent unannounced inspections to ensure compliance with labor laws.*

Conducting unannounced inspections to examine the working conditions and ensure the compliance with labor laws could result in better alignment with labor laws. Additionally, regular surveys among employees could be conducted to identify places where stricter supervision by authorities is needed. This proactive approach helps identify issues, fostering a culture of compliance within the industry.

- *Offer support to the employees that report on misconduct or rights violations.*

Authorities should take on the active role of protecting employees that may lose income because of reports on misconduct or illegal behavior within the organization. This makes employees feel safer and supported in reporting misbehaviour which could encourage them to report on bad practices and thus facilitate improvements within industry.

Benefits of the policy recommendations for the SMEs

The policy recommendations outlined above, specifically aimed at addressing labor issues and improving working conditions in tourism sector, offer several benefits to Small and Medium Enterprises (SMEs) in the tourism industry:

- Attraction of skilled workforce and improved reputation: SMEs that invest in creating socially responsible work environments can differentiate themselves in the market with the certification and benefit from attracting skilled and motivated employees who value fair working conditions and well-being. Businesses that hold the certification for good working conditions can enjoy benefits of the improved reputation among conscious travelers.

- Tax reduction incentives: The introduction of incentives, such as tax reductions for certified socially responsible employers, provides a tangible reward for those businesses that prioritize employee well-being and positive working conditions improving their competitiveness on the market compared to those that have lower costs due to unfair labor practices.

- Risk mitigation: The creation of a centralized labor rights information hub besides employees benefits also SMEs by providing them with a readily accessible resource for understanding and complying with labor laws. This helps SMEs avoid unintentional violations and ensures that they are well-informed about their responsibilities and the rights of their employees.

- Industry-wide compliance: SMEs can benefit from regular unannounced inspections by contributing to the creation of a culture of compliance within the industry. This approach helps level the playing field and ensures that all businesses adhere to labor laws preventing unfair advantage.

3.3 Environmental responsibility: carbon footprint of the tourism value chain

Introduction to the ESG challenge

Tourism's carbon footprint accounts for [8% of global GHG emissions](#) and it is a result of activities in the whole value chain which includes transportation, accommodation, recreational activities etc. Emissions in the value chain are the collective responsibility of the tourism industry and require innovation and collaboration to find ways to reduce tourism impacts on the climate change. Besides impact on the climate change, tourism places strain on natural resources such as water, energy, and land. Infrastructure development, waste generation, and water consumption all contribute to environmental degradation. Tourism generates pollution from transportation, waste disposal, and recreational activities, contributing to air and water pollution in destination areas. Additionally, there is an impact on biodiversity as popular tourist destinations often face habitat destruction, deforestation, and disturbance to wildlife populations. This loss of biodiversity affects ecosystems and their ability to sequester carbon.

Small and medium-sized enterprises (SMEs) within this sector encounter several obstacles hindering their efforts to mitigate environmental impacts. Financial constraints often limit their ability to invest in sustainable technologies and practices, while a lack of awareness and

knowledge regarding environmental issues and available solutions further complicates matters. Additionally, SMEs may struggle with limited access to resources such as technical expertise and sustainable supply chains. Competitive pressures, where sustainability initiatives are perceived as a disadvantage in a cost-focused market, can also deter SMEs from implementing environmental measures. Moreover, regulatory environments may lack clear guidelines or incentives for businesses to prioritize sustainability. Overcoming these obstacles necessitates collaborative efforts from stakeholders to provide financial incentives, offer training and technical assistance, raise awareness, and implement supportive policies that encourage SMEs to adopt sustainable practices, thereby fostering a more environmentally responsible tourism industry.

While trying to remain competitive in the market, tourism SMEs can generate negative impacts on the environment. To balance out these objectives, SMEs require support from policymakers.

Problems mentioned by tourism stakeholders during focus groups (PR1 T2) and living labs (PR3 T1) in regards to reducing carbon footprint of tourism industry

- Lack of sustainability awareness among tourists: End-consumers are not ready to pay a premium for the more sustainable service or product. The importance of policies and strategies that Destination Management Organizations (DMOs) and institutions should promote to raise tourist awareness and respect for the environment was mentioned.
- Financial constraints: Lack of financial resources or incentives to invest in sustainability practices, initiatives or equipment. Greater control over credit policies to encourage responsible practices throughout the value chain was emphasized.
- Environmental impact measurement: There is a lack of awareness among SMEs that sustainability impacts can and should be measures. They do not collect the data on resource consumption, emissions not waste. Stakeholders also report lack of knowledge about the GHG emissions calculation methodology, and lack of data on the scope 3 (indirect) GHG emissions.
- Lack of support from local authorities: Local authorities do not facilitate green initiatives while they are seen from stakeholders as those who should guide actions in the local community. Furthermore, local authorities do not invest in promotion of sustainable products and services, and do not incentivize sustainability practices by local tourism SMEs. Stakeholder also point out their role in awareness-building in the entire supply chain. Collaboration among value chain stakeholders was seen as crucial for successful sustainability initiatives. Initiatives like the "Filiera Etica Pulita" (Clean Ethical Supply Chain) were discussed, emphasizing sustainable product design and structural interventions to protect and preserve the integrity of the territory. Involving and educating the local community while assisting and educating tourists to foster responsible tourism practices is needed.

EU policies and regulations

The tourism industry is a key economic sector in the European Union, contributing 10.4% to its GDP and employing over 27 million people. Despite its importance, it operates on a linear model, resulting in high levels of waste and CO2 emissions. Tourism transcends mere economic activity; it encompasses the combination of nature, cultures and history that make a destination unique and competitive. It also serves as a means for local prosperity and, with a view to sustainable development, must respect local populations, travellers, cultural heritage and the environment. An important challenge for tourism operators and regions is to offer memorable experiences while drastically reducing their environmental impact. Meanwhile, the industry must innovate with new services and products to add value to customers and stand out in the market. [Booking.com's latest Travel Sustainable Report 2023](#) reveals that 78% of travelers aim to travel more sustainably in the coming years, with 65% looking for offers in line with this expectation. This demonstrates a mature consumer approach to travel, pushing the tourism industry and regions to adopt innovative ways to embrace the economy of the future with transformative business models and new ways of consuming products, services and experiences, actively participating in a circular society.

In this context, the European Union (EU) has increasingly recognized the importance of both mitigation and adaptation in its approach to climate change. Europe, which is warming at double the rate of other continents, is facing significant climate impacts, including overheating of homes, fires, droughts and increased flooding. These challenges highlight the urgency of adaptation alongside mitigation. EU policy developments, in particular the new [Mission on Adaptation](#), highlight opportunities for communities and politicians to develop transformative actions aimed at climate resilience. The latest EU adaptation strategy, adopted in 2021 as part of the [European Green Deal](#), aims for a “whole of government” approach, seeking to make adaptation smarter, faster and more systemic. This includes addressing climate impacts beyond Europe's borders and ensuring the resilience of key infrastructure and ecosystems against climate threats. Furthermore, the [European Climate Law](#) supports adaptation efforts, underlining the need for progress at both EU and Member State levels. The EU also encourages participatory processes through the Adaptation Mission, with the aim of supporting regions and communities in developing visions of a future resilient to climate change. This governance experiment, focused on enabling systemic transformations towards climate resilience, highlights the EU's integrated approach to tackling climate change through mitigation and adaptation measures.

Policy recommendations

- *Offer tax reductions for the tourism businesses that opt for more sustainable and less carbon intensive products and services.*

Sustainable, environmentally friendly and less carbon intensive products are often more expensive, putting an additional burden on the SMEs that want to reduce their carbon footprint. In order to balance the prices between the services of sustainability oriented SMEs and the ones that have higher environmental footprint, a tax reduction could be offered so that their final price is the same. That way tourists wouldn't need to pay a premium for more sustainable service.

- *Offer subsidies for SMEs that want to invest in sustainability practices.*

Offering subsidies for SMEs that invest in renewable energy, water harvesting and reuse, waste reduction and sorting, sustainable linen... could facilitate the implementation of the CSR because it would reduce initial financial burden for SMEs.

- *Educate SMEs on the GHG emissions measurement and calculation.*

Local tourist boards could offer free workshops for SMEs using CSR4T e-learning course as a tool to improve their knowledge on climate change and build skills on measurement and calculation of GHG emissions.

- *Promotional campaign of sustainable products and services.*

Local tourist boards could support SMEs that invest in sustainable practices by promoting their products and services through social media, official website of the destination, in collaboration with international tourist boards, traditional media etc. This promotion could help them attract more tourists and they could benefit from increased public awareness.

- *Launch educational campaigns for tourists on the importance of choosing sustainable products and services.*

Awareness campaigns targeted at end-consumers to educate them about the benefits of choosing sustainable services and products could increase the demand for such products and services by emphasizing the positive impact of their choices on the environment and local communities. These campaigns could be conducted through various channels, including social media, tourism websites, and collaboration with travel agencies.

- *Make sustainability part of the categorisation criteria.*

Sustainability could be a criterion in categorization (eg. 3 star, 5 star hotels...). Categorisation criteria could include level of sustainability in terms of equipment and measures applied to save natural resources, avoid pollution, reduce waste and preserve biodiversity.

- *Establish a financial tool for green investments through Eco-Funds*

The shift towards sustainable energy options such as solar or wind power to reduce dependence on fossil fuels can be financed from environmentally conscious investment funds.

Meanwhile, a collaborative communication channel can also be established to effectively navigate and address the time-consuming regulatory and legal challenges.

Benefits of the policy recommendations for the SMEs

The policy recommendations outlined above come with several benefits for tourism SMEs:

- Financial Incentives: SMEs opting for more sustainable and less carbon-intensive products and services could benefit from tax reductions. This financial incentive encourages the adoption of eco-friendly practices without placing an additional financial burden on these businesses. Tax reductions enable SMEs to offer environmentally friendly services at competitive prices, ensuring that they do not lose customers over sustainability premium.

- Long-Term Savings: Offering subsidies for SMEs investing in sustainability practices reduces the initial financial burden associated with adopting eco-friendly initiatives. Subsidies facilitate the implementation of Corporate Social Responsibility (CSR) initiatives, leading to long-term cost savings for SMEs through reduced energy consumption, waste management, and operational efficiency.

- Improved sustainability reporting: Providing free workshops and using educational tools like the CSR4T e-learning course helps SMEs enhance their knowledge and skills in measuring and calculating greenhouse gas (GHG) emissions. This empowers SMEs to report on sustainability, make informed decisions, track their environmental impact, and identify areas for improvement. This, in turn, enhances their credibility and attractiveness to environmentally conscious tourists.

- Increased Visibility: Local tourist boards promoting SMEs that invest in sustainable practices through various channels, including social media and official destination websites, increase the visibility of these businesses. This exposure helps SMEs attract more tourists who actively seek sustainable and eco-friendly options.

- Consumer awareness and market demand: Educational campaigns targeted at end-consumers raise awareness among tourists about the importance of choosing sustainable products and services. This encourages tourists to make environmentally conscious decisions during their travels which generates market demand for eco-friendly products and services, benefiting SMEs that have adopted sustainable practices.

- Clear criteria for sustainability: if sustainability is made part of the categorisation criteria, then SMEs would have clear guidelines on what they need to do to be sustainable before entering in the tourism business.

- Smooth Transition to a green economy: The move to a climate-neutral economy can strain enterprise profits by increasing costs. Securing funding through market-based tools is crucial for a smooth transition, aiding businesses in adapting to sustainable practices without compromising financial stability.

3.4 Social commitment: developing a CSR organizational culture

Introduction to the ESG challenge

Prioritizing a CSR organizational culture involves emphasizing values, beliefs, behaviors, and practices that align with ethical behavior, sustainability, and societal impact. This emphasis means integrating these considerations into the company's operations and decision-making processes. Organizational culture is indeed built through communication and education, and it is facilitated by individuals' mindsets, knowledge, and skills.

The importance of CSR mindset, knowledge and skills lies in its:

- sense of responsibility and ethical awareness among employees and managers;
- effective engagement with stakeholders, customers, suppliers, and local communities;
- contribution to innovative ideas and solutions when addressing environmental and social challenges, which in turn, drives continuous improvement and competitiveness in the marketplace;
- position when navigating risks and crises, long-term resilience, and consequent positive reputation; and
- talent attraction and retention, characterized by a more engaged and motivated workforce that contains a willingness to make a positive impact (Backhaus et al., 2002; Bauman & Skitka, 2012; Greening & Turban, 2000; Jones et al., 2016; Kim et al., 2020; Vinerean et al., 2013).

Ultimately, employees play a crucial role in embodying and promoting this culture within the organization since leveraging the collaborative potential of a team can result in amplified outcomes, fostering a cohesive sense of purpose and camaraderie among team members. However, despite the need of employee's engagement for developing and implementing solutions for dealing with environmental and social challenges, CSR awareness and skills among employees are low. Both managers and employees lack understanding of sustainability, knowledge about the corporate social responsibility and related skills needed for a successful implementation of CSR initiatives in practice.

This being said, SMEs often encounter obstacles when attempting to develop their organizational culture. Unlike larger corporations, SMEs may not be perceived as high-performing organizations that strongly emphasize a single culture type. Conversely, these exhibit flexibility by supporting and developing their employees, while also demanding outputs and achievements from them; which sometimes leads to a mismatch between their existing or desired culture and the demands of their operating environment. This manifests the need for SME managers and leaders to carefully consider the cultural dynamics within their organizations

and the broader market landscape in order to ensure long-term success and resilience. This is important to highlight due to while market cultures are associated with homogeneity of effort and clear focus, they may struggle in environments requiring flexibility, innovation, creativity, and entrepreneurship. This poses a significant challenge for SMEs with a dominant market culture, particularly when survival depends on adaptability and innovation (Arshad Zaheer & Kashif ur Rehman & Abrar Ahmad, 2006. "Organizational Culture Assessment of Small & Medium-Sized Enterprises". Department of Economics, The Lahore Journal of Economics, vol. 11 (2), pp. 155-167).

Problems mentioned by tourism stakeholders during focus groups (PR1 T2) and living labs (PR3 T1)

- Resistance to change: Lack of awareness and education about sustainability among employees undermines managers' efforts because employees think sustainability is just a trend and don't put effort into actually implementing sustainability principles. Some employees may resist adopting CSR practices due to fear of change or uncertainty about how it will affect their roles and responsibilities within the organization. Strategies to increase awareness among employees, stakeholders, and the community were discussed, emphasizing the significance of informed and engaged individuals.
- Lack of networking and collaboration among tourism stakeholders: Lack of networking and collaboration between businesses is the obstacle to improved organizational culture. More sharing of knowledge and best practice could benefit the integration of CSR in the organizational culture of SMEs. The concept of a self-sufficient business value network was introduced, promoting sustainable collaboration among businesses to create a positive impact on the community.
- Lack of leadership support: Without strong leadership commitment to CSR initiatives, employees may perceive them as less important or may not receive the necessary resources and support to implement them effectively. Leaders may be reluctant to adhere to CSR as they lack information about the benefits of CSR principles.
- Complexity of CSR frameworks: The complexity of CSR frameworks and guidelines can be overwhelming for organizations, especially smaller ones, leading to confusion and difficulty in prioritizing actions and initiatives. This is accompanied by the limited resources both financial and human, to implement CSR initiatives, hindering SMEs' ability to integrate sustainability into their operations.
- Measurement and reporting challenges: Many organizations struggle with measuring and reporting their CSR efforts accurately and transparently, which can undermine their credibility and hinder their ability to demonstrate the impact of their initiatives.
- Short-term mindset: Some organizations prioritize short-term financial gains over long-term sustainability, which can lead to a lack of commitment to CSR initiatives and a focus on immediate profitability at the expense of social and environmental considerations.

EU policies and regulations

With the development of sustainability reporting and sustainability due diligence regulations, EU is making a step forward in pushing organizations to actively integrate CSR principles into their decision-making processes and organizational culture.

Corporate sustainability reporting directive 2022/2464/EU will require all large companies to report on their ESG impacts and risks, in their own operations and the value chain. They will have to report on sustainability matters in line with the ESRS standards, report will have to be digitalized and externally verified. As this increases transparency requirements on sustainability practices, it is important for companies to adopt CSR principles and engage their employees. Employee engagement will be crucial for active implementation of ESG policies, development of measures to reduce negative impacts, ESG data collection and progress in terms of different sustainability goals.

The Corporate Sustainability Due Diligence Directive establishes a corporate due diligence duty. The core elements of this duty are identifying, bringing to an end, preventing, mitigating and accounting for negative human rights and environmental impacts in the company's own operations, their subsidiaries and their value chains.

To foster compliance with the EU requirements and ensuring competitiveness in the tourism value chain, SMEs will need to develop strong CSR organizational culture and integrate sustainability criteria in their decision-making processes.

Based on the gaps identified by stakeholders and policy review performed by project partners, following policy recommendations are proposed:

Policy recommendations

- *Make the e-learning course developed by the CSR4Tourism project part of the extracurricular activities in the vocational schools held by local tourist boards*

Introducing the program for development of CSR skills in the vocational schools will raise awareness among students that will soon enter the workforce thus facilitating the integration of the sustainability in the organizational culture among employers. It is proposed that the program is held by the local tourist boards in partnership with local schools.

- *Organize quarterly meetings on the local level that serve the purpose of exchanging best practices and CSR experiences*

These meetings could provide an opportunity for networking and collaboration among SMEs in the tourism value chain which could develop new sustainability initiatives and foster the development of CSR organizational culture among participating SMEs.

- *Establishment of a Social Media Page embracing a Corporate Social Responsibility (CSR) business model.*

The creation of a Social Media page serves as an informative and interactive source that empowers individuals with the knowledge, inspiration, motivation, and community support needed to develop and implement CSR principles effectively.

- *Support SMEs in adoption of ISO certifications.*

Authorities could support SMEs by subsidizing ISO certification. ISO certifications are internationally recognized standards developed by the International Organization for Standardization (ISO). These certifications establish specific criteria and guidelines for various aspects of quality, safety, and efficiency in products, services, and management systems. Organizations seeking ISO certification undergo an assessment process conducted by accredited certification bodies to ensure compliance with ISO standards. Some of these are specifically committed to monitoring and reducing the environmental impact of businesses:

- ISO 50001: Energy Management System (EnMS) - Helps organizations improve energy performance, reduce energy consumption, and lower greenhouse gas emissions by implementing energy management best practices.
- ISO 14001: Environmental Management System (EMS) - Sets standards for effective environmental management, including reducing environmental impact, complying with regulations, and improving resource efficiency.
- ISO 20121: Event Sustainability Management System (ESMS) - Specifies requirements for organizing events in a sustainable manner, addressing environmental, social, and economic aspects. It aims to minimize negative impacts on the environment and local communities while maximizing positive contributions.

Benefits of the policy recommendations for the SMEs

The policy recommendations mentioned above, particularly focusing on developing an environment that facilitate the integration of CSR in organizational culture of SMEs, offer several benefits for these businesses:

- Development of sustainability mindset: Making the CSR4Tourism e-learning course part of extracurricular activities in vocational schools equips students with CSR skills and knowledge. This prepares them for the workforce with an understanding of sustainable business practices, creating a pool of potential employees who are conscious of CSR principles. The e-learning

program facilitates the integration of sustainability into the organizational culture of tourism SMEs. By raising awareness among future employees, the program encourages a mindset that values CSR, potentially leading to greater adoption of sustainable practices in the industry.

- Knowledge sharing and networking opportunities: Organizing quarterly meetings on the local level encourages SMEs to share best practices and experiences related to CSR. This knowledge exchange allows businesses to learn from one another, leading to the adoption of successful sustainability initiatives and the avoidance of potential pitfalls. The meetings provide a platform for SMEs in the tourism value chain to network with each other. This networking can lead to collaborative efforts in developing new sustainability initiatives and mutually beneficial projects, fostering a sense of community among businesses.

4. Conclusion

Sustainable development of tourism in EU and achievement of UN Sustainable Development Goals requires adoption of CSR principles among tourism SMEs. Fostering joining efforts between SMEs and public sector leads to more efficient solutions to social and environmental problems in tourism sector that are a concern to both companies and governments. To truly embrace CSR principles in tourism sector systemic change is needed. Multilevel interventions are needed to put in place, enforce and monitor the implementation of such initiatives to support the sustainable transformation of tourism SMEs.

These policy recommendations are based on the desk research conducted by the project partners and inputs gathered from tourism stakeholders which includes SMEs, tourism professionals, C-VET providers, consultants, associations and other value chain stakeholders. This policy recommendations are developed with the aim of creating the suitable environment for the implementation of CSR principles within the tourism sector. Authorities at EU, national and local levels have the responsibility to listen to tourism stakeholder and enable them to exercise CSR principles in practice without risking their competitiveness. This engagement of public sector should increase the impact of CSR strategies and improve the sustainability of their activities.