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MASTER'S THESIS

**AN ANALYSIS OF TOURISM STAKEHOLDERS' ATTITUDES  
TOWARDS SOCIAL RESPONSIBILITY: THE CASE OF MACEDONIA**

Ljubljana, September 2015

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## INTRODUCTION

The concept of Corporate Social Responsibility (hereinafter: CSR) has an impressive history and multiple definitions. CSR started being used in the 1960s, widely considered the beginning of the era of CSR. Since then, there has been a great deal of discussion regarding the relationships and concerns of business communities.

Different views and arguments can be found in the literature concerning the responsibilities of corporations towards society. Despite the fact that there are various definitions of the concept, most agree that CSR as term refers to voluntary actions of the companies which are going beyond law requirements in order to achieve certain objectives such as social and environmental during their usual business activities (European Commission, 2001, pp.6-7). In addition to economic and legal obligations corporations have also certain responsibilities to society (McGuire, 1963, p.144). Furthermore, the common idea of CSR has been described as the way that corporations interact with society, meaning they should go beyond the legal and economic obligations and focus on the impact they has on the environment and society. CSR consist of many activities and mostly responds to the organizations duties to feel the needs of its stakeholders, the parties which have something at stake with the organization or can/ will/ might be influenced by the company's decisions and actions (Smith, 2003, pp.34-35). This refers to the manner in which a company is engaged with its stakeholders and the relationship it builds with them. One company has many responsibilities but majority of them can be structured as a pyramid divided on four pieces such as economic part as the most important for the stakeholders, legal part, then ethical and philanthropic part, not necessarily in that order (Carroll, 1991, pp. 39-48).

This thesis will research how and why companies engage in CSR activities and what may encourage more companies to engage in CSR. It will use Carroll's pyramid to define and analyze CSR engagement processes. The goals of the thesis are to analyze the attitudes of Macedonian tourism industry stakeholders regarding (1) engagements in responsibilities related to economic activities, which are usually located at the base of the pyramid, (2) engagements in legal responsibilities, (3) engagements in ethical responsibilities, and (4) engagements in philanthropic responsibilities.

Henderson (2007, pp.228-239) believes that because of its immediate relationship with the environment and society, tourism is closely connected with CSR. It should not be forgotten that tourism depends on a healthy economy, as well as cultural and natural heritage. In many cases, companies might be attached to the senses, orientation and philosophy of the community and by investing in the neighborhood, people and local community could help them create and maintain positive relations. The long-term success of successful tourism companies knows that long term profitability is dependent on the ability to fulfill the needs of

those affected by their work (Golja & Krstinić-Nižić, 2010, pp.113-114). Tourism provides an experience for people while making a direct impact on the economy, society, culture and environment; this can bring about many economic and social benefits, but if not managed properly it may have negative effects on the environment and host community. Thus, tourism companies have an obligation to adopt CSR.

In 2007, UNDP published a comprehensive ‘baseline study’ of the status of CSR in Macedonia, which offered an analytical view of the awareness level and adoption of CSR in the country. The central conclusion of the study was that the concept of CSR was not fully understood and implemented by the business community, the main reason being lack of relevant knowledge and practical tools.

This thesis attempts to understand the engagement in CSR by the tourism industry in Macedonia. Between 2010 and 2012, the Macedonian Ministry of Economy implemented the “Corporate Social Responsibility” project, with goal contribute to sustainable economic growth by promoting social responsibility. Seeing as tourism is now regarded as one of Macedonia’s main areas of interest, it is vital that companies working in the tourist industry implement CSR. Hopefully, this thesis will further our understanding of the current state of the tourism sector in the country.

The main purpose of this thesis is to analyze the current state of engagement in corporate social responsibility within the private sector of the Macedonian tourist industry.

This is achieved by identifying and analyzing the attitudes and opinions of tourism industry representatives from organizations such as travel agencies, tour operators and hotel companies, regarding corporate social responsibility in Macedonia, as well as identifying conditions under which corporate social responsibility concept could be accepted as well and implemented by various tourism businesses.

The goals of the thesis are to analyze the attitudes of Macedonian stakeholders in the tourism industry regarding (1) engagements in economic responsibilities, (2) engagements in legal responsibilities, (3) engagements in ethical responsibilities, and (4) engagements in philanthropic responsibilities.

Thus, the hypotheses are:

1. Engagement in CSR activities in the Macedonian tourism industry is poor;
2. Economic activities are more important than legal activities for tourism companies in Macedonia;
3. Economic activities are more important than ethical activities for tourism companies in Macedonia;



4. Economic activities are more important than philanthropic activities for tourism companies in Macedonia.

This thesis includes desk research on primary and secondary sources. The methodology consists of an initial literature review of various official documents, journals, magazines, books and Internet websites in the area of tourism and corporate social responsibility, which informs the main research questions. Secondly, a questionnaire survey is sent to travel agencies, tour operators and hotel companies, the goal of the survey being to gather data on the tourist companies' engagement in CSR in Macedonia.

The introductory section of the thesis elaborates the main idea and the purpose of the research. In the first chapter, tourism is described as a dynamic, fast growing industry and definitions of tourism are presented. The second chapter introduces the concept of CSR, its definitions and a historical review, as well as an explanation of Carroll's pyramid model. The chapter also examines the characteristics of CSR in small and medium companies. The third chapter describes the contribution CSR makes to the tourism industry and the relation between the two. Chapter four will give an overview of the Macedonian tourism industry and its development in recent years. The following chapter will elaborate on the data and methodology. Finally, the main findings from the empirical research will be presented in the chapter six.

## **1 TOURISM TODAY AND IN THE FUTURE**

Numerous authors has been discussed tourism and its importance, among them Tribe (1995), Vellas and Becherel (1999), Middleton and Clarke (2001), Holloway (2002), Minciu (2004) and many others, all agreeing to common ground and definition that tourism as an industry is motoring the development of the society especially its economic and social part.

Tourism is believed to provide provides 6% to 7% of the jobs in the world and millions more indirectly via the multiplier effect in other sectors, starting from agriculture via construction and ending up with IT and telecommunications. Tourism is responsible for 6% of the exports of services of the world in developing countries (UNWTO, 2014, pp.1). In 2012, the tourism as industry made historical milestone counting one billion international arrivals per year, according to World Tourism Barometer (2013).

## 1.1 Definitions of Tourism

Defining tourism as a concept has been somewhat problematic ever since the 1800s, when the word 'tourist' appeared in the English language for the first time. Two centuries later, authors still cannot agree on a common definition, which is not surprising knowing its "multidimensional, multifunctional activities which touch many lives and many different economic activities" (Cooper, 2005, p. 11). In order to deliver a travel experience, an entire range of individuals, businesses, organizations and places need to be combined in some way. The wide variety of competing definitions of tourism touch on many different aspects. Some, for instance, include day visitors in the definition, whereas others argue against that; some include business trips while others exclude them; whether the distance and purpose of the visit should be included in the definition has also been a topic of debate (Pender & Sharpley, 2005, p.5). Nowadays, tourist compared with day visitor, is defined as person who is spending at least 24 hours in some place different than his home, although both categories can do similar activities. Despite the fact that maximum time for tourist visit is not defined, relatively short period of being away from home is generally accepted (Pender & Sharpley, 2005). Mill and Morrison (1985, p.2) are saying that tourism is an activity which is happening when, in international terms, people cross borders for leisure or business and stay at least 24 hours but less than a year. World Tourism Organization (hereinafter:WTO) defines tourism as social, cultural and economic phenomenon which includes the movement of people to countries or places outside their usual environment in order to complete some personal or business/professional activities. Furthermore, as the WTO elaborates, these people are called visitors and their activities, are creating expenditure in tourism services. International tourism is summary of inbound and outbound tourism or more detailed, as activities of residents in foreign countries and activities of non- resident visitors in home country (UNWTO, 1999).

Mathieson and Wall (1982, p.13-14) propose that the short-term movement of people to places different than their everyday living premises is defined as tourism, also adding the people, activities and facilities that provide the services needed during their stay. Pender (1999, p.14-15), is seeing the tourism as journey from one place to another by any means, for any purpose, with and without return to the original point of departure or like an umbrella which consist of many different products and services offered to and asked by people who are away from home. For some authors it is very difficult to precisely define the tourism and tourists in the world because these terms have a different meaning to different people, and no universal definition has yet been adopted (Theobald, 2005, p. 5).

Some authors, such as Cooper (2008), Page and Connell (2006), propose that tourism definitions be separated to demand-side and supply-side. Both technical and conceptual approaches have been used in the pursuit of a definition. Conceptual approach covers the

short-term travel of people and their stay at locations different than their usual living environment. The technical approach is used for statistical purposes, where it is necessary for the tourism activity to have a minimum and maximum length of stay (Pender & Sharpley, 2005, p. 5).

Among the various approaches and explanations, one considers tourism to be world peace among people of different countries and nations (Var & Ap, 2005, p. 44). In 1963, the U.S President John F. Kennedy acknowledged travel as one of the greatest forces for peace and understanding in our time due to people's move through the world and learning to know and understand each other and appreciate the qualities of the people of any nation worldwide while creating level of international understanding which can sharply improve the ground for peace in the world (Var & Ap 2005, p. 45).

As summary, the WTO's definition of tourism is now the most accepted in the world and it defines tourists as people traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes, while usual environment is consider the one that is around the residence of the person and all other places that are frequently visited (UNWTO, 1995, p. 13).

## **1.2 Tourism Development to Date**

According to Theobald, tourism today has significantly grown in many aspects but mostly in economic and social (Theobald, 2005, p. 3). As Sharpley and Telfer (2002, p. 11) state, tourism is currently one of the biggest social and economic phenomena. Comparing tourism in the 1900s, when it was seen as a social action and was given to only some individuals with its present form, the development is enormous, as the opportunity to take part in the tourism movement has become widespread (Urry, 1990, p. 16). Tourism has grown so much in terms of the number of international tourists that almost every country has become a tourist destination, what Turner & Ash (1975) have called 'pleasure periphery'. According to Lett (1989, p. 277), tourism has grown to become one of the biggest peaceful movements around the world of people from different cultural backgrounds, with over 662 million arrivals in 1999 according to WTO reports. With its fast growth and contribution towards the economy, tourism is widely accepted in both developing and developed countries as significant and fundamental part of their efforts for development (Jenkins, 1991, p. 61).

The tourism industry established a stable and significant growth between 1950 and 1998, when the quantity of international tourist arrivals rose from 25 to 458 million (Sharpley and Telfer, 2002, p. 16). In 1998, WTO reported that the tourism industry would continue to grow, reaching 1.6 billion arrivals and US\$2 trillion by 2020. While tourism is considered a good strategy for development, certain areas experience low or negative growth. As Shaw and Williams (1994, p.3) elaborate, developed or industrialized countries are the ones driving

international tourism, compared to less developed countries: in 1997 developing countries had 30.5% while developed countries had 63.8% of international tourist arrivals.

Tourism has become a key driver for socio-economic progress as it witnessed continuing growth and is regarded as one of the industries with the fastest expansion in the world. These days tourism is compared with oil export, food products and automobile industries in terms of business size, as well as being one of the main employment industries for many developing countries. The General Secretary of WTO, Taleb Rifai, stated that growth in international tourism is above expectations despite raised overall challenges, in addition, geopolitical uncertainties are increasing and the global economy shows signs of weaker and uneven growth (UNWTO - Press Release, 2014).

### **1.3 Tourism Trends in the Future**

UNWTO has prepared a tourism long-term development plan for the period from 2010 to 2030, called UNWTO Tourism Towards 2030. It forecasts the demand in international tourism for a 20 year period, with analyses of many factors such as social, economic, political, environmental and technological. All these factors have been influencing the development of tourism through the years and will continue to have direct or indirect impact in the future. According to Tourism Towards 2030, the number of worldwide arrivals of international tourists is expected to rise by an average of 3.3% per year over the 20 years period starting from 2010 until 2030” (UNWTO, 2014, p. 14). In absolute numbers, the number of international tourist arrivals worldwide is predicted to reach 1.4 billion by the year of 2020 and 1.8 billion by 2030 and 5 to 6 billion domestic tourists (UNWTO, 2014, p. 2).

The growth and the importance of dealing with changes in business have never been as important as today. Tourism stakeholders in tourism needs to possess a clear understanding of the direction of change and trends due to fast changes in the sector as well as the ability to recognize and deal with it. Economic, political, environmental, technological, demographic and social factors are the drivers of this change directly affecting the tourism industry. Dwyer, Edwards, Mistilis, Roman & Scott (2009, p. 63) explain the connection between trends knowledge and competitive advantage, underlying that greater trends knowledge behind tourism development, brings bigger capacity to formulate development strategies and to achieve competitive advantage. According to Johnson and Scholes (1997, p.63), in the following years the tourism industry will experience enormous changes affecting the value of the tourist, the environment and resulting in enormous growth in information and communication technology. Constant research regarding the key factors influencing the tourism industry can identify the global trends to some level. In order to meet such

expectations, stakeholders should not work on “‘what will the future be’, but rather ‘what should the future be’ and ‘how can we meet that future’ ” (Dwyer et al., 2009, p. 63).

The size of tourism is determined by numerous factors. There are many approaches to the problem and many solutions some actors are continuing to apply influence decade after decade; others are making their efforts in much shorter period. According to the UN World Tourism Organization (2001), some of the principal determinants and influencers that will impose development and growth of tourism in the future, are prosperity and affordability, ease of access, events, culture, globalization, rivalry, and climate changes. Yeoman (2012, p. 35) in *2050 – Tomorrow’s Tourism* while attempting to explain the drivers and trends that will shape world tourism and the tourist of the future is identifying two main parts, such as mega drivers- the macro setting that will outline international tourism, and trends- which shape individuals’ when they are making plans about future destination or activity. He believes that people prefer holidays as a luxury product over other luxury items (cars, houses), which is the result of consumer prosperity and product affordability. Raised incomes, which are doubled in past 20 years, are creating prosperity while affordability is result of fallen prices (Yeoman, 2012, p. 35). According to Yeoman, this model of economic behavior is happening all over the world, and in the next 20 years the number of middle class people from China, India, and Eastern Europe will grow — and they will represent the tourist of next generation (Yeoman, 2012, p. 36). He suggests that the “accessibility” of tourism is a trend that will continue in the following years. Internet as tool has the ability to inform, break boundaries and gives opportunity to consumers to browse their next destinations worldwide (Yeoman, 2012, p. 36). Low-cost airlines, which have made a big impact in recent years, are representing the peak of technology adoption. These days being a traveler is easier than ever before having on disposal direct flights and low cost offers and destinations, meaning “the world is opening up to the tourist”. In addition to worldwide expansion of cheap and reachable tourism destinations, future travelers are progressively more covered and influenced by events of any type.

## **2 CORPORATE SOCIAL RESPONSIBILITY**

### **2.1 Defining Corporate Social Responsibility**

According to European Commission, Corporate Social Responsibility (CSR) is the responsibility of enterprises for creating and conveying their impacts on society, by encouraging the companies to establish processes for integrating social, ethical, environmental, human rights and consumer concerns into their business operations and core strategy while having close cooperation with their stakeholders (European Commission, 2001).

As Gurska (2011, p.73), stated that the understanding and positioning of CSR in 2005 was negative, while publications reviewed by the Economist that year accused all actors supporting the idea of corporate social responsibility of neglecting their primary focus and promoting bad governance. Along those lines, corporate social responsibility survey conducted by the Economist Intelligence Unit resulted in only 35% of managers approving the notion of implementing CSR. However, within just three years the result was astonishingly transformed into 95% of managers believing in the ideas of corporate social responsibility and 56% stating that corporate social responsibility is a high priority for their firm. After series of articles castigating the concept of corporate social responsibility, in 2008 The Economist wrote that only a few big companies could ignore CSR.

Banerjee's (2008, p.167) provides a rounded perspective of corporate social responsibility from every angle. In his analysis, the good face of corporate social responsibility focuses on positive outcomes the firm can enjoy if it implements projects that concern the society at large. Furthermore, instead of exploring the effects between corporate social responsibility and financial performance, he focuses on the results as they affect people, not organizations "as this approach is meant to support the social aspect in CSR not the corporate one" (2008, p.167). Indeed, Banerjee determines that the good face of corporate social responsibility will show that corporations can be engines for positive change. The negative aspect of corporate social responsibility is demonstrating win-lose situations of companies investing in CSR, where the outcome is disappointment or dispossession to corporation or society. And finally, according to Banerjee, the face of corporate social responsibility becomes ugly by the inappropriate usage of the organizational power for positioning the company on the market as organization that is aware for the citizen's good (2008, p. 168) meaning that the concept may at times be used simply as a marketing ploy.

The meaning of CSR is revealed by the very words in the phrase: corporate, social and responsibility, which indicate a relationship between corporations and society. Werther and Chandler (2010, p. xii) believe that CSR represents corporation's idea for the society and its awareness for competition toward achieving its goals and at the same time showing responsibility to stakeholders for getting its. Understanding the idea of CSR is important for the success of both business and society because it seeks to define the future of our world.

Historically, CSR has been considered almost exclusively in relation to the financial performance of the company. The result of corporate social responsibility on a company's profit can be positive, negative or neutral. It was believed that CSR can slow down the performance of the company, in addition to being only partially defined as it does not measure the investment in R&D, which can result in products with significant positive effects on the general society. In general, the conclusion is that corporate social responsibility has an impartial effect on a company's performance (McWilliams & Siegel, 2000, pp.117-127). Another analysis on the compatibility of and relationship between corporate social

responsibility and the financial performance of the companies was carried out by McGuire, Sundgren and Schneeweis (1988, p. 854), showing that the company's previous results are influenced from CSR more than its future performance.

“Organizations can be classified as for-profit, government or nonprofit” (Werther and Chandler, 2006, p. 3). The main purpose of for-profit organizations is to maximize the gain to their owners; the government's main role is to set the rules and principles which must be followed by all organizations in a society; nonprofits or nongovernmental organizations (NGOs), as they are frequently called, pursue social good and needs when political and for-profit motives are inadequate. Each of these organizations, while performing different roles, possesses powerful resources used in the pursuit of their everyday goals. The organizations are dependent on and must cooperate with each other to establish a well-functioning society.

All those actors that can benefit or can be harmed by a company's actions and are somehow bonded in their day to day activities in one organization are defined as the company's stakeholders. “A stakeholder in an organization is any group of individuals who can affect or is affected by the achievements of the organization” (Freeman, 1984, p. 40). Corporate responsibility is not something unreachable or unimaginable, it is connected to social phenomenon as ethical, legal, economical and other things that might reflect the company's ideas for the future performance (Werther & Chandler, 2010, p.9). This means companies should pay attention to economic sustainability and social responsibility. CSR represents complete process of delivering the product or service, the ability to navigate the stakeholders' concerns in daily activities and meeting the needs of both sides to create mutual benefit. CSR is initiating discussion for possible realization of commitments and responsibilities and necessary tools that can bring benefit if those things are realized. Werther & Chandler, (2010, p.7) are saying that Corporate responsibility is defining the connections between stakeholders and the organization. Furthermore they are adding that it gives a frame to the many aspects of the society by including groups and stakeholders that are trying to keep up the main idea and interest in the organization. (2010, p. 5). A company ought to identify the stakeholders which it considers important and incorporate them in its strategic plan, meaning companies should include “the concerns of the stakeholders' group within the organization's strategic outlook” (2010, p. 5). Many studies of CSR argue for company's evaluation and performance (Wood, 1991, pp.691–718.). No common agreement was achieved regarding procedures and indicators that might affect the sustainability of the final examination. In dealing with stakeholders, environmental responsibility as well as community responsibility can be demonstrated by measures that include ethics, profitability, efficiency and workforce quality, although human right and education have important role and are mentioned here (Hopkins, 1999; Welford, 1997).

Furthermore, facts that are protecting the existence of CSR are connected with sustainable development (UN, 2004) and supported by UN examination in which CR citizens unite with other entities or organizations to understand the idea of comprehensive global economy (UN

Global Compact, 2005). Protection of the environment in combination with social aspect and economic return is the main aspect for sustainable development (Swift & Zadek, 2002, pp.3-4).

The understanding and implementation of the CSR concept has been a challenging task with some uncertainty regarding suitable forms of commitment, but tourism of all industries seems to have a very close relation to CSR due to its immediate contact with the destination environments and societies.

## **2.2 Motivation for Implementing Corporate Social Responsibility**

Reputation and marketing are not the only drivers for the implementation of corporate social responsibility in a company, and self-interest and self-preservation are not the main goals. As the paper “Managers’ Personal Values as Drivers of Corporate Social Responsibility” argues, the personal values and beliefs of individual managers drive the initiatives for implementation of corporate social responsibility. “Of a very special importance in the tendency of personal initiative to give the corporation a possibility to serve as representative for remaining the idea that even one person or entity can influence and initiate changes (Hemingway & Maclagan, 2004, p. 33). However, some authors maintain that the major motivation for engagement in corporate social responsibility is indeed self-interest (Moon, 2001, p. 36). This complements Rollinson (2002, p. 54) who states that “it is always difficult to tell whether a business that behaves ethically towards its environment is prompted by altruism or something else.”

For corporate social responsibility to be accepted by employees, the company has to establish policies and guidelines which are effective and easy to comprehend. If a company is to successfully implement corporate social responsibility, employees need to live and believe in the same values. Two factors are identified as contributing to employees’ motivation and commitment to corporate social responsibility and both hinge on how a company delivers and “sells” the concept to its employees. The first is that organizational culture and climate will affect the employees’ acceptance, depending on whether corporate social responsibility policies are communicated as compliance to values, integrated in the company’s strategy and everyday activities, or are simply added as an afterthought or “window-dressing”. The second is that the employees will adopt the motivation for the concept to the extent of the correspondence of their personal characteristics and values with those of the organization, of their understanding of fair dealing and equality in relation to how corporate social responsibility is implemented and finally, to the extent it is reflected in the approach of top management to CSR performance (Collier & Esteban, 2007, pp. 19-33).



Wood (1991, pp.691-718), divides the reasons for the firms' motivation to accept the corporate social responsibility into institutional, organizational and individual principles. The first is the need of the company to be positioned as trustworthy and legitimate. The organizational signifies public responsibility, while the motivation for the individual principle requires managerial discretion. As shown by research on corporate social responsibility undertaken in 103 small and medium enterprises in the UK, the inclusion of activities and programs for social and environmental good would increase the motivation of the employees to engage in corporate social responsibility (Baden, Harwood & Woodward, 2009, pp. 429-441).

According to Minoja and Zollo (2012, pp. 1-12), the main motivation for organizations to engage in corporate social responsibilities is the preservation of the firm's reputation, improvement of financial performance, strong competitive advantage and satisfaction gained by providing value to stakeholders and service to society. Furthermore, they argue that corporate social responsibility can contribute to better employee relationships.

Three aspects were examined in research regarding the motives of executives for the adoption of corporate social responsibilities, one extrinsic (financial) and two intrinsic (ethical and altruistic). The results showed that the executives' main drive for the social aspect of corporate social responsibility lies in the intrinsic motives. Similarly, with regard to the environmental aspect of corporate social responsibility, the intrinsic motives are stronger than the extrinsic (Johan & Corrie , 2012, pp. 377-396). It seems that today beliefs, standards and responsibility are essential in the working place. From the numerous researches one can conclude that acceptable principles will bring profit to the company (Joyner and Payne, 2002, pp. 297-311).

Olsen-Becker, Cudmore and Hill (2006, pp.47-48) find that consumer perception of a company is dependent on its attitude towards corporate social responsibility, which can "impact their beliefs, attitudes, and intentions. If consumers have intention to define company's motive if they note that company is socially involved. Usually they contemplate that company's motive is to boost profit (self-serving) or to help people and increase the awareness for some issue (public serving). If motives are profit initiated customer's positive opinion will be reduced but when is the opposite reason, or when the company is public motivated the attitudes are improved.

According to Webber (2008, pp. 248-249), corporate social responsibility can positively influence employees, who will be motivated and inspired to work in an environment that creates positive change in society. This can contribute towards the firm's performance and in same time attract potential employees, or simply put, corporate social responsibility will contribute to a "positive effect on employee motivation, retention and recruitment" (2008, pp. 248-249). Ven and Graafland (2006, pp. 9-12) argue that an organization's corporate social behavior may be driven by moral motives. In other words, the drive of organization's

corporate responsibility is the basic motivation to achieve some moral standard which is good for the organization instead motivation to perform some moral norm towards realization of another goal. In their study, Ven and Graafland found that companies perceive morals as mostly linked to CSR rules influencing connection with customers, employees and tools that incorporate CSR in the company. They also find that the stimulus for CSR exposure became interesting area for research. In the literature, various reasons have been proposed for the companies' engagement in corporate social responsibility. On the one hand, there are those who believe companies that are socially active because they accept and admit their actions affect a variety of stakeholders in the environment where they operate, not just their shareholders. Others argue that there is some kind of payoff to the company if they engage in CSR (Lyon, 2007, p. 4). Some examples of those payoffs, proposed by Parket and Eilbert (1973, pp.5-14), are improved product identification and recognition, higher motivation, enhanced public relations and overall, better image of the company in the society that leads to higher profitability on long terms. Parket and Eilbert (1973, pp.5-14) claim that CSR is stylish and will disappear over time. Dwyer (2002, pp. 406-436), researching the managers' motivations for CSR, concludes that CSR reporting companies are motivated for the purpose of legitimacy, while non-CSR reporting companies understate the reporting as a process of legitimacy tending to avoid public skepticism.

The reason for motivation is essential to human behavior (McClelland, 1987; Deci, 1975; Vroom, 1964). The KPMG survey (2005, pp.17-19) resulted in strong arguments in favor of employee motivation as the chief driver for engagement in CSR. The Edinburgh Perspective (2005) argues that the main role of CSR is to promote employee credibility. Other authors find that the reasons for being socially active is because of the need to be ethical or because it can positively affect the company (Garriga & Melé, 2004, pp.51-74).

In their study, Nybakk and Rajat Panwar (2015, pp.18-33) focus on understanding the instrumental motives for implementing social responsible activities. They propose that this motivation initiate the company's corporate social responsibility commitment because it is connected with their behavior toward their market and supports their market orientation, learning directions and risk-taking ideas that persuade the company's CSR commitment. Eigenstetter and Zaharia (2013, pp. 163-180) point out that entrepreneurs engage in CSR because "they act on the basis of ethical values". In their study, they confirm that "greater engagement for the environment and employees is correlated with greater universalism and benevolence" (2013, pp.163-180). Positive correlations between the values of security, tradition, stimulation and engagement to employees and the environment were found. Surprisingly, correlations were not found in the categories achievement or power. They claim their study proves that CSR is related to "some desirable results of the companies" (2013, pp.163-180), such as profit or a reduction in customer complaints. Accordingly, "CSR should be of strategic relevance to the entrepreneurs of SMEs" (2013, pp.163-180). Forbes magazine

(2013) writes that corporate social responsibility will not solve the world's problems. Corporate social responsibility allows society to have benefit while the corporation is having its benefit as well. Companies that understand and believe that are engaged in CSR activities as a technique to push for more improvement, reduction of costs, brand diversification, employees and customers' engagement.

## **2.3 Pyramid Model of Corporate Social Responsibility**

In his article "The Pyramid of Corporate Social Responsibility" (1991, pp.39-48), Carroll begins with the fact that the previous three decades saw the issue of company responsibility towards society grow in importance. In the aftermath of the social legislation of the 1970s, the environment, employees and consumers were officially accepted as important and legitimate stakeholders of businesses. According to Carroll (1991, pp. 40), "a four-part conceptualization of CSR included the idea that the except economic and legal obligations, the company have philanthropic and moral obligations too". For CSR to be acknowledged as a legitimate concept, it has to encompass the whole range of obligations business has to society plus economical ones. The concept of corporate social performance (CSP) has risen to become an encompassed idea that includes CSR, receptiveness and other social activities from which a business can have benefit (1991, p. 40). The implementation of social goals, programs and ethical awareness into all decision making policies and actions has to be accepted by enterprises. Carroll thinks that a business person would accept CSR only if it is presented in a way that all the business obligations and responsibilities are exposed or embraced. According to Carroll, economic, legal, ethical and philanthropic are the four types of social responsibilities that represent CSR. In his study, Carroll presented these four categories as a pyramid. He also wrote that the responsibilities always existed in business but that in the preceding years more attention was given to establishing ethical and philanthropic principles.

### **2.3.1 Economic Responsibilities**

Carroll explains that throughout history, the main goal of a business organization as economic entity was to produce goods and services to society with the main idea – profit. Its major responsibility is to provide goods and services that the people need and want, but while the process is happening the organization is making profit. The idea of profit maximization became the concept of maximum profits. Without economic responsibility all the other responsibilities are arguable considerations (Carroll, 1991, pp.39-48).

### 2.3.2 Legal Responsibilities

According to Carroll, aside from economic responsibilities, companies are expected to obey the laws and regulations announced by the Governments as the ground rules under which businesses must operate. Legal responsibilities, shown as the next layer of the pyramid, replicate ethics and norms that symbolized essential ideas of fair operations because they are recognized by the society and lawmakers (Carroll, 1991, pp.39-48).

Figure 1. Pyramid of corporate social responsibility.



Source: Carroll, A.B. *The pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*, 1991, p. 42.

### 2.3.3 Ethical Responsibilities

Economic and legal responsibilities are presented and symbolized through ethical norms. Ethical norms are presenting fairness and justice and are not codified into law, but it is expected/ prohibited by the society (Carroll, 1991, pp.39-48). Standards, expectations and norms are ethical responsibilities that serve employees, consumers and all the other people in the society. The main characteristics is that usually are involved and implemented new social values and standards that is expected to be accepted by the society, although they can affect higher standard of performance that the one which is already required.

### 2.3.4 Philanthropic Responsibilities

Carroll states that humanity and generosity include corporate actions which comes as a result of the society's expectation. For a business to be socially accepted demands to be actively

involved in promoting peoples goodwill. “Philanthropy encompasses those corporate actions that are in He provides examples of philanthropy that require businesses to make a contribution of financial means or executive time regarding culture, education and arts in the society.

Difference between philanthropy and ethical responsibilities, is that philanthropy is not expected to be presented in an ethical sense but people would like organizations to be involved and give their contribution in a humanitarian purposes, although they do not change the opinion about the company if they do not do that (Carroll, 1991, pp.39-48). In the end, the author concludes that philanthropy is something that society would like to see from the company but it is not so important as the other categories.

Carroll’s pyramid represents the four components of CSR, starting with the economic or, as he calls it, the basic building block that supports all others. Companies are also expected to obey the law, which is represented in the second layer of this pyramid, regulating the acceptable and unacceptable behavior of companies. The ethical layer, which Carroll describes as the “most fundamental level”, signifies that it is the responsibility of companies to do what is acceptable and at the same time to avoid something negatively to reflect the company. The last layer, where he expects company to become socially active or the so-called philanthropic responsibility is in which he expects the company to improve quality of life and to invest human and financial resources to the society.

The pyramid’s main goal it to show that the total CSR of enterprise is comprised of distinct components that together make up the whole. He adds that mostly economic and legal activity and the ones that makes tensions, economic and ethical as well as economic and philanthropic. This might produce conflict when it comes to producing profit and presenting the company as it is taking care for the society. But if this is seen from a CSR or stakeholder perspective, the tensions would be identified as organizational realities and attention would be given to the pyramid as a unified whole, with a focus on how the firm might engage in decisions, actions, and programs that fulfill all its component parts.

Companies will struggle to make profit if they are ethical, and respect the law (Carroll, 1991, pp.39-48).which can be in contrast to the classical economic statement that businesses has one responsibility, to increase the profit of the company. But even an argument by Friedman, who is considered to be the most outspoken proponent of the latter view, loses some of its force when his assertion is considered in totality. Friedman believes that the aim of business is to make profit while is respecting the society riles, both, ethical and legal ones (Friedman, 1970, 122-124). This statement makes it clear that economic, legal and ethical are the three components of CSR pyramid (Carroll, 1991, pp.39-48).

## 2.4 Relationship Between CSR and Firm Performance

Ratings of corporate reputations published by Fortune magazine were used by Sundgren and Schneeweis (1988, pp.854-872) to analyze the co- relations of perceptions of a company's CSR and its financial performance. Authors comes to conclusion that past company performance, previously verified by returns on stock market as well as measures of accounting procedures, is closer connected to CSR than is subsequent performance. Results also show that measures of risk are more closely associated with social responsibility than previous studies have suggested.

Aupperle, Carroll and Hatfield (1985, pp.446-463) maintain that "changeable levels of social orientation were not discovered to associate with differences in performance," meaning that no relationship was found between corporate social responsibility and profitability. The link between the two has been discussed at length. In their work, McGuire, Sundgren and Schneeweis (1988, pp.854-872) suggest three possible points of view for the relationship between these two terms. The first view is that companies need to compromise corporate social responsibility for financial performance because organizations involved in responsible activities are at financial drawback judged against those that are not as much responsible. The second view is that the expenses are negligible and the organization can benefit from socially responsible activities which will contribute towards the company's performance. The final stand point is that the costs of the company for dependable actions are balanced by a reduction in other costs.

McGuire, Sundgren, & Schneeweis (1988, pp. 854-872) are stating that any research in the future should examine the influence of previous company performance instead of examining the relationships between corporate social responsibility and the firm's financial performance, as it can be more productive to think of financial performance as a changeable influencing social responsibility then the reverse. The companies that implement corporate social responsibility have a lower risk, which is an important benefit, and the authors add that corporate social responsibility may affect on different angle of the company's action. Various research has resulted in many different opinions and views on this relationship, such as those who claim that corporate social responsibility is an additional cost and the company cannot benefit from socially responsible actions, like contributing to charitable projects, participating in volunteering projects and creating environmental protection procedures, as well as those who have a positive opinion on the relationship between the two variables, citing examples of improved employee and costumer relations. One major concern is that these studies on the relationship between corporate social responsibility and financial performance use patterns that skip or hide the important conditions for profitability (McWilliam & Siegel, 2000, p. 603).

McWilliams and Siegel conclude that neutral relationship between CSR and financial performance is existing and the appropriate stage of CSR can be specified by using cost benefit analysis. The neutral relationship depends of many factors as advertising, research, size, market conditions so on (McWilliam & Siegel, 2001, pp.117-127). Managers do not have clear bearings on the desirability of investment in CSR, as a result of different results from analysis, but the new examinations showed that there is no relationship, positive and negative relationship regarding CSR and financial performance.

Waddock and Graves (1997, pp.303-319) endorse the positive relationship by saying that this model is much connected with lot of similarities with the managers' point of view which at the same time offers lot of theory. Freeman (1984) states that organizations are connected to many groups that might be influenced from the company's behavior as the management is trying to maximize its profit. Based on Jensen's theory (1988), this subject can be seen as investment that creates CSR as a product differentiation. Seen like this, CSR can be used in different aspects, as something related with the resources in the process of production or as something that will give the product some attributes.

McWilliam and Siegel (2001, pp.117-127) conclude that the relationship between CSR provision and performance is not consistent. A company will choose a feature that will increase the profit and the performance, but at the same time will take in consideration all the costs that the company can have. Because CSR attributes are like any other features than the prediction says that there is neutral relationship between this two.

Inoue and Lee (2011, pp.709-804) divide CSR into five groups based on organizational activities for 5 main issues like product quality, community relations, diversity issues, employee relations and product quality as they examine the influence those five aspects have on financial performance in tourism related industries. This connection resulted with different effect on each dimension on short term profitability and that influence impact on the other four industries financially. However in their studies (Bowman & Haire, 1975; Sturdivant & Ginter, 1977) they found a curved relationship between corporate social responsibility and financial performance, where temperately socially responsible firms actually proved to be the best performers.

### **3 CORPORATE SOCIAL RESPONSIBILITY AND TOURISM**

Attracted by the idea of the economic benefits that tourism can bring, many countries commence with its development without considering the associated costs tourism can have on the economic, environmental and social aspects. Different authors argue that environmental and social impact can replace the economic impact and at the same time to give balanced approach without causing any stress.

### **3.1 Importance of CRS in the Tourism Industry**

Awareness of CSR has been steadily increasing, known as a viewpoint which brings benefit to economy, society and environment. However, the theory and research for CSR is poor regarding its presence in tourism and hospitality (Holcomb, Upchurch & Okumus, 2007, p. 472). Henderson (2007, p. 229) examines issues of corporate social responsibility in the tourism, noting that tourism is connected with environment and societies which are part of the product that the industry is offering.

The ability of tourism to influence destination economies, societies, cultures and environments is well known and the negative consequences have exposed the industry to strong disapproval (Tourism Concern, 2005, pp.2-15). However, tourism can supply the wanted infrastructure, revenue and jobs which help the growth of a country's economy and raise standards of living. Because of this close relation with the operating environment, companies have an obligation to adopt corporate social responsibility. Tourism can help in protection of threatened resources and their conservation (Henderson, 2007, p. 231). In recent years, there has been an boost in the number of those who promote more sustainable forms of tourism aiming for protection of natural and cultural heritage (Diamantis, 1999; Stabler, 1997) and companies are confirming the incorporation of corporate social responsibility in their corporate strategy (UNEP, 2005, pp. 18-19). Prosperity of the region, economic feasibility, employment, visitors, biological diversity and many others are organization's goals that want and can be achieved with sustainable tourism (Henderson, pp. 231).

The idea of suitability and eco-tourism is well known with large efforts for promotion making sure that tourist product and environment are both in harmony (Wight, 1993, pp.54-64), but the evidence of this nature-product balance are not always convincing. However, significant progress still needs to be made in the industry (Forsyth, 1995, pp. 210-231). Wight (1993, p. 54) claims that "the tourism industry is under scrutiny, both from the public and internally, in order to assess how well it meets the criteria of sustainable development". The concepts of sustainable expansion and corporate social responsibility are very similar and usually the two terms are used interchangeably. Companies which aim for sustainable tourism are by default socially responsible, and corporate social responsibility includes some of the fundamental principles of sustainability. Nevertheless, the goal of sustainable development is to "embrace all actors in the development process and give equivalent influenced to their voices, while corporate social responsibility retains the company perspective where profitability is always at the forefront, not to be influences or ruined by somebody else's agendas" (Henderson, 2007, p. 231). In comparison with CSR, the commitment to sustainable development is deeper and broader, at the same time covering most areas of human endeavor and private and public sector actions. In contrast, corporate social responsibility refers only to its industry associates



and is engaged only in certain voluntary activities which are covered by the concept. “It therefore occupies a position near the weaker pole of the sustainability spectrum and should be assessed with the context of that discourse” (2007, p. 231).

Nowadays organizations are reconsidering the actions they are undertaking in their business due to the global environmental changes such as disappearing of the natural resources, climate change, and considerable differences in socio-economic perspectives which can result in many products that are socially responsible. The tourism industry is deeply dependent on the beauty and warmth of the places where it operates and in recent years it has had to deal with the pressure to handle its negative and positive influence on the environment. As Frey and George (2010, pp. 621-628) note, regardless of the positive attitudes towards responsible tourism management, companies are not willing to invest resources to change management routine. In the emerging markets resources are facing limitations that reflect the relationship between the idea and the reality. They consider lack of governmental support, great competition and high costs the reasons for its low implementation.

Although research for corporate social responsibility has grown enormously in recent years, the tourism sector has been surprisingly slow in catching up with this trend, although it is extremely dependent on natural and social resources. The participation of responsible tourism or CSR in only 2% of tourism business globally. (Frey and George, 2010, p. 621).

Many definitions were introduced in the field of responsible management and sustainable development. Although words as eco, responsible sustainable would reduce negative economic, social and environmental impact and would have better effect on the development, but it should not be used interchangeably..

In their work, Frey and George (2010, pp. 621-628) provide a table with definitions for these concepts, describing the management of businesses such that the local community, natural and business environments all stand to benefit. In the findings of Holcomb, Upchurch and Okumus (2007, pp. 461- 475), 80% of hotel companies reported some activities as donations, 60% of diversity policy and 40% of hotel companies indicated social responsibility in their vision. Some companies are strongly focused on social responsibility while others do not exhibit noticeable interest in the issue. However, social responsibility appears to be missing to put an accent on environmental. The authors stress the significance for the tourism industry to profile themselves as social responsibility or at least to include that awareness somewhere in their strategies.

Holcomb, Upchurch and Okumus (2007, pp 464), gave the example of “ ‘Green Hotels’ that gained a foothold in lodging operators’ contributions to community’s concern for the environment”, focusing on projects that aim to save water and energy and reduce solid waste.

Over the past decade, companies that behave in a socially responsible manner have received a great deal of attention. The authors believe that greater attention through different media outlets and the CSR programs are powerfully connected with initiatives that are socially responsible and are spreading worldwide with an idea to unify them. (2007, p. 464). They conclude that the hotel industry should be socially active and aware and to invest in building their reputation by targeting the society, not just their guests. (2007, p. 473).

Sheldon (2011, p. 392) states that the very close bond between the tourism industry and the environment explains the need to encourage this idea of gaining responsible practice for sustainable tourism. The majority of the travel industry agrees with the importance of CSR “now more than ever”. As Sheldon writes, reputation and community-based issues are the main drivers for the travel industry to undertake CSR activities. In addition, environmental CSR projects show a great predominance over sociocultural activities. The author points out the vital need for clear conceptualization and directions for CSR commitment by the travel industry.

In order for the travel industry to be sustainable, all business operations have to be sustainable, meaning that travel companies need to meet their strategies and activities with the sustainable standards that will help in the future to protect and sustain the natural resources. (Dwyer et al., 2006). The interdependent relationship between economic, social, and environmental aims is crucial for sustainable businesses, as tourism companies must understand the importance of “integrating all three objectives” for lasting sustainability. Dwyer proposes that companies measure and report their performances in terms of economic, social and environmental parameters with the Triple Bottom Line (TBL) method. Even though tourism has not been significantly associated with the TBL method, it seems that the TBL approach is “very relevant” for the tourism industry.

All in all, there is room for improvement in the hospitality industry regarding CSR. Hotels have a low level of employee turnover, commitment to employees is low, dissatisfaction regarding job security is an issue and there is an absence of adequate equipment for daily activities. This shows that there is an opportunity for the hospitality industry to improve the level of CSR activities (Dwyer & Sheldon, 2007, pp. 107-114.). Thus, it is of huge significance that the “tourism managers of tomorrow” have clear and detailed information, leaving no room for confusion or doubt regarding new and creative solutions for sustainable tourism development (Liburd & Edwards, 2010, pp. 225-237).

Destinations where tourism development is not accurately designed and managed can suffer from cultural and physical consequences Tourism can destroy the authentic environment of a certain destination, due to the lack of national, regional or local strategy. Thus, officials and private entities are responsible to guarantee the growth, prosperity and the quality of life for the next generations (Dwyer & Edwards, 2010, pp. 20 - 44).

### **3.2 Empirical Evidence of CRS Practices in the Tourism Industry**

The fast change of the tourism market these days makes it a more difficult and competitive working environment. As never before, all tourist companies have a significant role in creating distinct tourism products while operating in a responsible way (Golja & Krstinić-Nižić, 2010, p.18). The research produced by Golja and Krstinić-Nižić on the commitment of the management of four and five-star hotels in Croatia to environmental issues and their adoption of the notion of CSR showed that only a small number of hotels implement CSR. Their awareness of environmental protection, however, received a high score. As the authors state hotels from higher rank still need time to understand the global challenges.

“Managers understand that companies have responsibilities towards society and the natural environment where they conduct their business” (Leaniz, Ruiz & Bosque, 2012, p. 311). The analysis of Leaniz, Ruiz and Bosque (2012) shows that, in terms of the hotel category, no difference was found in the range of CSR activities. However, “hotels belonging to international chains present a better integration of CSR activities in their business strategy” (2012, p. 311).

Smith and Grosbois (2011, pp.59-77) examine the adoption of CSR in the airline industry. In their study they state that airline companies are less focused on social or economic aspects and much more on environmental. Of the seven major environmental issues examined in the study, an emission reduction program is rated the highest. Four social and environmental issues are also present, including employee wellbeing and engagement, diversity and social equity, community wellbeing and economic prosperity. The authors conclude that “the data analysis supported the arguments made in the literature that the airlines report CSR initiatives using differing or inconsistent measurements, making evaluation and comparison of their performance and effectiveness difficult” (Smith and Grosbois, 2011, pp.59 ).

In the last decade, various voluntary initiatives have been undertaken to promote the idea of sustainable tourism, such as by using eco labels, systems for protecting the environment, different environmental practices which are eco-friendly and many indicators (Ayuso, 2006, pp. 207-220).

Assaf, Josiassen and Cvelbar (2012, pp. 596–600) look at reporting on environmental, social and financial issues as an approach that covers all the aspects needed to achieve sustainability or what they call the Triple Bottom Line. According to Assaf et al. (2012, p. 596), the Triple Bottom Line shows the companies’ obligation to generate daily environmental, social and financial values. Opinions on Triple Bottom Line reporting are divided among hotel managers, who are concerned whether it will improve hotel performance. However, the study shows that companies reporting on environmental, social and financial issues have proven that Triple

Bottom Line contributes to better hotel performance. Furthermore, when compared to social and financial issues reporting, environmental reporting leads to better hotel operation. Previous studies on sustainability reporting showed positive growth in hotel performance, which is a reasonable basis for implementing reports on sustainability issues, as companies need to ensure profit maximization (Assaf et al., 2012, 596–600).

The valuation of employees and environmental welfare is taking on an increased significance in stakeholders' requirements, resulting in the incorporation of CSR activities and CSR reporting in the hotel industry in the past few years. According to Kapardis and Neophytidou (2009, p.1), decreased operational costs, product differentiation, strong brand image, customer loyalty, better hospitality service and growth in overall performance are some of the benefits hoteliers have experienced when incorporating CSR in everyday activities. Kapardis and Neophytidou claim that the hotel industry will focus on sustainability reporting and will increase its force in CSR because it is becoming part of the product that is differentiating it as a competitive advantage.

“Tourism stakeholders are applying sustainability practices at a slow pace” (Mihalic, 2014, p. 2). The author observes that the idea of sustainable tourism is “introduced in action and practice slowly,” which is the result of “tourism irresponsibility” (2014, p. 2). However, “there is some evidence that responsibility concepts in the form of CSR models are applied to private and public sector tourism practice” (2014, p. 3).

Bohdanowicz (2014, pp.133-144) notes that today corporate social responsibility is on the agenda of tourism businesses, as numerous hotel companies now proclaim their environmental and social responsibilities. Hilton International is one of the companies that have already implemented a CSR-related initiative, called the Hilton Environmental Reporting system. As Bohdanowicz (2014, pp.133-144) states, Hilton International created this environmental reporting and benchmarking system in order to improve the monitoring of all its facilities.

Furthermore, the multinational hospitality company known as International Hotel Group, which owns several hotel brands, is also contributing to the CSR movement. In order to reduce its energy and carbon emissions, International Hotel Group implemented a new campaign which “drives energy savings through an online service called ‘Green Engage’ ” (Bohdanowicz, 2010, p. 6). In its focus on employees, which includes “training programs for ecological sustainability and a program for the re-direction of funds”, Scandic provides another example of CSR incorporation in a company's core strategy (2010, p. 7). Bohdanowicz (2010, pp.3-11) numbers various successful CSR initiatives seen in tourism companies, such as the Hilton University, which aims to deliver training to staff willing to build a career within the organization, as well as the Health and Healthy Lifestyle program aiming to deliver a program for the motivation and support of those who wish to quit smoking.

## **4 DEVELOPMENT OF TOURISM IN MACEDONIA**

### **4.1 Quantification of Tourism in Macedonia**

The official statistical data of the tourism industry in Macedonia includes only hotels and restaurants, which certainly limits the depth of analysis. The term tourism in Republic of Macedonia is considered as identical to the term hotel industry (Petrevska, 2011, pp.101-108). International tourist arrivals were used in the recent past to measure tourism demand.

The lowest number of international tourist arrivals since the 1970s was recorded in 2001, due to the war conflict in Macedonia. In 2001, only 98 000 international tourists were recorded in the State Statistical Office of the Republic of Macedonia ([www.stat.gov.mk](http://www.stat.gov.mk)). In the period 2002-2013, Macedonia recorded a constant, uninterrupted growth in the number of international tourist arrivals.

In 2015, the State Statistical Office reported that 735 650 tourist visits and 2.19 million overnight stays were recorded in 2014. In the period 2010-2014, the records show a meaningful growth of 25% in total tourist numbers, the overall growth being due to foreign tourists, as the number of foreign tourists is greater than that of domestic guests. Since 2010, domestic tourism decreased 6.91%, with a modest growth of 2.72% in 2014. The decrease in the number of domestic tourists may be a consequence of the migration trend which has had a noticeable impact in last years. According to the report of the World Bank (2011), the number of Macedonian citizens who have emigrated from the country has risen to 447 138.

One of the problems of tourism in Macedonia is seasonal demand. The seasonal distribution of tourist arrivals indicates that the prime visits are in the summer period (July, August and September), with a significant number of tourist arrivals also recorded during the New Year and Christmas holidays (Ministry of Economy, 2009). “The tourism sector is not spread evenly across the territory of the country” (World Bank, 2012, p.10). Of 8 regions in Macedonia, the Southwest region, which includes Ohrid, “accounts for about 60% of the accommodation capacity and a similar proportion of the total overnight stays.” The Skopje region has 9% of the rooms and 15% of overnight stays, reflecting the higher year-round occupancy in the capital (2012, p. 10).

In terms of the occupancy rate of accommodation facilities, the data from the statistical office provides calculations based on the total accommodation units open throughout the year, although many of them operate only during the tourist season. In 2005, only 78% of the hotels worked 12 months of the year, 5% of accommodation facilities worked more than 5 months and 7% were open less than five months. The annual rate of utilization of 39%, provided by

the State Statistical Office, is fairly generalized and lower than the actual number (Ministry of Economy, 2009, p.90).

Although the number of tourists is perceived as an indicator of growth of the tourism sector, one must note that the increased growth and larger number of tourists is not always seen as a positive trend. “High-volume tourism can be a strategy for many countries, but other countries have pursued different models, e.g. low volume, high spending” (World Bank, 2012, p. 9).

Several observations regarding the accommodation utilization in Macedonia must be made. First, capacity utilization of the Ohrid Lake and Prespa Lake region is high only in the short period during the summer season, with frequent conferences somewhat bolstering the numbers during the remainder of the year. Second, the accommodations in the mountain regions are mainly unused over the summer period and have a high rate of utilization only during a short winter period, mainly due to the limited duration of the winter holidays. Third, Skopje and other business centers have a more equitable distribution of utilization of the facilities throughout the year, with some reduction during the weekends and holidays. Fourth, utilization of the spa facilities is steady year-round. A balanced distribution of the summer and winter school holidays would help improve capacity utilization.

The contribution of tourism towards the economic development of Macedonia is of great importance. In order to evaluate the economic contribution of tourism, GDP and employment data from the State Statistical Office in Macedonia was used as an indicator. During the period 2002-2010, Macedonia had fluctuating GDP growth. In 2002, Macedonia had a huge unexpected growth in tourism, following the negative events that took place in the previous period. Petrevska (2012, 63-70) suggests that this growth is the consequence of a decrease in the number of “domestic populations traveling abroad.” Similarly, she suggests the increased interest for traveling abroad is the reason for the fall in GDP in 2004. During the remainder of the 2004-2010 period, tourism industry is growing smoothly with a noticeable drop in 2008-2010 due to the financial recession. On the other hand, the World Bank report considers that, “tourism in Macedonia may have been underperforming” in the number of tourists per capita and GDP contributions (World Bank, 2012, p.10).

In last years, the percentage of employees in the tourism industry in Macedonia has remained practically unchanged. The data presented by the State Statistical Office show a “constancy in the number of employees”. Although the employment numbers are modest, overall the tourism industry in Macedonia has a high effect on the employment rate in the country.

## 4.2 Tourism Strategy in Macedonia

Macedonian tourism is beyond its competition as a result of deficiency of concept for development and appropriate economic policy towards supplementary sectors which are necessary for tourism development. Compared to other countries, Macedonia “skipped the development phase” of creating its own tourism identity, which has resulted in the current state of “ill-formed tourist offers and undeveloped tourism industry” (Petrevska, 2011, p. 101). It is clear that changes and actions must be undertaken in the development of tourism in Macedonia.

The National Tourism Development Strategy of Macedonia 2009-2013 was prepared with the central idea that by 2013 Macedonia would be a well-known touristic destination in Europe on the basis of its cultural and natural heritage, known for the high quality of its products and services. Such a strategic document is a necessary requirement for the economic development of any country. Petrevska (2011, pp.101-107) adds that certain actions must be taken to forge a course for the development of tourism that would contribute to the finest usage of resources and creating possibilities for supporting the development but without treating the industry as independent sector but as important part of the economy. Macedonia needs a selective approach in the creation of its tourism strategy since the general idea for tourism development is created considering the needs of the tourist, in general. (Goeldner & Ritchie, 2006, p. 378) and Macedonian tourism resources have to be examined in detail to be meet the requirements of the tourist’s needs and desires (Petrevska, 2011, p. 102). Tourism can be the solution to the world-wide problem of unemployment. Seeing as chances for development on individual level are almost not existing as the solution in Macedonia can be found only in the country’s tourism institutions.

In general, tourism development in Macedonia can be described as showing a deficiency of ideas and vision while the neighboring countries are doing business and tourism by following the previously recognized and known vision for expansion (Temenugova, 2001, p. 51).

Petreska (2011, pp.101-107) presents two different approaches to the significance of tourism in the development of the economy in Macedonia. Some economists support the idea that the main focus of the country and all its available power should turn to intensive tourism development. By claiming that tourism is the industry that can achieve certain development and reflect economic development. Others believe that the presented image of tourism and its purported positive impact on the economic development of the country is not real. This aspect full with criticism is as a outcome of the modest results in the tourism that creates an image of insignificant role in the country’s development goals.

Such arguments are based on the modest results of tourism in the country, with seasonality employment and poor usage of the capacities that results with social problems. The second group of experts believes that no matter how wide-ranging the definition of tourism activities, it is not possible for all sectors of the economy to be included.

In recent years the government has conducted many actions and activities in order to attract as many tourists as possible and turn the country into an attractive tourist destination. The Tourism Development Strategy adopted by the Macedonian government envisions that 4-5% of the GDP should be secured from tourism by 2015. The strategy also envisions the development of all types of tourism - mass, rural, alternative, winter, wine and ecotourism (Ministry of Economy, 2009, pp.141-143).

The action plan of the tourism strategy is divided into national and local levels, with certain measures and activities to be undertaken by the government while others are implemented on a local level with the help of the municipalities. Another fact that vouches for the attention tourism receives and the significance attached to it is the launch in 2008 of the Agency for the Promotion and Support of Tourism in the Republic of Macedonia, a national agency whose primary aim is the promotion of the country's tourist resources and capacities at an international level, the main aim being that of attracting tourists to Macedonia as a unique tourist destination.

The importance of tourism for the economic development of the country is enormous, as it creates new jobs and promotes the cultural values and natural resources of Macedonia. According to the Ministry of Economy's website, the Government will continue its support for this sector through appropriate actions, policies, infrastructure and by promoting the country as an attractive travel destination.

The project to create a Macedonian tourist brand is fully supported by the Government of the Republic of Macedonia, which provides funds for creating a brand. By launching marketing campaigns and establishing tourism development zones in Ohrid, Prespa and Dojran, the Government wants to attract foreign investors for building hotels and developing the industry. This shows the importance and attention given to tourism.

In 2012, the World Bank made an assessment of the tourism sector in Macedonia, where it provided strategic directions for the country, made suggestions and performed critical analyses of tourist products and services, infrastructure, environment, marketing and promotion, investment, human capital and tourism organization. The evaluation of the National Tourism Development Strategy (NTDS) showed it lacks broad and detailed actions for implementation. Criticism was directed at the "lack of integration in wider policy (e.g. urban planning), weak connection to markets (notably the domestic and regional markets), limited geographical or



thematic clustering, and lack of attention to governance (public-private and sub-national)” (World Bank, 2012, p. 11).

In the Activity Program of the Government of the Republic of Macedonia for the period 2011-2015, 65 projects are identified with the aim of strengthening tourist services, among them a significant number of projects. The projects include: defining tourist sites and attracting investment; providing training programs; marketing proposals and increasing awareness; support for tourism businesses; and a large number of specific projects thematically organized around alternative tourism, spa and health tourism, wine tourism, culture and religious tourism, rural tourism and lake tourism.

In the World Bank assessment (2012, p.12), certain observations were underlined, some of which are:

In terms of strategy, lack of knowledge and awareness, poor implementation and main results were noted. Simple, effective communication is needed. For the successful implementation of the strategy and projects, all stakeholders from both the private and public sector should be included in the process.

Every actor in the tourism industry “needs to be clear about targets in terms of growth, development and seasonal and spatial spread, the purpose behind the projects and the strategy need to be clearly understood and articulated”

All actions should correspond with clear market data for domestic, regional and international markets.

When promoting its tourist offer, Macedonia divides products/markets into separate clusters, identified as different forms of tourism, whereas the World Bank suggests the clusters should be connected both in development and promotion. “Many foreign and domestic tourists are attracted by the combination of cultural, lake, rural, wine and mountain products as part of one offer.”

Although previous tourism strategies provided quantitative evidence of visitors by way of tracking arrivals at the accommodations, “the data required for tourism planning is generally lacking” (World Bank, p. 13). Due to this fact, the World Bank proposes introducing or improving the following four types of data collection:

Visitor arrival records. Information for the purpose of the visit would be useful. The suggestion from the World Bank is that visitors are grouped in the following categories: business, leisure visitors, people visiting friends and relatives, group visitors and all-inclusive

tours. Such information could be collected through border/arrival questionnaires or information obtained at accommodation check-in.

Visitor surveys. Precise information on delivered services and indications on weakness require “well-constructed sample surveys.” All service providers, from hotels to tourism bureaus, “should regularly collect feedback on the quality of services and suggestions for improvement through questionnaires of their international and domestic visitors and clients.”

Market analysis. Cooperation with tour operators is necessary in order to identify “awareness, attitude and knowledge” of Macedonia in general, as well as its services and products. Such information will supply the trends of the markets relevant to particular segments and products.

Business performance. Many countries practice the collection of monthly and annual statistics from hotels and other accommodation facilities in order to “keep abreast of overall performance and seasonal spread” and Macedonia should do so as well. This can be implemented through surveys which will provide “more detailed issues in performance, needs and barriers for growth, including matters such as recruitment, investment plans, and access to markets.”

### **4.3 Challenges and Opportunities in the Tourism Industry in Macedonia**

In its comprehensive analysis of the state of tourism in Macedonia, the World Bank (2012) offered a number of conclusions and suggestions that could improve the competitiveness of the Macedonian tourism industry.

One of the challenges noted in the report is the lack of skilled human resources in the sector. On the one hand, companies stated they struggle to acquire skilled staff, but on the other hand the companies do not provide the necessary training. “The gap between the supply of relevant skills and the demand from the private sector was identified as a broader issue in other analysis as well” (2012, p. 14). If tertiary education and vocational training were provided, the private sector would have access to skilled and qualified professionals.

Second, the involvement of the private sector and its cooperation with the government is poor. Although in recent years improvements have been made, more effective and efficient cooperation with tourism institutions should be the goal.

Third, the “number of regulations and their lack of clarity” (2012, p.15) is cited as a barrier for tourism businesses. The availability of finances and seasonal employment are identified as issues in the tourism sector. Inappropriate regulations regarding seasonal employers, such as

“lack of formalization of the seasonal employment and insufficient protection of seasonal workers” have been noted.

Fourth, “limited awareness of FYR Macedonia as a destination in Europe is an ongoing challenge” (2012, p.15). As changing the awareness of Macedonia as a tourist destination is not easy, strengthening the destination awareness and the Macedonian brand should be a high priority.

Fifth, the small number of direct flights is yet another issue that should be addressed. “The limited number of direct flights from major international source markets is a severe limitation, affecting appeal to individuals and the travel trade” (2012, p.15). Flight prices are another problem, affecting the overall cost and competitiveness. The Macedonian government has been dealing with the issue, offering financial support and ticket subsidies to low budget airlines in Europe. However, more efforts should be made to increase the number of flights from major European capitals.

The quality of accommodation and the level of service are further challenges contributing to the poor competitiveness of Macedonian tourism. “Accommodation ratings are not in line with international standards which lead to poor quality assurance and false expectations” (2012, p.16). Ensuring effective tourist information and improvement of data and market knowledge are also areas where progress should be made.

On the other hand, Macedonia should maintain its value for money, which is considered strength and should be used as an opportunity to strengthen tourism competitiveness. Another opportunity contributing to the positioning of Macedonian tourism are the various attractions and activities located throughout the country. Special accent should be paid to increasing the number, range and appeal of attractions and activities in general, as a basis for visitor trips and excursions, which was identified as a relative weakness in the VCA. Macedonia is also addressing sustainability issues, as “it is important that tourism takes care of the communities and the environment” (2012, p. 19). This is another opportunity noted in the World Bank report that can help improve the country’s competitive position.

The Agency for the Promotion and Support of Tourism and the Government seek to emphasize alternative types of tourism as a product and a comparative advantage that can contribute towards Macedonia’s competitiveness in the tourism market. Rural tourism, wine tourism, lake tourism, mountain tourism and cultural tourism are the five types of tourism that are supported and promoted by the institutions and are considered a good opportunity for tourism development in Macedonia (2012, p. 41).

In 2013, after Kirk Smock’s visit in Macedonia who is USAID expert for sustainability in tourism helped the Agency for the Promotion and Support of Tourism to understand the meaning of adventure tourism. In cooperation with Adventure Travel Trade Association

(ATTA) SBEP suggested several activities and projects that will help to Macedonia to renew the focus within tourism industry (USAID, 2013,p.1).

Adventure travel is a feature of the Macedonian tourist offer and includes hiking, horseback riding, biking, caving, paragliding, kayaking and exploring rural villages, but a great deal of improvement and promotion is needed. Adventure travel is of high value and, according to a 2013 Adventure Travel market study, the adventure travel sector has grown from US\$ 89 billion in 2009 to an estimated value of US\$ 263 billion in 2013. This bodes well for the Macedonian tourism industry. Additionally, tourists who prefer adventure tourism believe in responsible tourism and social development, which will help promote Macedonia as a country that supports sustainable tourism (p. 2). The ATTA membership is a prodigious opportunity to boost the tourism industry in Macedonia, as “members of ATTA represent and provide a direct link to tens of thousands of potential visitors” (USAID, 2013, p. 1).

## **5 DATA AND METHODOLOGY**

### **5.1 Data Description**

As mentioned previously, the main aim of this thesis is to ascertain attitudes towards corporate social responsibility in the Macedonian tourism industry. Various organizations fall under this label, but for the purpose of this study the term tourism industry comprises private companies such as travel agencies, tour operators and hotel companies.

According to the 2010 report issued by the Macedonian State Statistical Office, the total number of accommodation establishments is 383, a category which includes facilities such as hotels, motels, boarding houses, spas, mountain lodges, children and youth vacation facilities, youth hostels, overnight lodging houses, workers’ vacation facilities, sleeping cars and uncategorized accommodation establishments. Much of the data has not been updated since and when a report was obtained from the Ministry of Economy on January 31, 2015 for the need of this thesis, the total number of accommodation establishments was 229, although this figure included only categorized hotels. Interestingly, the number of listed properties in Macedonia on booking.com is 607. There is an obvious disparity in the numbers as some accommodation establishments are not officially registered, perhaps in an attempt to avoid taxation.

At the beginning of the analysis process, finding an official list of accommodation facilities with contact information was a problem. The list of categorized hotels from the Ministry of Economy provides only name and location. Finding an official list of tourist agencies and tour operators has posed an even greater difficulty. The last report from the Ministry of Economy

was compiled in 2011 and the official list of registered tourism agencies and tour operators numbers 461. Again, no contact information is published.

The official list of accommodation facilities and tourist agencies from the Agency for the Promotion and Support of Tourism in Macedonia (APST) is used for the purpose of this study. 370 companies are registered in the APST official database, which provides all the necessary information for a given facility.

The number of completed questionnaires in period set for data collection was 81. With a total response rate of 21%, this survey can be considered effective since “on-line surveys have a likely response rate of around 10%” (Saunders, Lewis & Thornhill, 2003, p. 284).

The entire process of data collection was laborious, as it took one month to collect the survey results from the companies. The first time the survey was sent, only 24 companies responded to the questionnaire; 20 more companies answered the second time; in the end, after sending a third reminder mail and making several phone calls to the targeted companies, the number of completed surveys reached 81. Many companies refused to participate due to a lack of time or interest for such research. One manager said: “No one will fill your survey, we don’t have the culture of participation in such research, while another advised “you better sit down and fill the questionnaire yourself. Companies don’t have the time and won’t respond to your survey.” It can be noted that Macedonian companies resist the participation in research studies and refuse to spend time answering questionnaires.

## **5.2 Methodology**

According to Elias (1986, cited in Veal 2006), the main aim of research is discovery to learn something that has not been learned. Veal introduces three types of research: descriptive, or clarifications of what is discovered; explanatory, or clarifying how or why things are as they are; and evaluative, or evaluation of policies and programs. The research used in this study is descriptive research, aiming to discover the attitude of the Macedonian tourism industry towards corporate social responsibility. Descriptive research is the one most commonly used in the tourism industry (2006, p. 3). This research has “discovered patterns of behavior in areas or activities which have not previously been studied” (2006, p.3).

The questionnaire on corporate social responsibility in the Macedonian tourism industry is designed to carry out a quantitative analysis. “Seeing what journal articles, books and other sources say about previous and contemporary research on the topic is essential” (Balnaves & Caput, 2001, p.240). This research employs quantitative methodology due the fact that in the

last years the quantitative method for research has been encouraged in studies of tourism industry (Dwyer, Gill & Seetaram, 2012, p.1), and they tend to underline the reality upon which people agree (Newman & Benz, 1998, pp. 2). “Quantitative research falls under the category of empirical studies, according to some, or statistical studies, according to others” (Newman & Benz, 1998, pp. 10). This type of research, “in this case simply means research based on evidence from the real world” (Balnaves & Caput, 2001, pp. 29).

The first step of quantitative research is data collection on the basis of a certain hypothesis. The aim of the first part of the questionnaire is to determine the respondents’ profile. Questions regarding the workplace, level of education and work experience are asked specifically for this purpose.

The second part examines awareness of corporate social responsibility. Respondents answer questions as to whether they are cognizant of the CSR concept and what is the source of their knowledge.

The aim of the third part is to examine attitudes in the Macedonian tourism industry towards CSR. The most used tool in tourism industry are surveys where statistics is mostly used like quantity of respondents agreeing with certain stance. (Dwyer, Gill & Seetaram, 2012, p. 31). Rating or scale questions are used, where a respondent is asked to rate how strongly she or he agrees with a statement (Saunders, Lewis & Thronhill, 2003, p. 418), also known as the “Likert scale”, measuring the attitude of executives and how strongly they agree or disagree with the given statements regarding CSR. The most used answers are ‘strongly agree’, ‘agree’, ‘disagree’ and ‘strongly disagree’ and between the two sides there is a midpoint which is labeled as ‘neither agree nor disagree’, assumed to represent a respondent’s position that is exactly in equal distance from ‘disagree’ and ‘agree’ (Baka & Figgou, 2012, p. 247).

Twenty-seven agree or disagree questions are drawn from previous United Nations Industrial Development Organization (UNIDO) research which was carrying out a survey for SMEs in Central, South and Eastern Europe to get a better information and to understand the Corporate Social Responsibility (CSR) in the region.

Five sets of four statements, each representing economic, legal, ethical and philanthropic responsibilities from Carrol’s (1991) components of corporate social responsibility, are provided to measure the attitude towards CSR. Respondents are asked to answer the unique statements using a “Likert scale” five point rating measurement. Each statement is clustered in an economic, legal, ethical and philanthropic group, where respondents are asked to rate slight variations of statements in each group.

The last part of the questionnaire is intended to examine the engagement of Macedonian tourism executives in corporate social responsibility. Using the Ashridge (2005, pp.4-28)

Catalogue of CSR Activities, certain activities are enumerated and respondents selected by ticking the boxes corresponding to various CSR activities to be implemented in their companies.

To make sure that the instructions and the questions were understandable, the questionnaire was pre-tested. When the final version was ready, it was transformed into an on-line form using “Google Forms”. The reason for creating an on-line survey is that this type of survey is the easiest way to forward and to receive questionnaires from companies (Bryman & Bell, 2003, pp. 512), with an additional benefit that they are relatively low-cost. Bryman and Bell also claim that that rate of unanswered questions in on-line surveys is lower. The purpose of the research was clarified in a cover letter, an option provided in the Google Form application.

The list of contact information from hotels, agencies, tour operators and other actors in the tourism industry from the Agency for the Promotion and Support of Tourism and the Ministry of Economy was used to send the survey. The first survey was sent on March 10, and the survey was forwarded once again seven days later as a reminder to all companies. Due to the low response rate another reminder was sent to the companies, followed by phone calls at the end of March and the beginning of April, when companies were asked once again to participate in the research. The survey closed on April 12.

### **5.3 Hypotheses**

Although there is a great deal of research on corporate social responsibility and varying attitudes towards this concept can be identified, not much research on the topic has been carried out in Macedonia the only one that could be found was done by the Macedonian newspaper *Kapital* in November 2013.

The resources that companies allocated for donations grew 56.6% in the period 2007-2012, which can be considered a positive trend in terms of philanthropic behavior by Macedonian companies. The experts in this field argue that the main obstacle for the growth of CSR in Macedonia is the law for donations and sponsorship, which does not stimulate the companies to allocate means from their budget for CSR purposes. “The complicated procedure and the lack of clearly defined documents needed for this purpose is the reason why some companies do not engage in the practice” (Kapital, 2013, pp. 2).

Only large companies participated in the *Kapital* research for corporate social responsibility; to illustrate, 98% of enterprises in Macedonia are small or medium companies, and no tourism companies participated in this survey. The SWOT analysis in the National Agenda for Corporate Social Responsibility in Macedonia, created in 2008, states that the awareness of

companies for corporate social responsibility is low, and the business climate is unpredictable (National Agenda for CSR, 2008). Therefore the following hypothesis was proposed:

H1: Engagement in CSR activities in the Macedonian tourism industry is poor;

Carroll's pyramid for corporate social responsibility proposes economic responsibility at the base of the pyramid for corporate social responsibility, on top of which lay the legal, ethical and philanthropic responsibilities – meaning that if the economic activity is not robust enough, the others responsibilities cannot exist. Carroll and Hatfield (1985), Pinkston (1996) and Smith (2001) state that economic responsibility is of greater importance than the other three. Hence, the following three hypotheses were formed:

H2. Economic activities are more important than legal activities for tourism companies in Macedonia;

H3. Economic activities are more important than ethical activities for tourism companies in Macedonia;

H4. Economic activities are more important than philanthropic activities for tourism companies in Macedonia;

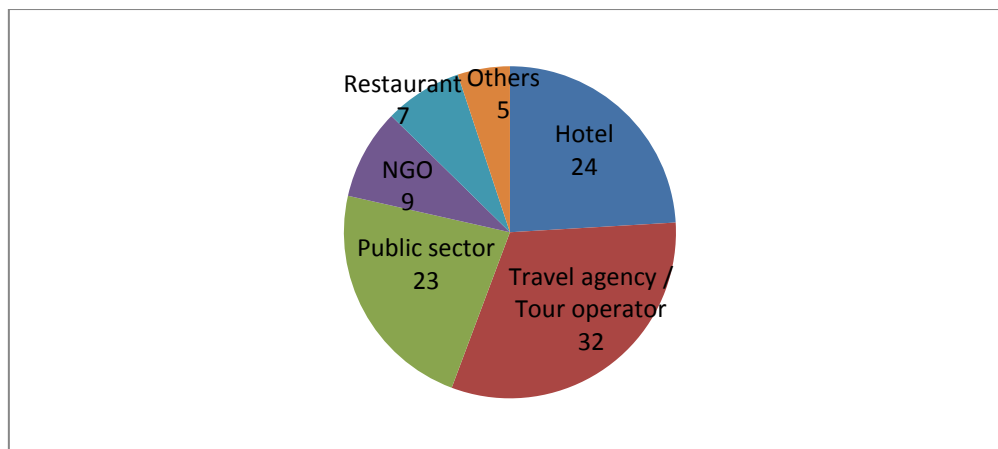
## **6 ANALYSIS OF THE RESULT**

### **6.1 Description of the Sample**

From the total target pool of 370 companies involved in the Macedonian tourism industry, 81 responded and took part in the research. Hotels make up 24% of the total target pool, travel agencies/tour operators amount to 32%, the public sector accounts for 22%, NGO 8.6% and restaurants make up 7.4%. “A key objective of survey research is to obtain data which is representative of the population”, i.e. the amount of companies in the survey should represent the “larger population” within the industry (Finn and Elliot-White, 2000, pp. 87). The number of companies participating in this study approximately represents the tourism industry. This is true of all tourism sectors which participated in the survey.



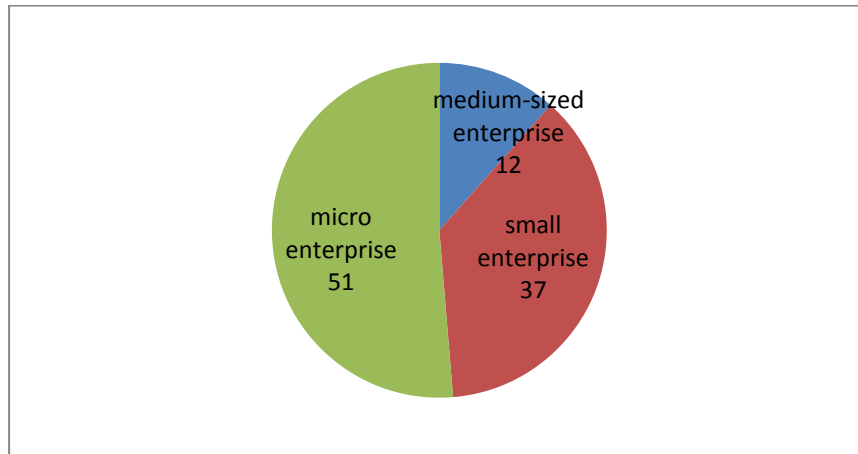
Figure 2. Participant companies by tourism sector in % (n=81)



The first part of the questionnaire examines the basic profile of the target. Of the 82 respondents, 54% have a bachelor's degree, while 31% have a master's degree. Of the companies, 34% have worked for more than 10 years in the tourism industry, while 36% have more than 5 years of experience in the industry. Representation of the diversity in terms of company size is a vital independent variable for this study. The correlation between company size and corporate social responsibility attitudes permits a more comprehensive and segmented analysis of CSR in the Macedonian tourism industry. The information on the size of the companies was acquired from the State Statistical Office website.

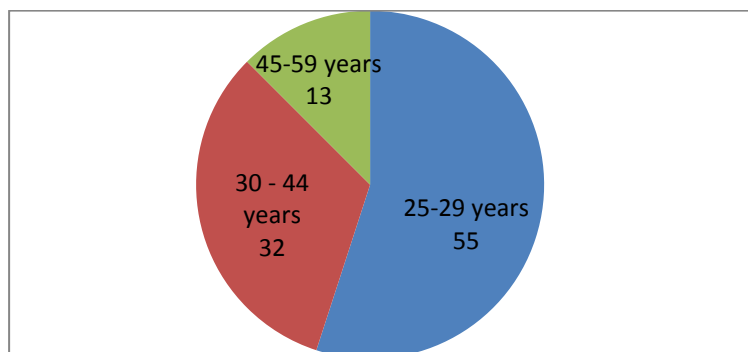
According to the European Commission (2003), medium sized businesses are with less than 250 employees and with turnover beyond 50 million EUR. Small businesses are considered with less than 50 persons and with annual turnover less than 10 million EUR while micro is having fewer than 10 people and yearly is having 2 million EUR turnover. Micro-sized enterprises amount to 51% of the Macedonian tourism industry, small enterprises amount to 37%, while medium enterprises amount to 12%; as can be seen below, the sample is representative in terms of company size.

Figure 3. Participant companies by size in % (n=81)



The majorities (55%) of the representatives are 25-29 years old, those aged 30-44 make up 32%, while 13% of the participants are 45-59 years old. No representative of 60 or more years participated in the study. The results indicate that the opinions of employees constitute 42% of the responses, while 19.8% of respondents are general managers, 18.5% middle management and 16% are representatives of executive boards. This must be considered a relevant aspect of the study, seeing as the majority of the survey population does not make decisions on the strategy and management of the company. This is a important factor which affects the outcome of the study.

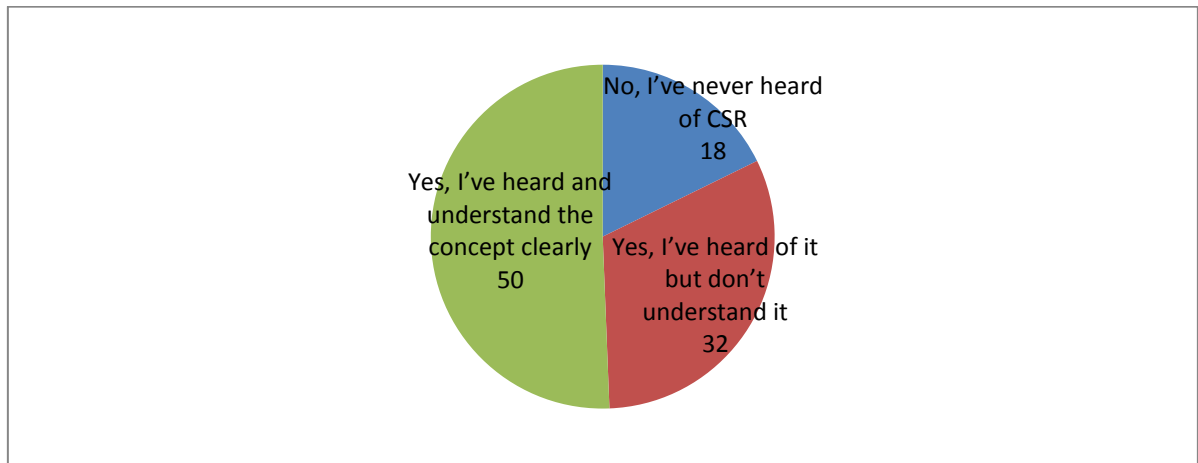
Figure 4: Research participants by age in % (n=81)



## 6.2 Awareness of Corporate Social Responsibility

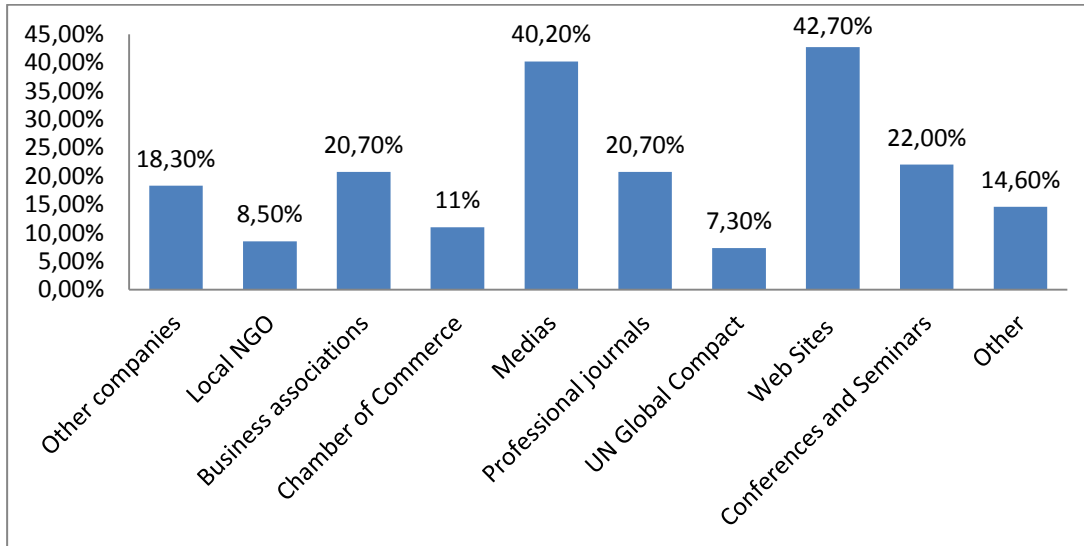
The second part of the questionnaire examines the awareness of corporate social responsibility among Macedonian tourism companies. It may be said that Macedonian tourism companies are cognizant of the concept as 82% of the participants say they have heard of corporate social responsibility; more precisely, 50% of companies understand the concept clearly, 32% have heard of it but do not understand it fully, while 18% of the targeted companies have never heard of CSR.

Figure 5. Participant companies by CSR awareness in % (n=81)



The majority of the representatives were introduced to the concept of corporate social responsibility by the Internet (43%) and the media (40%), while the UN Global compact (7%), the Chamber of Commerce (11%) and NGOs (8.5 %) are on the lower end of the scale as sources whence representatives heard of the concept. This must be emphasized, since the majority of representatives became acquainted with the concept of corporate social responsibility through media and the Internet.

Figure 6. Means of introduction to CSR



### 6.3 Attitude Towards Corporate Social Responsibility

The aim of the third part of the questionnaire is to examine the attitude of the Macedonian tourism companies towards corporate social responsibility. A five-point scale is used to represent the level of agreement or disagreement and the neutral values were calculated with One-Sample T-Test.

The internal consistency articulated by Cronbach's  $\alpha$  scale of attitude towards corporate social responsibility is  $\alpha = .80$ . The average value of the attitude towards corporate social responsibility is 66.85, which indicates that Macedonian tourism companies have a positive attitude towards CSR. To examine whether the resulting average statistical value differs from the theoretical value for the weighted average scale, the T-Test was applied. According to the findings,  $t(79) = 13.57$ ,  $p < .01$  no statistically significant difference; the resulting average value for the attitude towards CSR significantly exceeds the average theoretical value, which means that the average participant responses (i.e., the corresponding tourist companies) have a positive attitude towards corporate social responsibility. The following tables provide a more comprehensive examination of the tourism companies' attitudes towards CSR in order to explain the outcome.

Table 1. Structure of answers for corporate social responsibility

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
The concept of CSR is resource intensive and expensive	5.4%	31.1%	24.3%	35.1%	4.1%
Multinational companies rather than SMEs are obliged to implement CSR	7.9%	35.5%	11.8%	34.3%	10.5%
Government authorities should promote CSR	3.8%	6.4%	10.3%	42.3%	37.2%
SMEs can only commit to CSR if resources are provided by the government or other institutions	3.9%	22.4%	18.4%	40.8%	14.5%
Responsible companies go beyond what is required by the law to make a positive impact on society and the environment	0%	8%	17.3%	50.7%	24%
Protection of the environment is one of the activities of CSR	0%	5.3%	11%	51.3%	32.4%
The concept of CSR is more suitable for companies which operate in developed rather than developing countries	5.3%	35.5%	14.5%	35.5%	9.2%
CSR is more relevant for the manufacturing industries than the service sector	10.7%	38.7%	21.3%	24%	5.3%

The results of the survey show that companies have a divided opinion on corporate social responsibility in some of the statements: 36% disagree with the statement that CSR is an intensive and expensive concept, while 39% agree with this statement. The large number of respondents who answered ‘neither agree nor disagree’ came as a surprise. The percentage of companies who chose that answer in most questions is over 18%, which is considered acceptable. “A large body of existing research tends to interpret the mid-point responses in terms of lack of formulated opinion,” or as many authors claim, “the mid-point choice hides the respondents’ ignorance or the fact that they don’t hold an opinion” (Baka & Figgou, 2012, p. 256), which leads to misrepresentation of the result because “the presence of a mid-point on an importance scale has distortions in the overall results” (Garland, 1991,p.68).

Table 2. Structure of answers for corporate social responsibility

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
CSR can lead to an increase in profits	0%	8.1%	25.7%	58.1%	8.1%
Companies that are socially responsible have better competitive advantage over companies that are not.	0%	9.3%	20%	54.7%	16%
Company managers are educated to manage and achieve maximum profitability, not work on issues concerning the environment and society.	5.4%	33.8%	14.9%	35.1%	10.8%
CSR defocuses the company from the primary business purpose with its socially responsible activities	9.3%	49.4%	17.3%	20%	4%
Companies must understand that they are a part of society and should behave accordingly for long term success	0%	5.3%	13.3%	48%	33.4%
Companies that practice CSR improve consumers' attitude toward them	1.3%	5.3%	18.4%	48.7%	26.3%
CSR is a formal process of relationship management through which companies engage with their stakeholders to align their mutual interests	1.4%	6.8%	45.9%	40.5%	5.4%

The attitude toward CSR implementation with regards to organization size varies, 44% of companies agree that multinational companies should be obliged to implement CSR rather the SMEs and 43% disagree with this statement. Nevertheless, companies share the opinion that promotion and support for CSR should come from governmental authorities, as 79% agree. The majority of respondents (55%) think that SMEs can commit to CSR only if the resources are provided by the government or other institutions, confirming the notion that CSR implementation is expensive for Macedonian companies and support for its execution is need from other institutions able to provide the required resources. That a responsible company goes beyond what is required by law to make a positive impact on society and environment is a shared opinion among examiners with 74% agreeing. Results show that companies are aware

that one of their responsibilities is to protect the environment and their actions have a direct impact on it, since 83% of companies agree that protection of the environment is one of the activities of CSR.

A more diverse opinion is present regarding the countries in which CSR should be implemented; almost equal measure of respondents (44%) agree and (41%) disagree that CSR is more suitable for companies which operate in developed rather than developing countries. In addition, 49% of companies disagree that CSR is more relevant for the manufacturing industries rather than for the service sector.

Macedonian companies believe that public relations and marketing considerations are the prime motivation behind CSR implementation; 57% of companies agree that reputation is the prime motivator for the integration of CSR in daily business activities, possibly resulting in an increase of profits, as 66% of companies believe. Representatives have a strong opinion on the organization's positioning in the market with its CSR activities, as 70% agree that companies that are socially responsible have a better competitive advantage over companies that are not.

Although they believe that CSR can increase profits and improve competitive advantage, 46% of company representatives agree that managers are educated to manage and achieve maximum profitability, not work on issues concerning the environment and society. Furthermore, tourism companies overwhelmingly support the idea of CSR, as 81% understand that they are a part of society and should behave accordingly for long term success. 75% think that companies which practice CSR improve the consumers' attitude toward them. Weber (2008) states that companies which believe in the concept of CSR enhance consumer attitudes towards said company, thus improving their image, while the same consumers fund the CSR activities implemented in the company. This can also become a practice in Macedonia, but only to the point where customers would see the added value of the 'extra money' they are paying, while at same time reflecting on the contribution the company is making towards the wellbeing of society.

With these answers in mind one can argue that not only does the Macedonian tourism industry have a positive feeling towards CSR, it also seems to have a relatively strong awareness of the advantages that CSR can bring to a company engaging in such activities.

Responsibility towards the local community and the environment is the top driver for responsible business: 90% of respondents answered that taking care of the environment is the main motivator behind implementing CSR in their organization, while responsibility towards customers, employees and shareholders is in second place as a motivator for CSR with 84% agreeing, and 72% stated that companies should act ethically. The profit motive was lowest on the scale with only 60% of companies agreeing that being profitable is the top driver for responsible business.

Table 3. Structure of answers for the top drivers for responsible business

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Responsibility towards customers, employees and shareholders	2.7%	5.3%	8%	56%	28%
Being profitable	1.4%	15.1%	23.3%	45.2%	15%
Responsibility towards local community and the environment	1.4%	1.4%	7 %	58.2%	32%
Acting ethically	0%	2.8%	13.9%	44.4%	38.9%

The statements from Carroll’s pyramid (1991) were used as an indicator to measure the attitude towards corporate social responsibility. As it is a draft with repeated measures, in order to determine whether there are differences in the importance that tourism companies attribute to the economic, legal, ethical and philanthropic activities direct, ANOVA was applied with repeated measures.

Huizingh (2007, p. 268) states, “the T-Test always involves the means for an interval or ratio variable, with the assumption that the cases belong to random samples from a normally distributed population.” According to the null hypothesis population is the same as a value, but at the same time according to H1 population parameter is not the same than the value in the null hypothesis.

Before the test began, the second, third and fourth hypothesis were calculated in summative scores of the importance of economic, legal, ethical and philanthropic activities. Internal consistency was examined using Cronbach's  $\alpha$  and the following coefficients were obtained:  $\alpha = .76$  (the importance of economic activities);  $\alpha = .71$  (the importance of legal action);  $\alpha = .85$  (the importance of ethical activities), and  $\alpha = .91$  (the importance of philanthropic activities). Among the factors dependent on the magnitude of the coefficient of Cronbach's  $\alpha$  is the number of items which are calculated in summative score. Conventional values for Cronbach's  $\alpha$  in the range of .80- .90 indicate a good internal consistency as one of the forms of reliability of the measure. Considering that the economic, legal, ethical and philanthropic activities number only four items, the derived figures indicate a solid internal consistency.



Table 4. Descriptive Statistics

	Mean	Std. Deviation	n
Economic activities	3.6891	.89387	76
Legal activities	3.9342	.66127	76
Ethical activities	3.9770	.60852	76
Philanthropic activities	3.8947	.80131	76

The findings of the analysis with ANOVA with repeated measures with Greenhouse-Geisser correction shows  $F(2.63, 76) = 1.89$ ,  $MSE = 0.62$ ,  $p = .14$ ,  $\eta^2 = .02$  that there are no statistically significant differences in the importance that tourism companies attribute to economic (mean = 3.69, sd = 0.89), legal (m = 3.93, sd = 0.66), ethical (m = 3.98, sd = 0.61) and philanthropic activities (m = 3.89, sd = 0.80), which means that the null hypothesis is not rejected.

Because the statistical models involved in the analysis of variance test the significance of the difference between all the arithmetic means, the absence of a statistical significance renders the need for post-hoc comparisons redundant and thus it can be concluded that:

H<sub>2</sub>. Economic activities are more important than legal activities for tourism companies in Macedonia, is rejected;

H<sub>3</sub>. Economic activities are more important than ethical activities for tourism companies in Macedonia, is rejected;

H<sub>4</sub>. Economic activities are more important than philanthropic activities for tourism companies in Macedonia, is rejected.

This means that tourism companies do not attribute more importance to the economic activities (m = 3.69, sd = 0.89), compared to legal (m = 3.93, sd = 0.66), ethical (m = 3.98, sd = 0.61) and philanthropic activities m = 3.89, sd = 0.80). A correlation analysis should be performed in order to illustrate the relationship between two variables. Such analysis determines whether the relationship is significant or not. T-Test is implemented to see if there is a relationship between the two variables. The *null hypothesis* H<sub>0</sub> is confirmed if the correlation coefficient does not differ from zero, and the alternative hypothesis H<sub>1</sub> is confirmed if there is a correlation between the two variables.

The significant level of the correlation coefficient between economic and legal responsibility is 0.708. Because the correlation coefficient is higher than critical  $\alpha$  of 0.05, the null hypothesis cannot be rejected, which means that the relationship is not significant. Furthermore, the significant value of the correlation coefficient between the economic and ethical responsibilities is 0.130, higher than critical  $\alpha$  of 0.05, so the null hypothesis cannot be rejected, which means that this relationship is also not significant. The correlation coefficient between these two variables is -0.789, which indicates a negative correlation. The significant value of the correlation coefficient between economic and philanthropic responsibility is also higher than the critical  $\alpha$  of 0.05 ( $p = 1.000$ ) and the correlation coefficient between these two variables is -0.461, which again indicates a negative correlation. Negative correlation can also be perceived between legal and ethical responsibilities, philanthropic and legal responsibilities, and philanthropic and ethical responsibilities.

Table 5. Correlation and significance of CSR between economic, legal, ethical and philanthropic responsibilities

(I)Activities	(J) Responsibilities	Mean Difference (I-J)	Std. Error	Sig. <sup>a</sup>
Economic responsibility	Legal	-.618	.391	.708
	Ethical	-.789	.337	.130
	Philanthropic	-.461	.414	1.000
Legal responsibility	Economic	.618	.391	.708
	Ethical	-.171	.274	1.000
	Philanthropic	.158	.342	1.000
Ethical responsibility	Economic	.789	.337	.130
	Legal	.171	.274	1.000
	Philanthropic	.329	.319	1.000
Philanthropic responsibility	Economic	.461	.414	1.000
	Legal	-.158	.342	1.000
	Ethical	-.329	.319	1.000

The significant level of the correlation coefficient between economic and legal responsibility is 0.708. Because the correlation coefficient is higher than critical  $\alpha$  of 0.05, the null hypothesis cannot be rejected, which means that the relationship is not significant. Furthermore, the significant value of the correlation coefficient between the economic and ethical responsibilities is 0.130, higher than critical  $\alpha$  of 0.05, so the null hypothesis cannot be rejected, which means that this relationship is also not significant. The correlation coefficient between these two variables is -0.789, which indicates a negative correlation. The significant value of the correlation coefficient between economic and philanthropic responsibility is also higher than the critical  $\alpha$  of 0.05 ( $p = 1.000$ ) and the correlation coefficient between these two variables is -0.461, which again indicates a negative correlation. Negative correlation can also be perceived between legal and ethical responsibilities, philanthropic and legal responsibilities, and philanthropic and ethical responsibilities.

For better explanation, a broader description of the obtained result is provided in the following tables.

Table 6. Structure of answers of economic responsibility (CSR)

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
It is important to perform in a manner consistent with maximizing earnings per share	6.4%	17 %	12.8%	53.8%	10%
It is important to be committed to being as profitable as possible	2.6%	18.4%	17.1%	44.7%	17.2%
It is important to maintain a strong competitive position	0%	7.9%	13.2%	50%	28.9%
It is important to maintain a high level of operating efficiency	1.3%	1.3%	11.8%	57.9%	27.7%

That high levels of operating efficiency are maintained is of the greatest importance for Macedonian tourism companies 85% believe so; 78% believe that having a competitive position on the market is an important factor and 63% agree that it is important to act in a manner consistent with maximizing earnings per share. The statement that it is important to be committed to being as profitable as possible is ranked lowest in this cluster, with 61% agreeing.

Table 7. Structure of answers of legal responsibility (CSR)

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
It is important to perform in a manner consistent with the provisions of government and law	1.3%	1.3%	9.4%	40%	48%
It is important to comply with various state and local regulations	0%	4%	9.2%	50%	36.8%
It is important for a successful firm to be defined as one that fulfills its legal obligations	1.3%	9.3%	18.7%	45.3%	25.4%
It is important to provide goods and services that at least meet minimal legal requirements	1.3%	22.4%	13.2%	52.6%	10.5%

In the group for legal responsibilities, performance in a manner consistent with the provisions of government and law (88%) and compliance with various state and local regulations (86%) is regarded as the most important; 70% of respondents believe that it is important for a successful firm to be defined as one that fulfills its legal obligations, while 63% agree that providing goods and services that at least meet minimal legal requirements is an important factor in company operations.

Table 8. Structure of answers of ethical responsibility (CSR)

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
It is important to recognize and respect new or evolving ethical and moral norms adopted by society	1.3%	5.3%	12%	62.7%	18.7%
It is important to prevent ethical norms from being compromised in order to achieve corporate goals	0%	0%	17.1%	61.8%	21.1%

table continues

continued

Table 8. Agreement with statements of ethical responsibility (CSR)

It is important that good corporate citizenship be defined as doing what is expected morally or ethically	0%	2.6%	21.1%	57.9%	18.4%
It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations	1%	1%	13.4%	56.8%	27.8%

It is interesting that ethical responsibility was essential to utmost number of respondents as all statements had roughly the same percentage of agreement and importance. The recognition of and respect for new or evolving ethical and moral norms adopted by society was important to 81%, the importance of preventing ethical norms from being compromised in order to achieve corporate goals was relevant to 83%, defining good corporate citizenship as doing what is expected morally or ethically was important to 76% and acknowledgment that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations was important to 84.6% of respondents.

Table 9. Structure of answers of philanthropic responsibility (CSR)

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
It is important to assist the fine and performing arts	0%	4.2%	16.4%	57.5%	21.9%
It is important that managers and employees participate in voluntary and charitable activities within their local communities	1.3%	2.6%	21.1%	52.6%	22.4%
It is important to provide assistance to private and public educational institutions	2.7%	4.1%	17.6%	48.6%	27%
It is important to voluntarily assist those projects that enhance a community's "quality of life"	1.3%	1.3%	17.4%	55%	25%

The importance of voluntarily assisting those projects that enhance a community’s quality of life boasts the largest percentage of agreement (80%) among respondents; it is followed by the importance of fine and performing arts (79%) and the importance of managers and employees participating in voluntary and charitable activities within their local communities (75%). Some 75 % believe it is important to provide assistance to private and public educational institutions.

Table 10. Structure of answers regarding tourism industry and environment

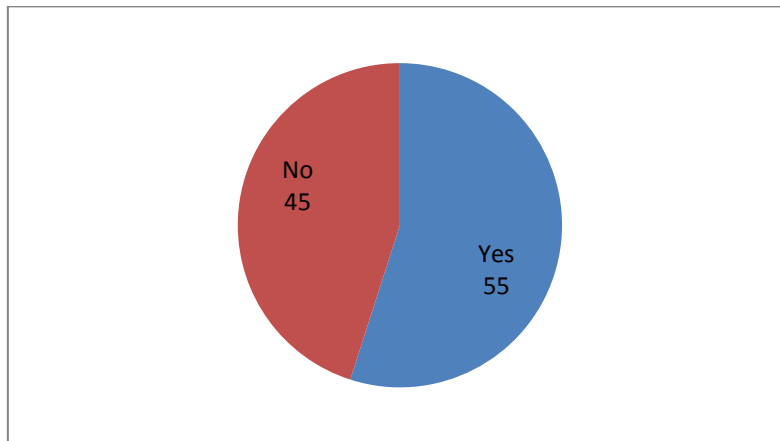
	Agree	Disagree
Tourism is dependent on a healthy local economy, cultural and natural heritage	94%	6%
Tourism can help alleviate poverty	91%	9%
The fortunes of tourism and the environment are closely linked. Without beautiful environment tourism could not flourish and be sustained	90%	10%
It is important for tourism businesses of all sizes to encourage the development of a tourism industry which can serve the needs of both current and future generations	90%	10%

It looks like the attitude towards the relationship between tourism and the environment is strong and companies understand that they are dependent on the latter. Almost all respondents agree that tourism is dependent on a healthy local economy and cultural and natural heritage. The vast majority of respondents also agree that tourism can help alleviate poverty, with 91% agreeing with this statement. Similarly, 90% believe that the fortunes of tourism and the environment are closely linked, as tourism could not flourish and be sustained without a beautiful environment. Finally, 90% agreed that it is important for tourism businesses of all sizes to encourage the development of a tourism industry which can serve the needs of both current and future generations.

## 6.4 Engagement in Corporate Social Responsibility

Some 55% of respondents state that their company is involved in CSR activities, with work force activities the most frequent (43%) – apparently Macedonian companies invest in the knowledge and professional development of their employees. Marketplace activities (39%) and community activities (35%) are next on the list of activities that companies implement as tools of corporate social responsibility, while stakeholder engagement (12%) and supply chain activities (14%) are bottom of the scale.

Figure 7. Involvement of tourism companies in CSR activities in % (n=81)

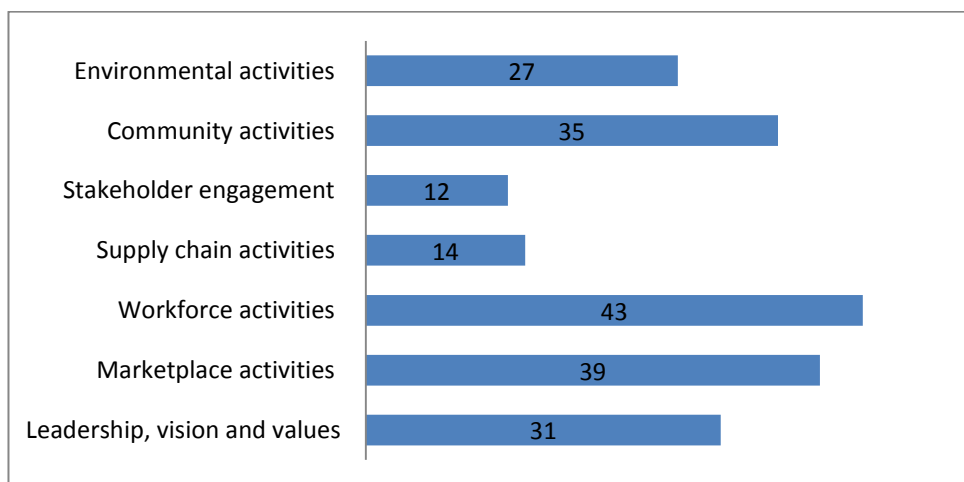


Of the 83 companies, 42 claim that corporate social responsibility is incorporated in their strategy. These results show that the companies participating in this study are engaged in CSR activities, confirming that:

H<sub>1</sub>: Engagement in CSR activities in the Macedonian tourism industry is poor, is not rejected.

Furthermore, the T-Test of independent groups illustrates that companies that include corporate social responsibility activities in their corporate strategy have a more positive attitude towards the concept of CSR (M = 71.78, SD = 11.23) compared to companies that do not include such activities in their corporate strategy (M = 61.19, SD = 22.19),  $t(50) = -2.59$ ,  $p < 0.05$ .

Figure 8. Types of CSR activities in which tourism companies are involved in %



On the other hand, statistically significant differences in terms of the attitude towards CSR between the companies involved ( $m = 69.67$ ,  $sd = 14.28$ ) and the companies not involved in such activities ( $m = 63.21$ ,  $sd = 21.39$ ) were not recorded in  $t(77) = 1.61$ ,  $p > .01$ .

According to the findings from the application of  $\chi^2$ , the proportion of companies that include CSR in their corporate strategy and are involved in CSR actions is statistically significantly greater than the proportion of companies that include CSR in their corporate strategy and are not involved in CSR  $\chi^2(1, N = 79) = 30.24$ ,  $p < .01$ .

The application of the Mann-Whitney test shows that company size, measured in number of employees, gives rise to a statistically significant difference ( $U = 502$ ,  $z = -2.63$ ,  $p < .01$ ) between companies that are involved and those that are not involved in corporate social responsibility. Most companies which are not involved in CSR are smaller companies with fewer employees.

In terms of the length of the company's presence in the tourism industry, the comparison between companies that are involved and companies that are not involved in corporate social responsibility using the Mann-Whitney test resulted in no statistically significant differences ( $U = 612$ ,  $z = -1.03$ ,  $p < .01$ ) which means that the null hypothesis is not rejected.

## 6.5 DISCUSSION

Enticed by the economic benefits tourism can bring, many countries commenced with the development of their tourism sector “without adequate appreciation of the associated costs” (Mathieson & Wall, 1982, p. 208). While certainly providing various benefits to some destinations, tourism has simultaneously “destroyed and polluted pristine environments, threatened local cultures, and frequently devalued just those characteristics of a place that had made it a desirable tourist objective” (Shaw & Williams, 1994, p. 280), what McKercher calls “a love-hate relationship with its host community” (McKercher, 1993, p. 7).

In “Some Fundamental Truths about Tourism”, McKercher (1993) showed the number of predictable factors that can affect tourism development such as environmental, social and cultural factors. He states that tourism is “an industrial activity that exerts a series of impacts that are similar to most other industrial activities, consuming often scarce resources, produces waste by-products and requires specific infrastructure and superstructure needs to support it” (1993, p. 14). He explains some of the adverse impacts of tourism regardless of its type. For example, tourism consumes resources and creates waste, as it is an industrial activity with specific infrastructural needs; the private sector is a dominant industry where investment decisions are usually based on profit maximization and, as a multi-faceted industry, tourism is



nearly impossible to control. Furthermore, he adds that tourism is an industry that is highly integrated into host communities, contingent on the host communities for its survival while at same time exerting impacts on their existence. This is because of the very special and unusual nature of tourism, where it is necessary to import clients rather than export a finished product, which is the reason for growing conflicts with the host communities. He finishes the “fundamental truths” by saying that integration can occur only if there is a broad understanding of the costs and benefits of tourism development.

Ebers’ view (1992, p. 3) on the contribution of tourism towards sustainable development is that “tourism and associated infrastructure that, both now and in the future operate within natural capacities for the regeneration and future productivity of natural resources, recognize the contribution that people and communities, customs and lifestyles make to the tourism experience, accept that these people must have an equitable share in the economic benefits of tourism, and are guided by the wishes of local people and communities in the local area.” Still, the real question is how to achieve sustainable development. There is plenty of literature on tourism sustainability, but there is a lack of guidance for achieving sustainable behavior in the tourism industry (Murphy, 1994; Butler, 1998). However, many institutions and organizations participate in tourism-related initiatives intended to encourage tourism to more sustainable practices (Kane, 2001, p. 292). The initiatives are various, from integration of suitability policies to environmental site planning and design of tourism facilities and areas.

There is a close relationship between the tourism industry and sustainability, as the natural and cultural environment and their integration into the host community strongly affect the quality of the tourist destination. Hence, for long-term sustainability, cooperation of all concerned parties in the tourism industry is a must; the industry itself, the public sector, local community and tourists alike need to contribute towards the achievement of that goal. According to the European Commission (2007, p. 5), “businesses should integrate sustainability concerns into their decision making and management practices and tools”. To achieve this, companies are required to balance between sustainability in economic, socio-cultural and environmental terms. Development to be sustainable it has to involve all the interested parties in the process and give their rights while CSR is taking care about the firm’s idea on long term and its profitability (Henderson, 2007, p. 231).

However, companies often do not have a clear notion of what it takes to be socially responsible. Furthermore, the terms corporate social responsibility and sustainability seem to be used interchangeably, as they have several overlapping themes, the so-called three pillars of sustainable development. The first one is economic sustainability, aiming for cost-effectiveness in all company activities; the second one is social sustainability, placing emphasis on the significance of the local community; the third one is environmental sustainability, emphasizing the necessity of managing natural resources, which is the reason for the confusion of the two terms. The differences in the understanding of and response to

issues beyond the narrow economic, technical and legal requirements of the firm are the basis for the constant debates regarding CSR. Many companies relate corporate social responsibility solely to philanthropic activities, which does not exhaust the nature of CSR. Certainly, donations and sponsorships do make an impact for a better tomorrow, but that is not the primary purpose of businesses. In fact, CSR is the commitment of companies to act in a way that improves community wellbeing through optional business practices and the contribution of corporate resources, as well as their concern for the welfare of society which should result in refraining from behaviors and activities that can cause a great deal of damage, regardless of the profitability.

Golob and Bartlett (2007, p. 8) state that “a global economy with increasing expectations of transparency and accountability of all types of organizations, and achieving a common understanding of what those expectations are is evolving through a range of global and regional standards, codes and guidelines.” Thus, companies are subject to various business pressures to be socially responsible and to report their activities. Therefore, CSR reporting may be seen as a tool for communication with the company’s stakeholders regarding its activities, while simultaneously becoming a motivating force for to accept and embrace responsible behavior.

One of the tasks of the industry is to increase the social and environmental awareness among tourism companies. Consequently, the benefits of responsible behavior for the community, its environment and the business itself should be given attention and best CSR practices implemented by the companies. Additionally, guidelines for CSR implementation should be presented which would help companies adopt needed principles. Hence, tourism companies should start with CSR reporting practices, encouraging their implementation within the tourism industry. The Global Reporting Initiative together with the United Nations Environmental Program developed and published global Sustainable Reporting Guidelines to enable companies to report their social, environmental and economic activities (Golob & Bartlett, 2007, pp.1-9). Furthermore, Szekely and Knirsch (2005, p. 631) claim that CSR reporting helps to show serious idea and intent as well as rewarding the other parties for being part of the program. The reporting practice can enforce and facilitate responsible behavior among companies and encourage responsible actions.

The Tour Operators' Initiative, in collaboration with the Global Reporting Initiative, developed a Sector Supplement to the GRI 2002 Sustainability Reporting Guidelines providing tour operators with “performance indicators”. Forty-seven indicators were invented to measure performance of tour operators in addressing the environmental, economic and social impacts of their business operations (Dodds & Joppe, 2005, pp.8-41). The Tour Operator Initiative is a nonprofit organization where companies can participate on a voluntary basis and where tour operators are committed to the concept of sustainable development as the essential part of their

business activities, promoting and spreading methods and practices of responsible behavior. Clearly, initiatives like the TOI should be endorsed and encouraged.

It is beyond dispute that businesses will adopt CSR activities more willingly if they understand that doing so will be advantageous to their bottom line, since CSR practices are mainly driven by business reasons (Malovics, Csigene & Kraus, 2008, p. 915). Even in the results of the empirical research conducted in the Macedonian tourism industry, tourism executives were of the opinion that the main drivers for socially responsible behavior are public relations and marketing considerations, which can result in increased profits, while at same time improving customer attitudes toward company.

## **CONCLUSION**

In 2001, the European Commission issued a document aiming to promote corporate social responsibility in Europe, defining it as a concept where organizations incorporate social and environmental actions in their daily business activities and in their collaboration with their stakeholders on a voluntary basis. Furthermore, the European Commission recognizes that the main role of an enterprise is to generate value by creating services and products that the people want and need and at the same time to create profit for the company and wealth for the society (2002, p. 5). It seems that the new social and market pressures are progressively changing the values on the business horizon. The awareness of enterprises for sustainable business is growing, as shareholders understand they cannot succeed only through profit maximization, but should upgrade to a market-oriented responsible behavior. The perception of environmental protection and promotion of social responsibility, including consumer interests, is commonly accepted among companies, who achieve it by managing their actions in a way that increases economic growth and competitiveness.

However, the global crisis has consequences toward general confidence of the people and the focus has been put on the social performance of the company (European Commission, 2010, p. 4). Thus, the purpose is to make new auspicious conditions for sustainable growth, responsible behavior and durable employment generation in the medium and long term.

The responsibility of companies for their influence on society is the new CSR definition published by the European Commission (2011, p. 6). In order to completely fulfill their corporate social responsibility, enterprises should have in place processes for integrating social, environmental, ethical, human rights and consumer concerns into their business activities and core strategy in close cooperation with their stakeholders. Aiming to capitalize on the creation of shared value for their shareholders as well as for society at large should be combined with identifying, preventing and justifying their possible conflicting impacts.

The purpose of the thesis is to analyze the position of the private sector of the Macedonian tourism industry regarding the concept of corporate social responsibility and understand its attitude towards the four responsibilities proposed in Carroll's CSR model. The following hypotheses were presented:

Hypotheses:

1. Engagement in CSR activities in the Macedonian tourism industry is poor;
2. Economic activities are more important than legal activities for tourism companies in Macedonia;
3. Economic activities are more important than ethical activities for tourism companies in Macedonia;
4. Economic activities are more important than philanthropic activities for tourism companies in Macedonia.

It was established that the attitude of the private sector of the Macedonian tourism industry towards corporate social responsibility is positive. The 16 statements on the concept of CSR indicated fluctuating attitudes leaning towards CSR support, but most respondents agreed that companies are a part of society and should behave accordingly for long-term success, protecting the environment and society, and striving to reach the next level in order to make an even greater positive impact on society. On the other hand, they considered the CSR concept expensive; they believed it defocused the company from its primary business purposes to socially responsible activities and believed managers are educated to manage and achieve maximum profitability, not work on issues concerning the environment and society. This shows that the attitude toward CSR is not completely clear. Moreover, respondents stated that government authorities should promote and financially support CSR to facilitate its implementation.

Furthermore, companies that include corporate social responsibility in their corporate strategy have a more positive attitude towards corporate social responsibility compared to companies that do not include corporate social responsibility in their corporate strategy. Most companies which are not involved in CSR are small companies in terms of the number of employees. Results indicated that 57 percent of tourism companies in Macedonia engage in CSR activities. The most common activities implemented in companies are workforce activities, marketplace activities and community activities.

Somewhat surprisingly, it was found that legal, ethical and philanthropic responsibilities were perceived as slightly more important than economic responsibilities in the CSR context in the Macedonian tourism industry. Furthermore, a negative correlation between economic and non-

economic responsibilities was noted, meaning that companies which are more economically focused put a smaller amount of importance on legal, ethical and philanthropic matters.

This thesis proves that Macedonia's tourism industry has a blurred picture of CSR. Opinions towards CSR principles are at times doubtful. The fact that Macedonian tourism companies rank legal, ethical and philanthropic activities over economic activities is confusing, as this is not consistent with the theory proposed by Carroll (1991, pp. 39-48). On the one hand, companies value such activities, alongside their economic concerns, that exert a positive influence and contribute to a better tomorrow. On the other hand, there is the belief that CSR is expensive and should be financed by government institutions. It brings a competitive advantage which leads to increase in profits, but as the managers are educated for maximum profitability they should not focus on issues concerning the environment and society. This is clearly confusing. But the number of companies implementing CSR activities is considerable. Improvement in measurement of activities, investment and reporting CSR will likely result in better understanding and more significant results. Until such time, however, all companies supporting and implementing the concept of CSR should be acknowledged and recognized.

This study intended to initiate a brief examination in order to discover the views and attitudes of the Macedonian tourism industry towards corporate social responsibility. However, additional and wider-reaching research needs to be carried out to further examine attitudes and company practices regarding CSR. Even though the attitude towards corporate social responsibility in the Macedonian tourism industry is positive, the companies' actions, codes of ethics, values and culture, levels of engagement and investment need to be examined. Only then can the CSR concept as understood by the Macedonian tourism industry be discussed, as the positive attitude of companies is not necessarily accompanied by affirmative and progressive CSR practices in the industry.

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## **APPENDIXES**



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## Appendix A: Questionnaire

Dear Sir or Madam,

This questionnaire is made for the purpose of a Master Thesis research entitled “AN ANALYSIS OF TOURISM STAKEHOLDERS’ ATTITUDES TOWARDS SOCIAL RESPONSIBILITY: THE CASE OF MACEDONIA”. Since your company’s main activity falls under this category, you are invited to participate and contribute to the interpretation of relevant results.

The main purpose of this thesis is to analyze the current state and engagement in corporate social responsibility activities/programs in the private sector, in regards to the tourism industry in Macedonia, which becomes increasingly important concept in the world and the EU.

The purpose of the research is to determine the attitude and interest in implementing CSR. These days, the belief that profit maximization in business it’s not enough anymore, in circumstances where their operations may affect, positively and negatively, the life of the entire community in which they operate.

This questionnaire will examine the concept (CSR) whereby companies integrate social and environmental concerns in the business operations and their interactions with the stakeholder on voluntary basis in private tourism sector in Macedonia.

The research has been undertaken only for academic purposes.

The research will be in full confidentiality as information about your company will remain undiscovered. The information provided by you will be used only for the purpose of this thesis. In case you have any questions regarding the survey and the research itself, you can contact me at [irenaa.tolevskaa@gmail.com](mailto:irenaa.tolevskaa@gmail.com)

I hope to receive your answer and I am thanking you in advance for your support to participate in the survey.

Best regards,

Irena Tolevska

**The first part of the questionnaire examines the basic information of your company.**

1. Please indicate whether you work in:

- a) A hotel;
- b) Travel agency / Tour operator;
- c) Transport company;
- d) Public sector;
- e) Research and educational institutions;
- f) Not-for-profit or non-governmental organization;
- g) Restaurant;
- h) Governmental body at national level;
- i) Governmental body at regional level;
- j) Governmental body at local level;

2. Please indicate the level of education completed:

- a) High school diploma
- b) Bachelor's degree
- c) Master's degree
- d) Doctorate degree

3. Please indicate how much time you work in the field of tourism:

- a) Less than 1 year
- b) From 1 to 3 years
- c) from 3 to 5 years
- d) From 5 to 10 years
- e) more than 10 years

4. Please indicate your age:

- a) 25-29
- b) 30 - 34
- c) 35 – 39
- d) 40 – 44
- e) 45 – 49
- f) 50 – 54
- g) 55 – 59
- h) 60 – 64
- i) 65 and more

5. Please state the average number of employees in your company?

- a) <10
- b) 10-20
- c) 20-49
- d) 50-249
- e) >250

6. Please state your position in the company

- a) General Manager
- b) Part of the executive board
- c) Middle management
- d) Employee

**The second part of questionnaire examines the awareness of tourism companies towards corporate social responsibility.**

6. Have you heard of Corporate Social Responsibility before?

- a) No, I've never heard of CSR
- b) Yes, I've heard of it but don't understand it.
- c) Yes, I've heard and understand the concept clearly.

7. How did you learn first about Corporate Social Responsibility (CSR)?

- a) Other companies
- b) Local NGO
- c) Business associations
- d) Chamber of Commerce
- e) Professional journals
- f) UN Global Compact
- g) Web Sites
- h) Conferences and Seminars
- i) Other

**The third part of questionnaire examines the attitude of tourism companies towards corporate social responsibility.**

7. Below is list of statements regarding Corporate Social Responsibility. Please indicate wheatear you agree or disagree with following statements

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
The concept of CSR is resource intensive and expensive					
Multinational companies are obliged to implement CSR rather than SMEs					
Government authorities should promote CSR					
SMEs can only commit to CSR if resources are provided by the government or other institutions					
Responsible companies go beyond what is required by the law to make a positive impact on society and the environment					
Protection of the environment is one of the activities of CSR					
The concept of CSR is more suitable for companies which are operating in developed rather than developing countries					
CSR is more relevant for the manufacturing industries than for the service sector					
Public relations and marketing considerations are prime motivation for CSR implementation					
CSR can lead to an increase in profits					
Society expects more from companies rather than just efficient production of goods and services					
Companies that are socially responsible have better competitive advantage over the companies that are not.					
Directors of the companies are educated to manage and to achieve maximum profitability and not to work on issues concerning the environment and society.					
CSR is defocusing the primary business purposes of the company with its socially responsible activities					
Companies must understand that they are a part of society and should behave accordingly for long term success.					
Companies that practice CSR are enhancing the consumer attitude toward them					
CSR is a formal process of relationship management through which companies engage with their stakeholders to align their mutual interests					
CSR is a set of philanthropic activities a company carries out voluntarily on a sporadic basis in the local community					

12. What are the top drivers for responsible business?

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
Responsibility towards customers, employees and shareholders					
Being profitable					
Responsibility toward local community and environment					
Acting ethically					

13. Below is a list of statements of economic, legal, ethical and philanthropically responsibilities regarding Corporate Social Responsibility, please indicate wheatear you agree or disagree with following statements

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
It is important to perform in a manner consistent with maximizing earnings per share					
It is important to be committed to being as profitable as possible.					
It is important to maintain a strong competitive position.					
It is important to maintain a high level of operating efficiency.					
It is important that a successful firm be defined as one that is consistently profitable.					

It is important to perform in a manner consistent with expectations of government and law.					
It is important to comply with various federal, state, and local regulations.					
It is important to be a law-abiding corporate citizen.					
It is important that a successful firm be defined as one that fulfills its legal obligations.					
It is important to provide goods and services that at least meet minimal legal requirements.					

It is important to perform in a manner consistent with expectations of societal mores and ethical norms.					
--	--	--	--	--	--

It is important to recognize and respect new or evolving ethical moral norms adopted by society.					
It is important to prevent ethical norms from being compromised in order to achieve corporate goals.					
It is important that good corporate citizenship be defined as doing what is expected morally or ethically.					
It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.					

It is important to assist the fine and performing arts.					
It is important to perform in a manner consistent with the philanthropic and charitable expectations of society.					
It is important that managers and employees participate in voluntary and charitable activities within their local communities.					
It is important to provide assistance to private and public educational institutions.					
It is important to assist voluntarily those projects that enhance a community's "quality of life."					

17. Below is list of statements regarding CSR in tourism industry, please indicate whether you agree or disagree:

Agree      Disagree

Tourism is dependent on a healthy local economy, cultural and natural heritage.		
Tourism companies are dependent on the goodwill of the community and making additional investments in the area together with working with the local community could help them maintain good relations		
Tourism can help alleviate poverty		
The fortunes of tourism and the environment are closely linked. Without beautiful environment tourism could not flourish and be sustained.		
It is important for tourism businesses of all size to encourage the development of tourism industry which can serve the needs of both current and future generations		

**The fourth part of the questionnaire examines the engagement of tourism executives for corporate social responsibility**

18. Is your company engaged in corporate social activities?

Yes/No

19. If yes, please indicate what CSR activities your company is implementing:

- a) Leadership, vision and values
- b) Marketplace activities (responsible customer relations, product responsibility...)
- c) Workforce activities (skills developments for employees...)
- d) Supply chain activities (promote social and economic inclusion throughout the supply chain)
- e) Stakeholder engagement (mapping, management and communication with stakeholders..)
- f) Community activities (donating products or services to a charitable projects..)
- d) Environmental activities (improved energy efficiency or waste management..)

20. Is CSR incorporated in your company strategy?

yes/no

**Appendix B: SPSS Outputs**

**B.1 Awareness towards Corporate Social Responsibility**

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Average	76	4.9457	1.04877	.12030

One-Sample Test

	Test Value = 3.5					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Average	12.018	75	.000	1.44575	1.2061	1.6854

## B.2 Attitude toward CSR

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Attitude towards CSR	80	66.8500	17.69224	1.97805

One-Sample Test

	Test Value = 40					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Attitude towards CSR	13.574	79	.000	26.85000	22.9128	30.7872

Descriptive statistics

	Mean	Std. Deviation	n
Economic activities	3.6891	.89387	76
Legal activities	3.9342	.66127	76
Ethical activities	3.9770	.60852	76
Philanthropic activities	3.8947	.80131	76

Correlations between economic, legal, ethical and philanthropic responsibilities:

Correlation and significance of CSR

(I)Activities	(J) Responsibilities	Mean Difference (I-J)	Std. Error	Sig. <sup>a</sup>
Economic responsibility	Legal	-.618	.391	.708
	Ethical	-.789	.337	.130
	Philanthropic	-.461	.414	1.000
Legal responsibility	Economic	.618	.391	.708
	Ethical	-.171	.274	1.000
	Philanthropic	.158	.342	1.000



Ethical responsibility	Economic	.789	.337	.130
	Legal	.171	.274	1.000
	Philanthropic	.329	.319	1.000
Philanthropic responsibility	Economic	.461	.414	1.000
	Legal	-.158	.342	1.000
	Ethical	-.329	.319	1.000

Correlations

(I)Activities		95% Confidence Interval for Difference <sup>a</sup>	
		Lower Bound	Upper Bound
Economic responsibility	Legal	-1.678	.442
	Ethical	-1.702	.123
	Philanthropic	-1.582	.661
Legal responsibility	Ethical	-.442	1.678
	Philanthropic	-.914	.572
	Economic	-.769	1.084
Ethical responsibility	Ethical	-.123	1.702
	Philanthropic	-.572	.914
	Economic	-.536	1.194
Philanthropic responsibility	Legal	-.661	1.582
	Philanthropic	-1.084	.769
	Economic	-1.194	.536

Difference in means of economic, legal, ethical and philanthropic responsibilities importance according to company's involvement in CSR activities

Group Statistics

Is your company involved in CSR activities		N	Mean	Std. Deviation	Std. Error Mean
Importance of economic activities	No	32	14.2188	4.56307	.80664
	Yes	45	15.1111	2.70708	.40355
Importance of legal activities	No	30	15.9000	2.72093	.49677
	Yes	45	15.6444	2.64709	.39460
Importance of ethic activities	No	30	15.5000	2.34521	.42817
	Yes	45	16.2000	2.50091	.37281
Importance of philanthropic activities	No	30	14.8000	3.46808	.63318
	Yes	45	16.2667	2.71695	.40502

Independent Samples Test

		Levene's Test for Equality of Variances	
		F	Sig.
Importance of economic activities	Equal variances assumed	4.024	.048
	Equal variances not assumed		
Importance of legal activities	Equal variances assumed	.012	.915
	Equal variances not assumed		
Importance of ethic activities	Equal variances assumed	.066	.798
	Equal variances not assumed		
Importance of philanthropic activities	Equal variances assumed	5.071	.027
	Equal variances not assumed		

Independent Samples Test

		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Importance of economic activities	Equal variances assumed	-1.074	75	.286	-.89236	.83071
	Equal variances not assumed	-.989	46.411	.328	-.89236	.90196
Importance of legal activities	Equal variances assumed	.405	73	.687	.25556	.63090
	Equal variances not assumed	.403	61.107	.688	.25556	.63442

Importance of ethic activities	Equal variances assumed	-1.217	73	.228	-.70000	.57517
	Equal variances not assumed	-1.233	65.012	.222	-.70000	.56774
Importance of philanthropic activities	Equal variances assumed	-2.048	73	.044	-1.46667	.71598
	Equal variances not assumed	-1.951	51.864	.056	-1.46667	.75164

Independent Samples Test

		t-test for Equality of Means	
		95% Confidence Interval of the Difference	
		Lower	Upper
Importance of economic activities	Equal variances assumed	-2.54723	.76251
	Equal variances not assumed	-2.70747	.92275
Importance of legal activities	Equal variances assumed	-1.00182	1.51293
	Equal variances not assumed	-1.01301	1.52412
Importance of ethic activities	Equal variances assumed	-1.84631	.44631
	Equal variances not assumed	-1.83384	.43384
Importance of philanthropic activities	Equal variances assumed	-2.89362	-.03971
	Equal variances not assumed	-2.97503	.04170

Difference in means of attitudes towards CSR among companies which are involved and those which aren't involved in CSR activities:

Group Statistics

Is your company involved in CSR activities		N	Mean	Std. Deviation	Std. Error Mean
Attitude towards CSR	No	33	63.2121	21.39036	3.72358
	Yes	46	69.6739	14.28761	2.10659

Independent Samples Test

		Levene's Test for Equality of Variances	
		F	Sig.
Attitude towards CSR	Equal variances assumed	2.096	.152
	Equal variances not assumed		

## Independent Samples Test

		t-test for Equality of Means	
		95% Confidence Interval of the Difference	
		Lower	Upper
Attitude towards CSR	Equal variances assumed	-14.45276	1.52918
	Equal variances not assumed	-15.04668	2.12309

		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Attitude towards CSR	Equal variances assumed	-1.610	77	.111	-6.46179	4.01303
	Equal variances not assumed	-1.510	51.976	.137	-6.46179	4.27818

Correlation between company's size, company's existence and company's involvement in CSR

		Ranks		
Is your company involved in CSR activities		N	Mean Rank	Sum of Ranks
Indicate for how long your company is working on tourism industry	No	32	35.63	1140.00
	Yes	44	40.59	1786.00
	Total	76		
Company's size	No	32	32.19	1030.00
	Yes	46	44.59	2051.00
	Total	78		

Test Statistics <sup>a</sup>		
	Indicate for how long your company is working on tourism industry	Company's size
Mann-Whitney U	612.000	502.000
Wilcoxon W	1140.000	1030.000
Z	-1.034	-2.627
Asymp. Sig. (2-tailed)	.301	.009