Evaluating the Role of CSR and SLO in Ecotourism: Collaboration for Economic and Environmental Sustainability of Arctic Resources

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Abstract: Major biophysical, economic, and political changes in the Arctic regions during the past two decades has grown business opportunities in the Arctic countries, such as tourism. More specifically, with a focus on sustainability of resources, the industry of ecotourism has emerged and become the fastest growing area within tourism. Ecotourism is a travel experience that embraces environmental conservation and the sustainability of local resources and culture. Ecotourism and related businesses must practice ethical behavior to obtain both government and social permission to conduct and carry out their operations. Government and community acceptance, or gaining a social license to operate (SLO) is key. Being accepted as a part of the community is not a formal agreement or document, but ongoing negotiations, practices, and acts of corporate social responsibility (CSR). For example, in many Arctic regions where tourism occurs, the land and resources have other designated uses such as agriculture, forestry, or fisheries. Added infrastructure grows a smaller community, as revenue generating opportunities bring an influx of people and use the resources and infrastructure, as well as have an impact on the local culture and traditions. Sustaining the local and traditional resources and lands, especially in the Arctic where damage can be unrepairable, becomes a key factor in decisions regarding tourism developments. Thus, the need for responsible businesses with a sustainability focus. The need for practices of CSR and SLO in ecotourism is undeniable. Understanding that businesses hold responsibility and play a role in society, the environment, and the life of the locals is very important.

Keywords: ecotourism; Arctic; corporate social responsibility (CSR); social license to operate (SLO); sustainability

1. Introduction

The ecotourism business sector within the tourism industry has grown since mid-1990s. Driving factors include the need for sustainability of a regions natural resources and lifestyles, while capitalizing on the resources present to generate income for the local and/or national community. Three common concepts and criteria for eco-tourism are that the activities and core operations of the business is nature-focused, educational, and sustainable (both economic and social) [1].

The Arctic today differs from the Arctic from 20 years ago and it will continue to change [2]. The major changes in the Arctic region during the past two decades are biophysical, economic, and political. As sea ice thins and disappears, more resources become available and accessible. Alongside that, the economic and political interests in those resources increase. Arctic and nearby remote areas are attracting more attention than ever before, through publicity and through development opportunities.
because of their abundance of physical natural resources, as well their wilderness environments which have become a major attraction for tourists [3]. The interest from the rest of the world to see and experience the uniqueness of the Arctic is very high. Countries in northern Scandinavia draw people to the area because of the natural environment and tourism was already the most important economic sector since 2009 [4]. Iceland has successfully increased tourism for the northern lights and Arctic experiences during the past decade. The environment, or nature and the natural resources used by the local population and community, is often highly integrated with local traditions and ways of life [4]. For example, in many Arctic regions where tourism occurs it is also used for other purposes such as agriculture, forestry, or fisheries. This leads to the integration of the community with income opportunities, not only in added infrastructure for lodging, restaurants, or shops, but also impacts on nature and the local and traditional ways of life. Sustaining the resources and lands, especially in the Arctic where damage can be unrepairable, becomes a key factor as decisions regarding tourism developments are made.

Corporate social responsibility (CSR) can be defined numerous ways due to its multidisciplinary nature. The underlying principle of CSR, whether for private or public sector, is that the organization in question needs to behave in a socially responsible manner [5]. CSR can thus be thought of as the commitment and actions of an entity to produce a positive impact on society and the environment. This positive image is referred to as a social license to operate (SLO). Corporations will commit to behave ethically, not only to sustain, but to improve the lives that the businesses influence by contributing to economic development [6]. This is very important for business because companies who practice CSR are more successful [7]. CSR and success for business can be measured in many ways, and will range from company to company. A few examples of this success can include financial success, environmental protection, or branding. The actions of the organizations can be categorized as CSR, while the obtaining of a positive image from the stakeholders and the local community is the SLO.

Full legal compliance with state or national regulations have become an increasingly insufficient means of satisfying the community’s or society’s expectations in regards to industries hosted in local communities [8,9]. Gaining a SLO has been prevalent in the mining industry, but has more recently filtered into other industries where impacts to the local community are present. The SLO is the approval by communities of business operations and emerged in response to the social risk of mining operations in the mid-1990s [10]. It is said to exist when a development project is seen as having broad, ongoing approval and acceptance of society to conduct its activities [9,11,12]. Companies must develop and maintain a quality reputation in order to sustain and grow their business within the local communities. SLO can be a driving factor for how corporations communicate and commit to prioritizing relationships with their stakeholders and local communities. Businesses must practice ethical behavior to obtain both government and social permission to conduct and carry out their business [12]. Government approval comes from the interactions with the public decision makers, such as the local government or agencies involved in the process of deciding on an environmental impact statement for example. However, it must be noted that the community acceptance of the business is not a formal agreement or document, but ongoing negotiation, practices, and acts of CSR with the host community. In many cases, development requires land and land use approval through government approval processes. Land within a municipality can have many uses, such as residential, commercial, agricultural, or community/public lands. Land is important for development, but also for access in a pristine nature. Modern tourism trends emphasize the value of untouched nature [13]. This is where ecotourism has emerged as a balance between revenue generation and the conservation of traditional resources and values.

Ecotourism is a market that has become increasingly popular and is the fastest growing area of tourism [14]. Ecotourism is a combination of two words: ‘eco’ and ‘tourism’ [15]. Ecotourism is a travel experience that embraces environmental conservation as well as the sustainment of locals and culture. The concept of ecotourism involves the protection of ecological resources and values,
with an emphasis on conservation and the cultural values of the local community [16]. Ecotourism attracts tourists to unique and natural environments where they are introduced to local cultures, traditions, and resources or lands. This promotes a changing of attitudes towards diversity and impressions. Another factor is sustaining the natural setting and the idea of ecotourism improving conservation through education [17]. The rapid growth of ecotourism can be explained due to the appeal of having a satisfying travel experience without disrupting the natural setting. Self-identified ecotourists in West Virginia were found to be more environmentally concerned and responsible, more dedicated to nature, more supportive of tourism accreditation programs, and more likely to patronize businesses with good environmental practices, even at a higher cost [18]. Due to the measures taken for sustainability, ecotourists spend more money than tourists who are not concerned with ecology or conservation efforts. This is an important aspect for the Polar Regions, which can often be expensive locations to get to and are also sensitive to disturbance.

Ecotourism can impact communities in numerous ways, both positively and negatively. Economically, ecotourism can boost economy and supply locals with more job opportunities, especially in developing countries or rural areas. However, attractions, infrastructure, and capital must continue to evolve as tourism grows, or the tourism business will fluctuate. On the negative aspect, this fluctuation serves as an unstable source of income and can severely disrupt the locals and the economy. However, the need for constant changes as well as access for tourist communities deprives locals of access to natural resources, such as hunting and fishing. This can have detrimental effects on the local community and culture, either driving them further away from economic opportunities and modern society, or losing their sense of culture and cultural diversity by entering globalized labor [17].

One of the many reasons people travel internationally is to experience the diversity of different cultures. Ecotourism plays a role in cultural education through sustainable tourism. This way, the culture and locals are not disturbed, while still providing a stage for the public to become more aware and knowledgeable of different cultures and customs. However, without clear guidelines and ethical practices, these cultures can become disrupted and evolve in response to globalization and modernization [19]. Here, we review and summarize key findings from the ecotourism literature, with a focus on CSR and SLO. In the discussion, examples from regions that have a history of ecotourism and CSR practices are noted and discussed, followed by recommendations and best practice examples of CSR and the importance of the attainment of a SLO in the tourism industry.

2. Methodology

For this evaluation of literature in the ecotourism field the ecotourism, publications were reviewed with a special focus on the collection of examples in ecotourism practices of CSR and the attainment or impact of an SLO. This was done with the search terms in Google Scholar and the University Library’s journal databases (EBSCO, Gale, LexisNexis, OCLC, Oxford, and/or ProQuest) using the search terms of ‘Ecotourism’ + ‘corporate social responsibility’ or ‘CSR’ and ‘Ecotourism’ + ‘social license to operate’ or ‘SLO’. In addition, the word ‘Arctic’ and/or ‘Polar’ was added to the journal searches. The subject literature was read and analyzed for examples of CSR and SLO. As part of this the authors worked to identify the practices of CSR and attainment of SLO for the Arctic regions. Due to the fact that ecotourism has prevailed as a branch of tourism in the past few decades, we focused our literature review for publications in journals between 1990 and 2017.

3. Key Findings

The key observations and findings from this work is that there is currently no aggregate or collective information on best CSR practices or the attainment of a SLO by tourist operators. More specifically, information is lacking for ecotourism in the Polar Regions, which have a fragile ecology and environment where changes or disturbances can take a very long recovery time. In general, the large positive impacts of tourism for visitors is education and for the locals an increased income and service infrastructure potential. However, the influx of people, infrastructure, etc., can negatively
impact on the environment and the culture and livelihoods of the local people. The Arctic environment is more fragile than that of some other regions where disturbance recovery times are faster. Thus, CSR and the relationship building nature of the SLO are key in sustaining the local environment and culture, as well as the tourism industry. There are a few inferences made to both CSR and SLO with regards to tourism [20]. There are, however, many examples of SLO and CSR best practices from energy and mining companies, but relevant CSR and SLO practices for the ecotourism industry are needed. As a result of the literature review, we identified a need for additional work in the area and examples of CSR practices and the reasoning for the attainment and maintenance of a SLO in the ecotourism sector, especially in Arctic regions. Examples from areas such as the Caribbean and Spain, which both have a long history of tourism and showcase impacts of tourism on the environment and people, can help us identify relevant and applicable best practices, as well as potential problem areas, for the ecotourism industry of the Polar Region. In addition, this study will also help identify future research areas and topics that will have an impact on the sustainability of the ecotourism industry in the Arctic.

4. Discussion

Ecotourism has influenced the social aspect of communities and countries. Ecotourism is an attractive market because the customer gets more than just a travel endeavor, they get a meaningful experience and a lifetime of memories. To have a successful market in tourism, a country must have a draw that pulls consumers in from all over the world [17]. These attractions include suitable climate, pleasant environment, diverse arts and culture, sufficient security, and low prices, all of which ultimately determine the success of the country’s tourism market. In addition, the uniqueness of the country or resources, such as wildlife or nature, can be marketed as sights worth traveling to see and experience. For example, the tourism in Iceland doubled between 2000 and 2012 and it has continued to grow ever since [21]. Iceland has managed to increase their tourism in the past decade by marketing not only its location, but also the resources, such as northern lights, wildlife, and natural wonders. Although tourism is a service, it is necessary to have the infrastructure to support the influx of people. Infrastructure critical to tourism are accommodations in physical capital such as airports, hotels, transportation routes, restaurants, retail, and leisure activities for all social groups. These capitals all generate a substantial amount of revenue in an ideal touristic location and have long lives, but they cannot be changed so easily. Evolving from low tourism numbers to high tourism numbers takes time, and cannot be rushed, or adjustment to the local people and economy can be traumatic [19]. To better understand how CSR and SLO impact the tourism industry and community as collaborative and related business operations work together toward a common goal of sustainable business growth, we look at examples from the Arctic and beyond of how the attainment and maintaining of a SLO and various CSR practices can impact the ecotourism industry.

4.1. Spain & the Caribbean—Without CSR and SLO Practices

Many hot spots in the tourism industry have faced declines due to the market not keeping their responsibility or standards to the community and environment at a high enough level. Spain is a key example of a steady decline in the tourism market with a lack of a SLO. Spain has several important features that draw tourists from around the world. For one, it is a beautiful country with great climate year-round, making it an easy get-away any time of the year. Spain is also the home to diverse culture and customs that make it unique. This initial draw made the tourism market boom. It supplied the country with a more stable economy as well as created thousands of new jobs for locals. However, business CSR and SLO were overlooked when practicing tourism. Tourism was congested on the coast, creating an overpopulation and overdevelopment of beach tourism [19]. This caused several problems, ranging from destruction of natural attractions and environmental degradation to the deterioration and supply of resources. The low-cost and limited-term of the tourism market resulted in cheap repairs and quick fixes, ultimately leading to negative feedback and overall decline in tourism [22].
The Caribbean is experiencing many of the same problems as Spain’s tourism industry. The islands are characterized by beautiful beaches and clear water; this was enough to sustain the Caribbean’s economy until competition from other countries with similar features stopped their growth. Now, the Caribbean is facing unsatisfactory social responsibility and environmental reports dealing mostly with health and cleanliness concerns from high pollution. This has had detrimental effects on the islands’ economy, which is very reliant on tourism [23]. Like Spain, much of the natural setting and biosphere was destroyed in their initial rise in the tourism industry. This region has been strained by inflation and overdevelopment, taking away from not only the tourism experience, but also the locals’ lifestyle [24–26]. Polar countries need to be especially concerned with damage to sensitive Arctic regions that require long times to repair damage to the environment.

Spain has increased tourism in 2017, again due to the worldwide political situation, but also by developing better CSR and SLO practices such as education and eco-tours that highlight the unique nature of the country [22]. Spain was able to make a comeback in the tourism market by offering more services based on visitor’s expectations. Cultural, rural, sport, city, and ecotourism were all provided in an effort to offer more to the tourist. Spain’s model represents how important CSR and SLO are in maintaining a market and reputation [19]. Moving forward, Spain must continue to change their tourism model by reducing congestion, incorporating conservation, increasing education of eco-tourism related topics, and practicing social responsibility.

4.2. Fiji Islands—The Impacts on Local Lifestyle and Traditions from Population Increase & Mixing Cultures

Ecotourism practices led to higher income levels and an increased percentage of educated people in a Fijian village which had initiated tourism compared to an independent community which had not. However, there was also an increase in alcohol related disturbances in the village that was a direct result of ecotourism, as there were no previous problems with alcohol [27]. An increase in the number of facilities and infrastructure had resulted in overdevelopment and crowding of public venues that both locals and tourists must share. The added stress on the local population increased the risk of alcoholism and potentially added tension as the various cultures interact in these same spaces, thus creating change. Similar problems may be occurring in the Polar Regions that have introduced ecotourism.

4.3. Finnish Lapland and Impacts of Education

A big draw for tourists, especially ecotourists, is natural beauty. Having a positive environmental experience is a key part of ecotourism and staying environmentally-friendly in the host community. Ecotourism has helped in conservation considerably through the education of tourists, as well as increasing wildlife and fauna in ecotouristic areas where hunting and other recreational uses of the land has been banned [17]. An increase in wildlife and species diversity can draw even more ecotourists. Officials in these areas see a mutualistic relationship between ecotourist villages and public land, as conservation increases the number of species in both the protected villages and hunting grounds, thus benefiting both the hunter and the economy [17]. However, conservation practices are not always a priority. Deforestation results in soil erosion, floods, and landslides, but is a needed practice for shelter and heat. The larger the population of tourists, the more resources must be used. Although the intent for ecofriendly practices are associated with ecotourism, negative environmental effects still occur [28]. Some countries have taken steps to eliminate excess harm to the environment by limiting the number of tourists and activities in some areas. For example, Arctic Finland has limited the number of people by adapting the space available for certain tours based not only on the available personnel, but also the wear on the environment. This practice not only speaks to the needs and values, but also CSR. Tourists exhibit the strongest interest in sustainable tourism development in the Arctic region. A positive attitude toward cultural preservation is considered the driving force in promoting sustainable tourism operations in Arctic destinations. This positive attitude toward environmental and cultural protection has also prompted stakeholders such as tourist operators and regulators to set
limits for tours [29]. Another example from northern Finland is the Ranua Zoo, where the visitors of the zoo walk on a wooden plank walkway that is built above the forest floor to preserve the flora and fauna of the area.

In communities where multiple industries are present there should be a way to cooperate instead of compete for resources. In Kittilä, Finland, the dominant industries of mining, tourism, and traditional reindeer herding are all present. The municipality of about 6500 inhabitants in Arctic Lapland covers about 8264 square km. The area not only includes the town itself and associated infrastructure, but also a part of the river that belongs to the Natura 2000 environmental protection program [30]. Thus, recreation and tourism include a large ski hill and Arctic tourism operators in addition to a gold mine and reindeer herders. The industries of mining, tourism, and reindeer herding can, in some cases, be seen as competing for resources, but with collaboration via CSR practices, education, and communication between the operators and community, a SLO has been obtained by each representative industry. An example of this unique cooperation in this fragile Arctic environment is between a reindeer herding cooperative and gold mine, where while visiting the gold mine, reindeer can be seen enjoying the resources and lands on the gold mine property. In order to promote cooperation and sustained resources and community, they established the Community Liaison Committee in 2013, where representatives from the stakeholder groups in the Kittilä region meet, discuss key issues, and collectively solve problems that arise [31]. The mentioned stakeholders of this group are: the Kuivasalmi reindeer herding co-operative, local villages, Levi Tourist Office, the Kittilän Luonto Association for environmental protection, the local parish, the local government of Kittilä, and Lapland Vocational College.

For ecotourism to succeed, such as in the Kittilä case, ethical practices and responsibility must be upheld towards the environment, community, and society. Ecotourism operators must stress the idea of ecology and economy as sustainable tourism is paired with an experience and education. Effort must be expended in educating awareness of both nature and culture. This will provide a spillover effect around the world as more people are diversely educated on the matters at hand. The practice of CSR, as well as obtaining and maintaining a SLO in the community, is mandatory for ecotourism operators and developers. In order to have a successful ecotourism experience, you must use the idea of CSR and SLO to give back to the community and sustain the culture, as well as follow a set of social and ethical guidelines to conduct the business [32,33]. Becoming a corporate citizen of the community and gaining acceptance for your business in the local community is key for the attainment of the organization’s SLO. However, there is a cost–benefit factor that applies to the market of ecotourism. When ecotourism is practiced with CSR and SLO, it is very beneficial to the economy, as costly conflicts between resource users and owners can be avoided [10]. However, if a corporation’s social responsibility is not upheld, it can result in negative effects on the business, community, and environment.

Regardless of whether tourists engage in sustainable activities outside of tourism, when surveyed, travelers will choose eco-friendly tourism over the alternative [34]. The demand for ecotourism is at an all-time high, with increased public education of ecology. In order to keep up with consumer demands, suppliers must adopt CSR and SLO practices so that they continue to be viewed as an ethical and good corporate citizen in the local community. Businesses who follow these guidelines and practice responsibility with respect to their customers, locals, and the environment are more successful [7]. Spain, the Caribbean, and other countries struggling to keep up with the demand for tourism must follow CSR and SLO practices. Implementing ecotourism into the economy is beneficial not only for job growth, but also for locals and culture. Tourists travel to a specific location for an experience; to view the diversity of landscapes, natural resources, wildlife, and culture. Overdevelopment and destruction of natural land influences these draws negatively.

Government and local community involvement is essential to CSR and obtaining a SLO in ecotourism, as many industries must cooperate and collectively have an impact on the host community people, lands, and resources. To prevent crowding in coastal areas, the government may limit construction and encourage taller buildings instead of wider. This allows for a more environmentally
friendly approach while still increasing economic growth. Another action the government may take is regulating water and energy use in tourism areas. Hotels for example use considerable amounts of resources every year; placing a restriction on overdevelopment of touristic villages will prevent the overuse and waste of essential resources. Many hospitality industries of ecotourism have made changes to lighting and added automatic systems to avoid waste [35]. An example of this is the use of key cards in the main outlet—so when the key card is removed the power of the hotel room is shut off—or the elimination of small disposable cosmetic bottles.

5. Conclusions

The need for CSR practices and obtaining a SLO for the businesses involved in the ecotourism industry is undeniable. Understanding that corporations hold responsibility and play a role in society, the environment, and the life of the locals is very important. The entrepreneurs and business operators of tourist industries, along with those businesses in the value chain, must all work toward the same goal of upholding their values as well as the local values and traditions, behaving ethically, and respecting the consequences of their actions [7]. More specifically, in ecotourism, the corporation must not only be able to meet the demands of the tourists, but they must also give back and aid in the development and sustainability of the society and culture. This is especially important as the industry of ecotourism is very fragmented, composed of a multitude of interrelated and codependent operators such as transportation, lodging, restaurants, retail, and tour operators. This cooperation is accomplished by instilling a tradition of responsibility, demonstrating collaboration between internal and external stakeholders, learning from past successes of other companies or countries through educational programs, and understanding the rules and regulations. It would be advisable to create local stakeholder groups such as the one created in Kittilä, Finland so that the representatives can openly discuss and act on issues as a collective community. To ensure the practices of sustainable tourism for both the environment and culture, there is a need for stricter legislation [36]. It is important to maintain and stay consistent with ethical responsibility in the demanding world of ecotourism, especially in the Arctic regions, as the natural environment is fragile and impacts will last much longer than in other parts of the world [37]. Opening the Arctic regions for tourists is good for economic development, but must be balanced with sustainable practices for ensuring that the region can support tourism and local businesses into the future. We recommend ecotourism learn from large extractive industries, such as mining, where the developer must obtain the community’s approval to operate as part of an environmental impact assessment process [38]. We see examples of this in some Arctic countries and regions and can learn from other regions of the world where ecotourism businesses are prevalent.

6. Future Research

The literature review of CSR practices and the attainment of a SLO in Arctic ecotourism has shown that there needs to be a comprehensive survey of Arctic ecotourism businesses conducted in order to identify best SLO and CSR practices. This would allow for the development of best practice examples that would then aid in attaining and maintaining a SLO developed specifically for the Arctic ecotourism industry.

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