

CORPORATE SOCIAL RESPONSIBILITY IN TOURISM AND POVERTY REDUCTION IN SAPA

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Table of Contents

LIST OF FIGURES AND TABLES	4
ACRONYMS AND ABBREVIATIONS.....	5
1. INTRODUCTION.....	6
2. METHODOLOGY	14
2.1 THE THEORY OF SCIENCE.....	14
2.2 RESEARCH METHOD.....	16
2.3 EMPIRICS	19
2.4 RELIABILITY AND VALIDITY OF DATA	19
3. THEORY.....	22
3.1 THE LINKAGE BETWEEN CSR AND TOURISM IN POVERTY REDUCTION.....	22
3.2 THE ROLE OF THE CONTEXT	31
3.3 ASSESSMENT OF CSR INITIATIVES IN TOURISM AND POVERTY REDUCTION	33
3.4 EMPOWERMENT AND PARTICIPATION	34
3.4.1 <i>Empowerment and Legitimacy</i>	35
3.4.2 <i>The Stakeholder/Responsible Matrix</i>	36
3.4.3 <i>Participation</i>	39
4. ANALYSIS	42
4.1 THE ROLE OF CONTEXT	42
4.1.1 <i>The context of a variety of ethnic cultures</i>	44
4.1.2 <i>The philanthropic culture</i>	46
4.1.3 <i>The context of corruption</i>	48
4.2 THE TOUR OPERATORS' PERCEPTION OF CSR.....	51
4.3 THE TOUR OPERATORS' ENGAGEMENT IN CSR.....	54
4.3.1 <i>Engagement in economic responsibilities</i>	54
4.3.2 <i>Engagement in empowering the poor</i>	61
4.3.3 <i>The discussion of using different CSR strategies in poverty reduction</i>	65
4.4 THE DISCUSSION OF THEORY	71
4.5 ASSESSMENT OF CSR INITIATIVES IN TOURISM AND POVERTY REDUCTION	72
5. CONCLUSION	76
6. FUTURE RESEARCHER	79
REFERENCES	81
APPENDIX I: INTERVIEW GUIDE.....	85
APPENDIX II: TRANSCRIPT OF INTERVIEWEES	87
TRANSCRIPT OF CUONG HUONG L.T.D COMPANY	87
TRANSCRIPT OF INTERVIEWEE: GREEN SAPA TOUR	90
TRANSCRIPT OF INTERVIEWEE: TOPAS ECO-LODGE AND TOPAS TRAVEL	94
TRANSCRIPT OF INTERVIEWEE: ROYAL	100
TRANSCRIPT OF INTERVIEWEE: HOLIDAY	103

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LIST OF FIGURES AND TABLES

FIGURES

Figure 1: Three concentric circles of CSR

Figure 3.1: The pyramid of CSR

TABLES

Table 3.1: Overview of Tour Operators in Sapa

Table 3.4.1: Carroll's Stakeholder/Responsibility Matrix

Table 3.4.2: Pretty's Typology of Participation

Table 4.3.3: The different strategies of the tour operators in poverty reduction

Table 4.5: Wealth Ranking of Tourism and Non-tourism Households

ACRONYMS AND ABBREVIATIONS

CSR: Corporate Social Responsibility

OECD: Organizational for Economic Co-operation and Development

PPT: Pro-Poor Tourism

UN: United Nations

WTO: World Tourism Organization

SMEs : Small and medium-sized enterprises

1. INTRODUCTION

Tourism has become one of the world's largest and fastest emerging industries. Today it represents as an important economic segment in developing countries. It provides opportunities for economic development in areas that have limited development activities¹. From 1995 to 1998, tourism turnover were one of the five leading sources of export revenue for 69 developing countries². Developing countries can achieve significant benefits from international tourism at the macro level. Tourism is a primary export earner for 83% of developing countries and the principal export for one-third of them³. In this sense, tourism is related to increase foreign exchange earnings, job creation, income generation, increased tax revenue, and promoted welfare⁴. The studies of Page, et al indicate that tourism is an important element for growth, significantly more labor intensive than other non-agricultural sectors, and hires a rather high percentage of female and semi-skilled workers⁵. Their findings assist the assertion that tourism jobs can aim the poor in developing countries⁶.

Despite tourism's potential, it causes economic, social-cultural and environmental costs. However, this paper will focus on economic and social aspects. According to Cottrell (2001, p.1) in Thailand 70% of all money spent by tourists leaked out from the country (via foreign-owner tour operators, airlines, hotels, imported drink and food, etc.). In this circumstance, tourism might become a burden for local people particularly to the poor and community because they do not receive profit from tourism but suffer in terms of being crowded tourists, leaked and polluted issue. Applying CSR approach at this point might help to address these issues because CSR is *'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary*

¹Emaad Muhanna, Problems and perspectives in management/Volume 5, Issue 1,

²UK Department for International Development (DFID), 1999. In WTO 2002a: 18

³In WTO 2002b:10

⁴Robertico and Manuel, 2008

⁵Page, 1999; Tohamy and Swinscoe, 2000; and Brau, Lanza, and Pigliaru, 2007; Sugiyarto, Blake and Sinclair, 2002

⁶Ibid, 2008

basis’⁷. CSR is multi-faceted concept with different approaches, though this thesis will apply the definition of Blowfield and Frynas. CSR is “*An umbrella term for a variety of theories and practices, all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behavior of others with whom they do business (e.g., within the supply chain); and that (c) business needs to manage its relationship with wider society, whether for reasons of commercial viability, or to add value to society*”⁸. In this thesis, the economic approach of CSR primarily focus on:

- Boosting of local employment,
- Improving the poor’s income
- Offering educational opportunities.

The next section will discuss more the economic approach of CSR and the nexus between CSR in tourism and poverty reduction will be discussed further in the next chapters.

Discussing about the economic and social approach of CSR, the Committee for Economic Development (1971) used “*three concentric circles*” to describe CSR. The inner circle involved with fundamental economic functions- growth, products, and jobs. The intermediate circle recommended that the economic functions have to conduct with a perception of changing social values and priorities. The outer circle suggested that business must involve with improving the social environment⁹. In other words, business should comply with social responsibility because compliance is seen as a cost of doing business; it brings value by protecting the company’s reputation and diminishing the risk of litigation¹⁰. The company can address responsible business practices whereby “*can give it a leg up on the competition and contribute to the organization’s long- term success*”¹¹.

⁷M.Prieto et al.,2006, p.978

⁸Blowfield and Frynas, 2005, p.503

⁹Caroll, 1991

¹⁰Simon Zadek, 2004

¹¹Ibid, 2004, p.161

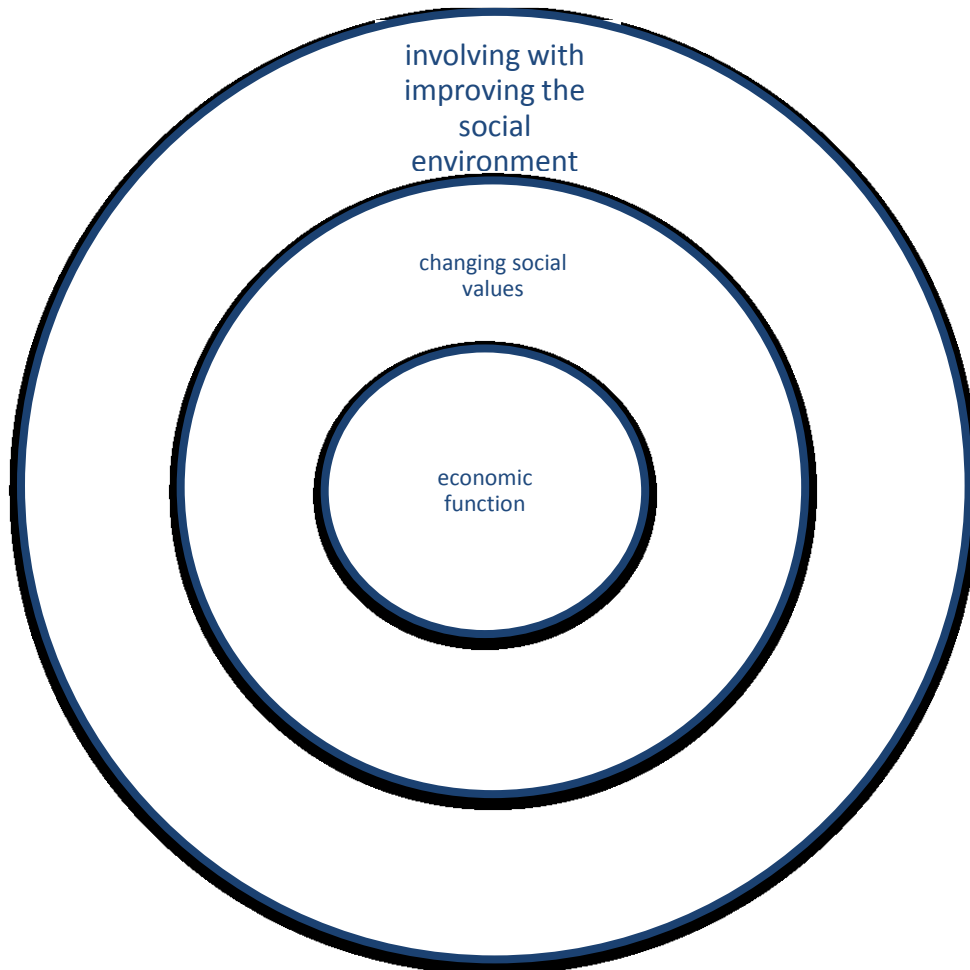


Figure 1: Three concentric circles of CSR (CED, 1971)

The economic and social approach of CSR also involved with improving social practices. So Ducker expressed his view that *“business turns a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth”*¹². In this sense, business is a means of addressing poverty issues due to its capability of providing economic opportunities. In the coming part, the paper will generally discuss about the poverty concept, pro-poor tourism and the connection among CSR, tourism business (tour operators) and poverty reduction.

¹²Ducker, 1984 in David Crowther& Guler Aras, 2008

Poverty as a multi-dimensional concept that embraces lack of income, social and physical isolation, powerlessness, lack of voice, low social status and physical weakness¹³. One of the solutions to reduce poverty is using pro-poor tourism. According to Carroll et al., pro-poor tourism generates net benefit for the poor “*PPT strategies aim to unlock opportunities-for economic gain, other livelihood benefits, or engagement in decision-making - for the poor*”¹⁴. The nexus among CSR, (tourism) business and poverty has recently changed. In the past, the issue was how business causes poverty for instance, through land rights claims, pollutions, violence, corruption, etc. now business plays an important role, as part of the solution to the problem of poverty alleviation through the promotion of free markets and the incorporation of small and medium-sized enterprises (SMEs) in global supply chains, with support from big companies in updating their product design, production and marketing¹⁵. Pro-poor tourism enhances economic benefit and tackle many hindrances to economic participation and offers employment for the poor¹⁶. This way, the poor can improve their income and gain educational opportunities from their work. Tourism business includes different elements, in this research; it only focuses on the tour operators. What is the role of the tour operators in tourism and poverty reduction?

Meyer deems that tour operators play an essential role in the distribution chain, presenting the central nexus between customers and providers of services, and hence holding the power to influence both sides, the demand and the supply regarding their interests¹⁷. It points out that tour operators are able to contribute to the poverty reduction due to their influence to stakeholders and participation in tourism. Thus, the engagement of tour operators in CSR in tourism certainly influences to poverty reduction issue.

¹³ Spenceley, 2008.

¹⁴ Caroline Ashley, Harold Goodwin and Dilys Roe, 2001, pro-poor tourism briefing No.1

¹⁵ Marina, Peter, Anita, Ana and Chandra, 2006

¹⁶ Caroline Ashley et al., 2001

¹⁷ ibid, 2003

Based on the potential of CSR, the researcher has chosen the economic approach of CSR as the most relevant points in order to apply for the case study. However, the paper does not ignore several limitations of CSR in terms of development strategy.

In spite of CSR's advantages, there are few criticisms indicating few limitations of CSR as a development strategy. They deem that CSR is not often appropriate to address poverty issue in developing countries due to the lack of contextualization, fragmentation in CSR initiatives, and the exclusion of poor people in the decision-making concerning CSR¹⁸. However, Fox et al argue that the potential and limitations of CSR initiatives in the developing countries ought to estimate, and that any CSR initiatives should create benefit workers and communities instead of creating only benefit to companies¹⁹. At this point, it is interesting to apply CSR to the case study and contribute the findings in relation to the academic discussion of tour operators' businesses in tourism, CSR and poverty reduction.

Focus on Sapa

Sapa, which is characterized as a low income and high poverty rate region, has applied CSR approach in tourism through the projects of French (technical support project), Dutch (community tourism development), and Canadian companies (teaching English for people and training tourism skills)²⁰ etc. in order to improve poverty issue for the minority groups and local people. Thus, it offers an interesting case study for the researcher.

Sapa, Lao Cai is one of the three poorest regions in Vietnam. In 1993, the highest percentage of population living below poverty line was 80%, and in 1998, almost 60% and in 2002, 40% of the population of Lao Cai province lived under the official poverty line²¹. The poverty rate was improved due to the government's efforts and intensive investment in tourism business²². In 2006-2010, the authority of Lao Cai

¹⁸Klish, 2002

¹⁹Fox, 'Corporate social responsibility and development'; Peter Utting, 'CSR and development: is a new agenda presentations made at UNRISD conference, 2003

²⁰Pro-poor Tourism in the GMS: Vietnam Case Study, Central Institute for Economic Management and Vietnam Institute of Economics, 2007

²¹Kishre Shar and Vasnti Gupta, 2000

²²Central Institute for Economic Management, 2001

province issued its policy to focus on tourism development as a tool to reduce poverty and improve living standard for the ethnic groups in Sapa²³.

The economy of the area had fairly improved. The number of people working in tourism services in 2005 was 8%, and increased 13,5% in 2010 and the revenue of service-tourism was 60 % of general revenue²⁴. However, there is a major difference of the poverty rate between none participation tourism and participation tourism. The ‘non-tourism’ term here is defined, as people do not participate in tourism activities. The poverty rate of non-tourism households is 40.48% (quite high) and tourism households 14.1 % (much lower)²⁵. It indicates that participation in tourism has a strong impact on household income, and thus it is likely to assume that participation in tourism helps poverty reduction in Sapa²⁶.

Problem Formulation

CSR is a quite new concept and the engagement of tour operators in CSR in tourism and poverty reduction has not been comprehensively estimated and analyzed in Sapa Vietnam, thus it gives an interest for the researcher. In addition, the paper finds there is an interesting that tourism operators give more attention to social and economic aspects of CSR than the environmental responsibilities. This leads to opportunities and challenges that tourism might offer to the poor.

In this research, Topas, Green Sapa tour and Cuong Travel will be considered as three of the most important tour operators involved with CSR approach in tourism and poverty reduction. Topas organization has run its activities in Sapa for several years and applied its model in other Asian and African countries. Topas has applied CSR in poverty reduction and suggested the development of a common CSR policy for other tourism operators to participate. This implementation concentrates on the economic

²³<http://www.vietnamtourism.gov.vn/index.php?cat=1005&itemid=8478> (access December 29th 2010)

²⁴<http://www.vietnamtourism.gov.vn/index.php?cat=1005&itemid=8425> (access December 29th 2010)

²⁵(Source: Pro-poor Tourism in the GMS: Vietnam Case Study, Central Institute for Economic Management and Vietnam Institute of Economics, 2007, estimated from survey data)

²⁶Ibid, 2007

and social aspects of tourism. The other tour operators, Cuong travel and Green Sapa Tour, have contributed to local community in terms of social and economic aspects. They are concerned about socio-cultural values as a long-term tourism development for Sapa. This creates positive impacts to other tourism operators as a model to follow, and increasing concerns in CSR and poverty reduction in the tourism operating industry in Sapa.

This thesis aims to answer the following research questions:

Research Questions

What are the characteristics of how the tourism operators engage in corporate social responsibility and poverty reduction in Sapa?

Sub-question:

Why do the tour operators engage in CSR?

How do they work with CSR?

What are the CSR strategies they apply in order to accomplish their purposes in poverty reduction?

The structure of the paper is the following:

Chapter 1: Introduction

This chapter presents the scope of the research, focus on the case study Sapa, and defines the key concepts of the thesis as well as the research questions.

Chapter 2: Methodology. This chapter presents the research method, selection and application of empirical data and theory, reliability and validity of data, triangulation method and delimitations.

Chapter 3: Theory. This chapter will clarify the relationship between CSR in tourism and poverty reduction. The paper also emphasizes the potential, criticism and limitations of the concepts in relation to poverty reduction. The paper summarizes the chapter and divides the dimension of tourism and CSR in relation to poverty reduction into four dimensions. These dimensions will form the analytical framework of the thesis.

Chapter 4: Analysis

This chapter includes the findings of the thesis and applies these findings from the interviews to the analytical framework. Based on the outcomes of interviews, the paper will analyze and discuss the meaning of interviewees.

Chapter 5: Conclusion

The paper will summarize the thesis and its findings, giving more concrete answer to the research questions.

Chapter 6: Future Research

There are some suggestions for the future research, which the researcher might be interested in exploring further.

2. METHODOLOGY

This chapter will introduce the theory of science. Second, the alternatives of the research method will be represented; third will be the discussion of empirics, fourth, the researcher estimates the reliability and validity of data.

2.1 The theory of Science

The theory of science position is an important part of the project because it demonstrates how research is conducted. The theory of science can be categorized into epistemology and ontology²⁷. Epistemology is fundamentally the philosophical theory of knowledge. It is associated with the question of what and how is (or should be) known that this truth and whether objective knowledge even exists²⁸.

In this study, epistemology is CSR concept that the researcher will elaborate how the tour operators recognize CSR concept in their perception. Their understanding and engagement of CSR in tourism and poverty reduction might be different from each other. That is because the way that individuals identify the term can be associated to their personal experience of CSR or personal social background. It is probably also dependent on their epistemology interpretation of the word. So the aim of the research is to explore the tour operators' perception of CSR and their activities in CSR.

Ontology is related to the nature of reality, whether reality is objective, or whether it relies on the individual and cannot exist on its own²⁹. Ontology of the tour operators understanding of CSR concept is built up from their perceptions, experience, and social interaction. However, the tour operator ontological perception cannot exist without the social context and history. The social context and history here is understood as political, historical and social elements in the case study. These elements clearly impact on the process of creating the tour operators' epistemological approach, and their activities in CSR. Therefore, ontology of individual is unlike to any other. The research's epistemology will apply CSR approach to consider the tour operators in CSR activities and poverty reduction. On the other hand, the researcher's

²⁷ Olsen and Pedersen, 2008

²⁸ Easterby-Smith, Thorp and Jackson, 2008; Olsen and Pedersen, 2008; Saunders et al., 2007

²⁹ *ibid*, 2008, 2007

ontological interpretation of the tour operators will be based on their own statement of their perception and engagement in CSR initiatives. With some interviewed tour operators, their epistemology interpretation of CSR is indicated through their contribution to the community in terms of social, economic and environment aspects. However, in the reality, the tour operators' ontological approach is primarily expressed only to economic and often less pay attention on social and environment aspects.

This thesis will be based on critical realism, which is formulated by Sayer (2000) in order to comprehend the tour operators' perception in tourism and poverty reduction. Sayer highlights "*Critical realism proposes a way of combining a modified naturalism with recognition of the necessity of interpretive understanding of meaning in social life*"³⁰. Sayer assumes that every phenomena has a cause, and therefore, causal analysis is a key issue to critical realism. In other words, reality is a consequence of social conditioning, so it is essential to recognize the underlying social structures and mechanism or to evaluate a given social phenomena.

It demonstrates in this research that the researcher wants to identify not only the underlying social structure and mechanism (corruption, non-transparent political system, the lack of incorporation and consensus among tour operators) of Sapa Vietnam but also to explore how and which way tour operators' perception consider and engage CSR concept in tourism and poverty. This point is important because it indicates that tourism can provide a useful tool to reduce poverty but how this process can happen, or whether CSR can be likely a pull factor for this process. The underlying social structures and mechanisms will be identified more specifically in the role of context in Sapa.

Critical realists categorize between the world and the way individuals experience it. The world is noticed as an essential reality and the reality is classified into three domains: the real, the actual and the empirical domains³¹. The real domain is identified with everything that presents, either natural or social, and it consists of the mechanisms of objects, their structures and powers that are able to produce precise events. The actual domain is related, "*to what happens if and when those powers are*

³⁰ Sayer, 2000, p.3

³¹ Sayer, 2000

activated, to what they do and what eventuates when they do”³². The actual denotes to all events, experience or not. The empirical domain alludes to experienced and observable events, however individuals unnecessarily recognize the real or the actual domains in connection to the empirical level³³. In this thesis, the qualitative interviews are on the empirical domain of reality, whereas the analysis presents the actual level: CSR and its potential to reduce poverty. The real domain, in which the underlying structures and mechanisms that affect CSR’s potential to reduce poverty can be identified, will not be analyzed in detail.

2.2 Research method

A deductive-inductive research strategy is applied in this research. The first part of thesis is deductive, which includes the theory and analytical framework, and the second part, the analysis is inductive. The inductive part relies on the empirical data achieved from qualitative interviews with 5 tour operators. Theoretical framework creates an essential structure of CSR approach and provides either a general review or specific CSR approach to facilitate the analysis of the case. In deductive part, the researcher highlights in CSR economic approach on tourism and poverty reduction due to the characteristic of the case study, developing area with the high poor ratio and taking advantage of tourism development in order to improve the life-standard. The inductive part provides a comprehensive understanding and in depth-knowledge about the perception of the tour operators in CSR approach based on the analytical framework in theoretical review. Although CSR approach is multi-faced concept, the researcher is able to define the tour operators’ CSR concept thanks to the inductive part. As a result, the combination of induction and deduction helps the researcher to diminish the tendency focusing only on theoretical part and ignoring the reality or just analyze the reality without deeply understanding the phenomena due to the lack of understanding the theory. Both tendencies can probably impact to the quality of the research in terms of reliability and validity.

³² *ibid*, 2000, p.12

³³ *ibid*, 2000

Despite of the advantages of induction and deduction strategies, there are several certain limitations of pure deduction and induction. Danermark et al., deem that *“deduction does not say anything new about reality beyond what is already in the premises”*³⁴, whereas Sayer stresses the limitation of induction to be that *“we are not logically entitled to assume that because a particular sequence of events has always been observed to occur it will not necessary do it in all cases”*³⁵.

This research applies an intensive research design in order to achieve in-depth knowledge about how tour operators engage in CSR and poverty reduction in Sapa, rather than to set up a general model and to complete a statistical analysis. The literature is related to CSR is fairly available, while regarding with CSR and poverty reduction, and CSR and tour operators are rather limited. Thus, the researcher thinks that it is a preferable way to choose this thesis with descriptive and explorative research design that entails an overview of the topic of tourism, CSR and poverty. The requirement of explorative research is emphasized by Olsen and Pedersen, who asserted, *“a qualified conceptualization of an inadequately understood phenomenon...requires an explorative research method”*³⁶. The descriptive and explorative research design provides the formulation of the analytical framework and thus, sheds light on what to study and analyze in order to gain the answer for the research questions. The analytical framework and the analysis also accept an explanatory approach on the purpose of investigating the relationship between the tour operators' CSR activities and the possibility of these activities in alleviating poverty in Sapa.

In the next section, this paper introduces the qualitative data collection method.

The thesis has chosen the qualitative strategy for the reason that perception is not quantifiable and needs further analysis, and to delve deeper into the tour operators' values, reasons and motivations regarding why and how they engage in CSR and poverty reduction. Moreover, the researcher has decided to utilize semi-structured interviews because Saunders (2007) et al., argues that this is the preferable method to attain data. The research is able to comprehensively understand the tour operators through their attitudes and opinions during the interviews. Furthermore, the

³⁴ Danermark, 2002, p.81

³⁵ Sayer, 1992, p.153

³⁶ Olsen and Pedersen, 2008, p.186

interviewer is capable of taking advantage of information without adhering with the order of questions.

Before conducting the interviews, the researcher studied obtainable literature. This way it could help to achieve inside (emic)³⁷ knowledge and exploitation of information that this paper has collected to identify the concept of CSR and rather to formulate useful interview questions. The researcher understands well Vietnamese culture and able to socialize with interviewees, thus this enables the researcher to get all the meaning of interviewees and they felt freely and openly to answer interview questions. So the researcher is able to gain the interviewees' comprehensive perception in CSR and their activities. Furthermore, the researcher has studied in Denmark and moderately understood Danish culture well; this also enables the researcher to attain useful information from interviewee, Topas. The researcher chosen to conduct the interviews in low season of tourism, therefore majority of interviewees have time and feel comfortable to open their dialogues. The interview question guide has been helpful concerning checking that each important aspect of the research is taken into account. The interviews were conducted and prolonged from 30 minutes to 55 minutes depending on how much the respondents involve with CSR activities. After the interviews, the researcher contacted with interviewees through email to confirm what the interviewer understood, whether the researcher got the interviewees' meaning in the same way. All interviews were conducted at the interviewees' places, and recorded by the interviewer.

The ethical reflection in this project was based on building a relationship with the interviewees and the researcher was aware of the tasks towards them. The researcher faithfully expressed the aim of the research and explained the reason to conduct the research before conducting the interviews. This way is able to build up the confidence between the interviewer and interviewee. The research also respected the reasonable interviewees' requirements such as confidential information or data of company.

Although semi-structured interviews have a few of advantages, there still exist few criticisms regarding the lack of objectivity due to the human interaction inherently. The interviewer's behavior can affect the outcome of the answer. The interviewer can

³⁷ Askehave, Inger and Norlyk, Birgitte (eds) (2006). *Meanings and Messages* :pp.21-22

influence the interviewee's perception, and thus his or her willingness to express and discuss concrete aspects of a topic can be changed³⁸. One more important point is the political context in Vietnam, which is a sensitive issue and majority of interviewees reveal that this become a significant hindrance in CSR activities. This point will discuss further in analysis chapter and this thesis will not analyze political issue however, it is necessary to be aware and mention in the context of Sapa section.

2.3 Empirics

This research composes of both primary and secondary empirical data. The primary empirical research deals with the interviews that the researcher conducted. This empirical data will support the secondary empirical research that combines of data vies from the literature in the tourism field and other relevant sources; this is capable of underpinning the research's problem.

The primary empirical data will be based on interviews among the tour operators in Sapa.

The secondary empirical data is made up of both statistical collections and literature. The literature includes different perspectives to formulate an overview of three fields: tour operators, CSR and Poverty reduction. With statistical collections, the paper will present figures from the Pyramid of CSR (Caroll, 1991), Pretty's Typology of Participation, tourism participation and non-participation tourism sources as Pro-poor tourism in Vietnam, Corporate Social Responsibility in developing country and Vietnam. These sources provide material and statistical collections about tourism and poverty reduction in Vietnam in CSR approach. The secondary literature is researched and written by prestige authors. In the next section, the paper will present reliability and validity of data.

2.4 Reliability and Validity of Data

³⁸ Saunders et al, 2007, Easterby- Smith, Thorpe and Jackson, 2008

Despite of the principle for the selection of the methodology, it is always essential to contemplate about the concept of reliability and validity³⁹. The highlighted point for the methodology chosen for this project demands issues in reference to qualitative research. Reliability is related to the question of whether various or some researchers will come to a very similar conclusion. Stenbacka defines *“the concept of reliability is even misleading in qualitative research. If a qualitative study is discussed with reliability as a criterion, the consequence is rather that the study is no good”*⁴⁰.

A common way to diminish these challenges is by utilizing triangulation, *“different kinds of measures or perspectives in order to increase the confidence in the accuracy of observations”*⁴¹. This study applies data triangulation in order to increase the reliability. It uses primary data and crosschecks the empirical data with secondary data. The researcher applies international studies of CSR and poverty reduction/pro-poor development in the broaden scope of the empirical observations. This project employs theoretical triangulation through different theories to investigate the empirical data – for instance, the Pyramid of CSR (Carroll, 1991) and Pretty’s Typology of Participation (Pretty & Hine, 1999). It is important to be aware of reliability, in this study, understood from a critical realist perspective thus, the context influences significantly to the phenomena mentioned in the study. Due to differences in the context, the researcher acknowledges that other researchers will unlikely obtain the precise same findings as this study.

Validity is *“the relation between what on originally aimed to investigate and what one has actually investigated. The question is whether the investigation covers what one claims to be able to conclude”*⁴². The researcher believes the validity of this project to be strong by taking the nature of the secondary and empirical data. The purpose of the project is to investigate the tour operators’ engagement in CSR and poverty reduction in Sapa, while the secondary data generated a theoretical overview of the fields of CSR, tourism and poverty. The interviews provided insight into the tour operators’ practical and relevant work with CSR and poverty reduction.

³⁹ Golafshani, Nahid (2003): Understanding Reliability and Validity in Qualitative Research (pdf) p.5

⁴⁰ ibid, 2003, p.5

⁴¹ Easterby-Smith, Thorpe and Jackson, 2008, p.334

⁴² Olsen and Pedesen, 2008, p.316

Nevertheless, validity of this research could have been improved by interviewing the key stakeholders in poverty reduction: the poor. So it is necessary to express that this research is not able to conclude definitively whether tour operators' CSR activities in fact alleviate poverty in Sapa.

In the next chapter, it will be theoretical chapter.

3. THEORY

This chapter will discuss four dimensions of tourism and CSR in the context of poverty reduction. First, the linkage between CSR and tourism in poverty reduction is elaborated. Second dimension is the context of case study, third is impact assessment of CSR initiatives in poverty reduction, and final dimension is power and participation. These dimensions play an important role in connection with investigation of why and how the tour operators engage in CSR and whether their activities can likely alleviate poverty in Sapa. The role of the government is considered as tourism development policy, whilst the role of business in poverty reduction has been highlighted in the discussion of CSR. These dimensions illustrate the challenges to reducing poverty through CSR approach in tourism and form the study's analytical framework for this project.

3.1 The linkage between CSR and tourism in poverty reduction

As the paper defined CSR concept in the introduction chapter, CSR is *“an umbrella term for a variety of theories and practices, all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals... (b) that companies have a responsibility for the behavior of others ...; and that (c) business needs to manage its relationship with wider society, whether for reasons of commercial viability, or to add value to society”*⁴³. Approving with this definition, Crana & Matten deem that *“it is by now fairly widely accepted that business do indeed have responsibilities beyond simply making profit”*⁴⁴ due to *“the more a social improvement relates to a company's business, the more it leads to economic benefits as well”*⁴⁵. Kalisch argues that the business case for CSR in tourism is an increasing consumer demand for ethical products and risk management. She believes that if the business can maintain the high standards of responsibility in social policies with

⁴³ Blowfield & Frynas, 2005, p.503

⁴⁴ Crane & Matten, 2007, p.47

⁴⁵ Porter&Kramer, 2002, p.7

stakeholders, so it is likely to affect the motivation and commitment of employees and as a result, can lead to higher service quality and customer satisfaction. She further emphasizes that poverty among populations can be a consequence of a negative customer-host relationship and community dissatisfaction. However, the risk can be addressed if the tour operators are in charge of social responsibilities and recognize the social and economic conditions in the local area⁴⁶.

⁴⁶ Kalisch, 2002

Name of tour operator	General Information
Green Sapa Tour Director: Dao Duc Phong	Website: http://www.greensapatour.com/ Turnover 2010: 6 billions vnd (~ 202.020 €) Employees: 39 staffs (full time) and more than 100 (part time) Time of activity: over 10 years Tourism activities: classic tours, hiking and trekking, tribal traditional market tours, etc. Property: hotel, restaurant, and traveling company Member of Association: Youth association in Laocai
Topas traveling Manager: Le Phuc Thien Topas Ecolodge Director in Sapa: Peter B.Jensen	Website: http://www.topastravel.vn/ Turnover 2010: 21 billion vnd (ca. 701.363 €) Employees: 35 staffs full time in Topas travel, 40 staffs full time in Topas Ecolodge and part time (no statistic) Time of activity: 12 years Tourism activities: hiking and biking mountain, tours, eco-tourism, etc Property: Ecolodge 8 ha Member of Association: Topas in Danmark
Holiday Director: Hoi	Website: http://www.holidaysapa.com/ Turnover 2010: 5 billion vnd (ca.167.515 €) Employees: 40 staffs (full time) and part time (no statistic) Time of activity: over 3 years Tourism activity: hotel business, tours, etc Property: restaurant and hotels
Cuong Huong Ltd.company Director: Tran Viet Cuong	Website: http://www.xesapa.com/ Turnover 2010: 10 billion vnd (ca. 335.031 €) Employees: 100 staffs (full and part time) Time of activity: over 10 years Tourism activities: tours, tourism transportation, hotel and restaurant business, etc. Property: restaurant, company, traveling transportation, hotel
Royal Manager: Nguyen Quang Kha	Website: http://www.royalsapahotel.com Turnover 2010: 4 billion vnd (ca. 134.012 €) Employees: 30 (full time) Time of activity: 3 years Tourism activities: tours, hotel and restaurant business Property: renting hotel and restaurant

The researcher provides the table of the tour operators in Table 3.1, in order to help the reader to gain a general overview of the tour operators, which are interviewed and included in this case study.

The debate surrounding CSR moral approach is based on the notion that society stands for many of the costs caused by companies, for instance, the use of public goods, exploitation of landscape and human resource, etc. In relation to tourism, the cost for society can be high due to the leakages (through foreign-owned tour operators, airlines, hotels, imported drink and food, etc.) and the deprivation of natural and cultural resources⁴⁷. The evaluation of leakages for the countries in Caribbean and India is ranged from 80% to 40%⁴⁸. Newell and Frynas deem that this can lead to negative consequence in terms of undermining the ability to create long-term development⁴⁹. According to Cuong Travelling Tour Operator in Sapa, he expressed that *“the majority of companies has exploited Sapa landscape and ethnic group culture for benefits in short term instead of making a long-term strategy. This brings the deprivation of natural and cultural resources”* (interview 9 February, 2011, 16.18-19.30).

Tourism in developing countries *“often draws on assets of the poor, as cultural knowledge, natural resource and rural space”*⁵⁰, which makes it necessary for the tour operators to reimburse society from both the business and moral perspectives. Cuong tour operator indicated that the poor is the ethnic group who possess prominent culture whereby Sapa can possibly to attract tourists. This is economic motivation for CSR. Therefore, it is very interesting to discuss whether the tour operators ought to assist the poor or just pay attention on their business. He revealed *“I and other companies have built a community, TaVan, for the ethnic group where they can gather to perform their charming costume and dancing performance to tourists. This way can not only help the poor to have income and improve their lives for a long-term but also maintain and develop their culture. That is the way I give my reimbursement and contribution to community and the poor”* (interview Cuong Huong Ltd. company, 3.00-7.09 min, 9 February, 2011). The compensation of a company is related to the

⁴⁷ Richards, Carbone & Gordon, 2002

⁴⁸ Emaad, 2007

⁴⁹ Newell & Frynas, 2007

⁵⁰ Ashley, Roe & Goodwin, 2001, Sheet no.3

business responsibility for the impacts of tourism because they earn benefits from the society and ought to devote to resources in order for continuity and growth.

Friedman's famous article "The Social Responsibility of Business is to increase its profits" wherein he stressed that the only responsibility of corporation is to maximize its profits and the shareholder value⁵¹. Many scholars notice Friedman to be an opponent of CSR. Nevertheless, Friedman also expressed that a company can contribute resources to social commitments, by that means the company can gain a long-term interest⁵². In this point of view, Porter and Kramer have explored further the strategy of using CSR and consider CSR as a competitive advantage for a company⁵³. Competitiveness today counts on the productivity with which companies can use human capital, and natural resources to generate high quality goods and services. Productivity relies on recruiting employees who are educated, healthy, moral and motivated by a *sense of opportunity*. Preserving the nature provides benefits not only society but also companies due to minimizing pollution and wasting which can bring to a more productive use of resources and enable produce goods, which uses value⁵⁴. Enhancing aid for the poor is a way to improve social conditions, which can provide more productive locations for a company, which create more economic benefits. All these arguments attempt to convince the companies, which ought to be concerned about the community for their long-term development.

According to Carroll, the responsibilities of a company can be categorized into a pyramid with four parts: the economic, legal, ethical and philanthropic⁵⁵. The researcher will be based on the CSR pyramid in order to examine and explore the tour operators' perception of CSR in this case study. The order of pyramid is flexible depending on the specific case study. This research will primarily focus on discussing the economic aspect rather than pay attention all three other responsibilities of a company due to its most relevant part to the case. This will be discussed further in the analysis. The responsibilities are illustrated in figure 3.1

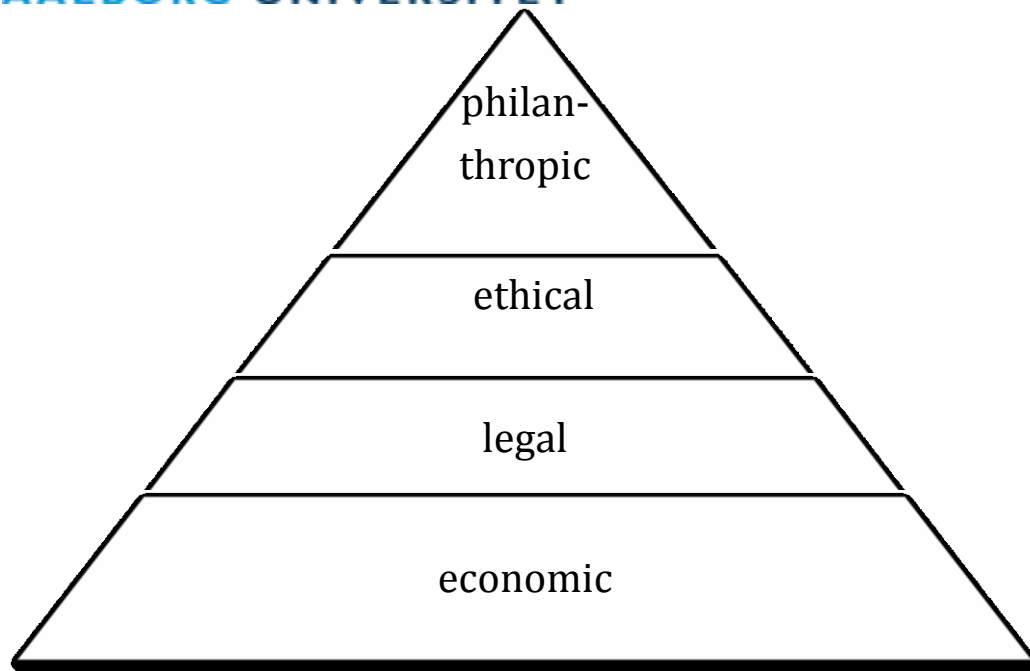
⁵¹ Friedman, 1970.

⁵² Ibid, 1970.

⁵³ Porter & Kramer, 2002, 2006.

⁵⁴ Porter&Kramer, 2002.

⁵⁵ Carroll, 1991



Source: Carroll (1991:42) **the pyramid of CSR**

The pyramid begins with economic responsibility as an establishment; the component Economic Responsibility is the first and foremost responsibility of business. As a fundamental economic unit in the society, a business is in charge of producing goods or providing services and making profit to create wealth. At the same time, rules and regulations are established for the business to run its operation within certain limits. These rules compose the legal responsibilities of business. Beyond the legal responsibilities are ethical responsibilities, which is often an issue to judge what is and is not ethical. And the last responsibilities of the business is philanthropic responsibility⁵⁶. Carroll states that philanthropic responsibilities are *“highly desired and prized but actually less important than the other three categories of social responsibility”*⁵⁷. Carroll (2004) deems that although the four elements are debated independently for illustration aims, they are not mutually exclusive. Viewing the elements individually might provide an idea of different kinds of responsibilities. This might also assist managers to see the conflicts between elements, such as conflict between economic and the other three responsibilities, which is pointed out by Carroll (1991) as *“concern for profits”* versus *“concern for society”*. This is clearly reflected in the tour operators’ perception in the case. According to the Green Sapa Tour,

⁵⁶ Carroll, 1979

⁵⁷ Carroll, 1991, p.42

Royal, Cuong travelling and other companies, they admit that economic element is the first and foremost responsibility to them. They are able to create jobs and help to improve their employees' skill and the majority of companies only focus on developing economy and provide employment opportunities. In addition, they also mention about legal responsibility. Although the tour operators recognize their responsibility to community and society, however they admit that they cannot meet fully the legal, ethnic and philanthropic responsibilities because these require a big cost for companies and the tour operators cannot afford. They think these responsibilities belong to the government. They do not deny the crucial role of the relationship between business and society, thus they attempt to contribute as much as they can (interview 9,11,13 February, 2011).

The interaction between business and society play an important role due to business' operation based on the society. A number of scholars have endeavored to illuminate the field of CSR. Garriga & Mele perceive CSR theories from the perspective of how the interaction between business and society. They clarify between four main groups: the instrumental, political, integrative and ethical⁵⁸. *Instrumental theories* focus on economic objectives, and CSR is considered as a strategy to gain wealth creation. Friedman and Porter& Kramer are representative of this group. However, they also mention about philanthropic contributions. Porter& Krammer think that Friedman is right. The majority of philanthropic contributions are spread and unfocused. "*Most consist of numerous small cash donation given to aid local civic causes or provide general operating support to universities and national charities in the hope of generating goodwill among employees, customers, and the local community*"⁵⁹. Philanthropy moderately refers to *well-thought-out* social or business purposes; the contributions often represent the personal beliefs, and values of executives or employees⁶⁰. According to Friedman "*if the corporation makes a contribution, it prevents the individual stockholder from himself deciding how he should dispose of his funds*", thus he concludes, "*The charities should be made by individuals stockholders or, by extension, individual employees*"⁶¹. *Political theories* emphasize

⁵⁸ Garriga and Mele, 2004

⁵⁹ Poter&Kramer, 2002, p.6

⁶⁰ *ibid*, 2002, p.6

⁶¹ Friedman in Porter&Kramer, 2002, p.6

on the social power of business and its inherent responsibilities in the political aspect. *The integrative theories* are related to the integration of social requirements into a company's business strategy. It is essential for a company to stick its business with social values of a society because business counts on society for continuity and development. A critical part of this process is stakeholder management, which alludes to the need and ability of a company to classify and estimate both the social issues and the various groups of which it must be charge. In the fourth group, *ethical theories* point out what a company ought to do, and a company's social responsibilities are deliberated as an ethical compulsion above any other consideration⁶².

In order to discuss how and why the tour operators engage in CSR in tourism activities and poverty reduction, this research will use the school of CSR defined by Djursø & Neergaard. They category various perceptions of a company's engagement in CSR into school of CSR, including the dogmatic, the philanthropic, the international and the ethical⁶³. However, based on the context of the case study, this research will focus on discussing the dogmatic and international schools rather than extending all of them. The dogmatic school of CSR refers to maximizing profit, based on the presumption that a company is able to be socially responsible if it can increase total welfare of society through its profit. Likely, the philanthropic school also focuses on making highest profit for a company. Nevertheless, the philanthropic deems that a company must take social responsibilities through donating a little share of its profit to philanthropy⁶⁴. Djursø & Neergaard think that the international school of CSR is the most common understanding of CSR in the international academy. The European Commission reflects this in its definition: “[a] *concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*”. The economic aspect plays a significant role in the international school, which is emphasized by European Commission “*CSR can make a significant contribution towards sustainability and competitiveness, both in Europe and globally*”.

⁶² *ibid*, 2004

⁶³ Djursø & Neergaard, 2006

⁶⁴ *ibid*, 2006

This section will discuss whether tourism industry is a useful tool to reduce poverty. Several scholars state that tourism can potentially reduce poverty because it provides employment opportunities, which is likely to improve living standard for the poor. The economic and social approaches of CSR refer to improving social practices. Ducker indicates that “*business turn a social problem into economic opportunity and economic benefits, into productive capacity, into human competence, into well-paid jobs, and into wealth*”⁶⁵. However, the connection between financial and the responsible issues has been debated, and the business circumstance of CSR is still ambiguous⁶⁶. Moreover, tourism depends on the assets of the poor such as cultural knowledge⁶⁷. On the other hand, a number of researchers perceive more critical points of view towards tourism⁶⁸. Solomon states that “*tourism, virtually, for all intents and purposes, one with a purely economic function in-so-far as the industry is concerned...*”⁶⁹. Other critics argue that tourism is not proper to poverty reduction because of “*the rather high level of foreign ownership and its considerable non-economic costs imposed upon the poor*”⁷⁰.

The discussion about the role of tourism in poverty reduction above raises the question about the possibility of the tour operators playing a role in poverty reduction in Sapa. The answer to this question would assumedly influence the tour operators’ engagement in CSR and poverty. If the tour operators are not aware of the social and economic impacts caused by tourism in Sapa and not responsible for the community, so they do not engage in CSR. Another question could be related to Public Relation (PR) value. The company is likely unconcerned about CSR activities, however they engage with CSR due to its PR value. Recently, using philanthropy as a tool to impact on public relations, advertising, promoting a company’s image or brand through cause-related marketing or other high-profile sponsorships is increasing⁷¹. Based on this value, the company can create a better image of its company. Thus, the

⁶⁵ Ducker, 1984 in David Crowther&Guler Aras, 2008

⁶⁶ Doan, 2005; Margolis & Walsh, 2001; Plesner & Neergaard, 2005; Vogel, 2005

⁶⁷ Ashley et al., 2001, Kalisch, 2002, Wood, 2007

⁶⁸ Hall, 2007, Chok, Macbeth & Warren, 2007; Scheyvens, 2007; Mowforth & Munt, 2003

⁶⁹ Solomon cited in Hall, 2007, p.114

⁷⁰ Bennett, Ashley & Roe, 1999, p.11

⁷¹ Michael&Kramer, 2002, p.5

exploration of the tour operators' perception of CSR is definitely important in order to find out how they work and what their motivation work with CSR. However, it is necessary to mention Jenkins's argument, emphasizing the importance of not only viewing at activities through a CSR lens, but also being aware of that some traditional business responsibilities play a role in companies' impacts on development. As a consequence, some traditional tourism activities can be understood as CSR activities, although the tour operators themselves do not consider them to involve with CSR⁷².

The next part of this chapter will present the context of this case study considered as an underlaid factor, which is partly influenced to the efficiency of CSR in poverty reduction.

3.2 The role of the context

As mentioned in methodology chapter, every phenomena has a cause and in this case, underlying social structure and mechanism of Sapa impacts certainly on CSR activities. So, the aim of writing this part is to emphasize how importance of the context can impact to CSR activities "*CSR initiatives work for some firms, in some places, in tackling some issues, some of the time*"⁷³, and moreover, "*companies do not function in isolation from the society around them*"⁷⁴. The presumption in current CSR approaches are built on conditions, which is often lacking in the developing countries⁷⁵, thereby ill-suited to deal "*the pressing poverty constrains of countries in the South*"⁷⁶. The context of Sapa can likely be the challenges for companies in their engagement in CSR such as corruption, bribery, low education, knowledge issue, etc. Concerning with corruption issue, it is defined "*corruption, by itself, does not produce poverty. Rather, corruption has direct consequences on economic and governance factors, intermediaries that in turn produce poverty*"⁷⁷. There does exist the linkage corruption, poverty reduction and CSR "*transparency is essential so that resource revenues are used more effectively to promote national development and economic growth in developing countries. Promoting revenue transparency is consistent with*

⁷² Jenkins cited in Blowfield & Frynas, 2005, p.507

⁷³ Newell (n.d), 2007, p.2

⁷⁴ Porter&Kramer, 2002, p.7

⁷⁵ Newell (n.d), p.2

⁷⁶ Ashley, Roe&Goodwin, 2001, p.3

⁷⁷ Eric&Frances, 2003, p.6

international objectives on combating corruption, poverty reduction, improving CSR... ”⁷⁸. Mr. Thien from Topas gives an example for this point “ we have to gain the permission paper from the local authority and give them money to run our CSR’s initiatives although we just spend our funding to contribute to the society. That is absolute nonsense and very annoying. Sometimes we must reduce the degree we engage in CSR initiatives (such as educating the ethnic group who live in the remote area not cut down all the trees) though that can impact to our goals in long-term development” (interview Topas-traveling, 11 February, 2011, 17.30-19.48). This point will be analyzed further in the analysis chapter. Meanwhile, Peter from Topas Ecolodge believes that “ it takes a long time and that is big work to apply CSR in Sapa because the ethnic people have low education and knowledge. It is very difficult to make them understand why they have to do this instead of that. That is the job for whole community and it is also a big challenge for our company to participate in CSR due to people’s perception. They think in different way with me”. (Interview Topas Ecolodge, 13 February 2011, 3.10-7-30). However, it cannot blame on the poor due to Newell points, the “world of CSR would look very different if the priorities of the poorer groups were put first”⁷⁹.

In addition, the challenges are often related to the point indicated by Newell (n.d.) in which he highlights that the presumption in current CSR models is built on conditions that are often not available in developing countries, such as “*responsive business interested in CSR and active civil society willing to partner with businesses*”⁸⁰. Other challenges of engaging in CSR can be the variety of people’s perception in the different context.

The perception of CSR is different from one society to another. Visser states that the prioritization and direction of the various responsibilities, which is declared by Carroll, rely on the context. For instance, Vietnam belongs to the developing country group, thus the responsibilities primarily focus on economic sphere, the first and foremost responsibility of business “ *the tourism sector – designed an economic ‘spearhead’ for development*”⁸¹ and the companies state that creating jobs is the most

⁷⁸ Henry, ADB/OECD Anti-Corruption Initiative for Asia and the Pacific
5th regional anti-corruption conference

28-30 September 2005, Beijing, PR China

⁷⁹ Newell, p.2

⁸⁰ *ibid*, p.2

⁸¹ Decree N-46/CT-TW, Dung et al., 2006

important responsibilities, which the companies can be. The following responsibilities, which are legal, philanthropic and ethical, are often less paid attention⁸². Therefore, different priorities and understandings of responsibilities are defined in different contexts. The context of the case study must be contemplated when making beneficial CSR because “*what works in one situation may well not work elsewhere*”⁸³. Furthermore, it is necessary to consider the context because in various contexts, the tour operators have different perceptions of CSR and decide to engage with CSR in different degree. The tour operators in Sapa received responds from tourists that a few ethnic people follow them and try to sell products to them. The tourists really feel to be bothered and have a bad impression although they have sympathy for the poor. The 3 tour operators emphasized that they recognized this issue, which influence significantly to tourism business. Thus, they bring out this issue to business association and try to find out the solution to help the poor. However, they admitted that it is difficult to gain a consensus of opinion among the tour operators because they have various perceptions of CSR and some they are even against CSR. In addition, two tour operators revealed that they do not receive support from the local authority and they sometimes ignore the poor. The research will discuss further about the context of Sapa impacting on the tour operators’ perception of CSR and their engagement with CSR and poverty reduction in the analysis chapter. The CSR initiatives can be active more efficiently if the companies can estimate the impact assessment of CSR in poverty reduction; hence assessment of CSR initiatives in poverty reduction is still included as a part of this chapter.

3.3 Assessment of CSR initiatives in tourism and poverty reduction

There is a lack of knowledge about the impacts of CSR in tourism and poverty reduction. In general, critics agree on the need for more empirical evidence to clarify the impacts of CSR and tourism in developing countries⁸⁴. They state that the researches mainly focus on the micro level and hence, limit the understanding of

⁸² Decree N-46/CT-TW, Dung et al., 2006

⁸³ Newell & Frynas, 2007 p.674

⁸⁴ Blowfield & Frynas, 2005, Chok, Macbeth & Warren, 2007, Scheyven, 2007, Prieto-Carron et al., 2006

impacts to the initiatives of individual companies, instead of within a given industry⁸⁵.

There is a need for more quantitative and comparative studies so that achievement of a better understanding of the implementation CSR on wider society⁸⁶. However, it is not easy to measure the impacts of CSR in tourism and poverty issue. Thus, the research does not look at only CSR lens in the assessment of companies' impacts on development because many business responsibilities such as job creation, and the payment of taxes- are seldom included in the CSR discussion due to this money to be used through state policy to the society and community such as building schools, vocation centers, training programs etc. In this project, the researcher will elaborate business responsibilities, economic aspect as one of main CSR approach in order to reduce poverty in Sapa.

Based on the secondary data, this thesis has accepted the outcome of other researches, which evaluated in general the impact of tourism to poverty reduction rather than indicating the estimation of the tour operators' CRS initiatives in poverty reduction. Nevertheless, the problem of impact evaluation of CSR in poverty reduction is relevant to the research questions due to the presumption that the tour operators' knowledge about the impacts of CSR in tourism and poverty reduction can influence to the manner wherein the tour operators engage in CSR. Hence, the researcher thinks that it is valuable to ask and know whether the tour operators estimate their CSR initiatives.

3.4 Empowerment and Participation

One of the key issues in the discussion and debate on CSR and poverty reduction is power and participation. This is emphasized in the definition of CSR by Blowfield & Frynas (2005) as a need to manage relationships with society, either for business or ethical objects. However, critics indicate the shortage of discussion about power and participation highlighting the need for further consideration regarding to "[w]ho has the power to make decisions, what power structures are implicit in CSR, and who has a voice in the debate...?"⁸⁷.

⁸⁵ *ibid*, 2005

⁸⁶ Blowfield & Frynas, 2005 and Prieto-Carron, 2006

⁸⁷ Blowfield & Frynas, 2005; Garvey & Newell, 2005; Prieto-Carron et al., 2006, p. 973

The empowerment of the poor plays a critical role in poverty reduction because poor people must achieve power in order to be responsible of their lives. Empowerment is understood as a process that “*enables local people to do their own analysis, to take command, to gain in confidence, and to make their own decisions*”⁸⁸. Moore clarifies between controlling power, power over, and constructive power, power to. However, it is necessary to recognize that power and empowerment hold different meanings for different people in different contexts. This project does not examine power concept because of the rather limited capability of analyzing power structure between the tour operators and the poor without conducting investigation in Sapa. The researcher mentioned about the power in CSR activities and poverty reduction because it impacts and is related significantly on this case study. Although this thesis will not analyze further about power issue in Sapa but it is necessary to be aware of the importance of political and power issue. This point will be clarified more in the analysis chapter.

3.4.1 Empowerment and Legitimacy

In the connection to power, it is the issue of stakeholder management, which is based on the attainment of “*maximum overall cooperation between the entire system of stakeholder groups and the objective of the cooperation*”⁸⁹. Stakeholder management is aware of many neutral tools in order to solve issues of CSR. Nevertheless, the process is frequently complicated by difficulties in developing countries such as language (ethnic groups having their own dialects), culture and education as well as the government structures⁹⁰. However, a company must evaluate its key stakeholders in various situations regarding both its business and its CSR orientation. This allows the company to work with these stakeholders and thus to dodge serious problems. Sapa has six ethnic groups with their own dialects and various unique cultures. Each ethnic group also has different background of education, such as the Hmong ethnic group has a literacy rate of only 10%, falling to 3% among Hmong women⁹¹. Holiday tour operator expressed that “*the majority of my employees are ethnic people, thus I have to learn the ethnic dialect if I want to understand and integrate with their*

⁸⁸ Mikkelsen, 2005, p.54

⁸⁹ Emshoff&Freeman in Garriga&Mele, 2004, p.59

⁹⁰ Blowfield&Frynas, 2005, Prieto-Carron, 2006

⁹¹ Kishre Shar & Vasnti Gupta, 2000

culture. And then I can understand my employees and make an appropriate policy in human resource management” (interview Holiday, 13 February 2011, 2.04-4.07). Holiday tour operator said her tour guider for the tourists is ethnic person, he is really good at guiding and the tourists are always satisfied with him. She revealed that this tour guider did not have education, and without job, income. After her training program, he achieves the necessary skills in tourism industry and improves his income as well as brings benefit for her business (interview 13 February, 2011).

In poverty issue with CSR initiatives, the poor are the target beneficiaries, and they should be taken into consideration as a key stakeholder group and be ‘given a voice’ in the development of CSR activities⁹². However, the poor often belong to the group having less influence to the companies’ decision making. Particular attention should be focused on stakeholders’ legitimacy to involve the poor as a key stakeholder. Carroll highlights that legitimacy and power as two important principles in the choice of key stakeholders, and he states, *“from a CSR perspective [the stakeholders’] legitimacy may be the most important”*⁹³. Legitimacy is related to as *“the extent to which a group has a justifiable right to be making its claim”*⁹⁴. The issue of legitimacy, which could be known as stakeholders’ moral claim, is vital to the context of poverty reduction. In other words, the poor have a low degree of power over a company’s decision making, whereas they have a high degree of legitimacy. This means that the poor have a justifiable right to make their claims regarding a company’s CSR activities in nexus to poverty reduction.

3.4.2 The Stakeholder/Responsible Matrix

The poor and marginalized often incline to be excluded in the CSR discussions because of their shortage a voice in society. The poor’s voice in society depends upon the priorities of the government, civil society organizations and of business cases for companies. Groups that do not have a significant influence on the companies’ operating business will not be considered as primary stakeholders; thus, they are

⁹² Zhao&Ritchie, 2007

⁹³ Carroll, 1991, p.43

⁹⁴ ibid, 1992, p.43

frequently ignored⁹⁵. Additionally, it is necessary to mention about the political context in developing countries *“tourism is highly political and the values of powerful stakeholders greatly shape outcomes... Tourism policies and plans are less likely to be reflective of a community’s social, cultural and environmental concerns than they are of the economic imperatives of those in power”*⁹⁶.

Green Sapa and Cuong tour operator mentioned about limitations of political system in Vietnam Sapa in relation to poverty reduction such as corruptions, divided social status in the society, etc. meanwhile, other the tour operators evaded talking about this issue due to its sensitive problem. The tour operators mentioned about some new tourism attractions in the ethnic groups and they wanted to take advantage of new attraction. However, the government did not give permission for them because this area is the poorest and this impact on the annual report of poverty. This point is sensitive issue in the case study and often to be ignored (only two tour operators mentioned generally, other did not want to talk about it) (interview 9, 11 February, 2011).

This thesis focus on the poor and poverty reduction, thus it is irrelevant to conduct an analysis of all the key stakeholders for the tour operators. The poor is considered as a stakeholder group in this paper.

The paper will apply Carroll’s Stakeholder/Responsibility Matrix, which is used to *“organize a manager’s thoughts and ideas about what the firm ought to be doing in an economic, legal, ethical and philanthropic sense with respect to its identified stakeholder group”*⁹⁷. This kind of information can be helpful in the development of a company’s short-term and long-term decisions. The matrix is illustrated below

Table 3.4.1: Carroll’s Stakeholder/Responsibility Matrix

Source: Carroll (1991, p.44)

Stakeholders	Economic	Legal	Ethical	Philanthropic
The poor				
The employees				
Government				

⁹⁵ Blowfield & Frynas, 2005; Garvey & Newell, 2005; Prieto-Carron et al., 2006

⁹⁶ Blowfield & Frynas, 2005; Garvey & Newell, 2005; Prieto-Carron et al., 2006, p.159

⁹⁷ Carroll, 1991, p.44

This matrix is utilized as an analytical tool to find out which stakeholders the company should take into consideration in the decision-making and its CSR orientation. The motivation of the tour operators in CSR not only focuses on economic aspect but also on ethical aspect due to the attention, judgments and expectation from the society⁹⁸. Green Sapa Tour reveals “ *I want the benefit from tourism has to be distributed equally to everyone although at the moment, Sapa has not been successful to do this. This wish is from my heart, and my moral criteria. I was born and grew up here; my career, family and children are here. I want my hometown is developed in stable way and long-term future. I do not want Sapa to be damaged*” (interview Green Sapa Tour, February 2011, 1.33-3.49). CuongHuong traveling Ltd. Company has the same point of view with Green Sapa Tour “ *we want Sapa has developed in stable tourism. My company is a part of Sapa, we take advantage of natural and human resource. If we are not aware of preserving these both resources, in the future we will not be able to continue and develop any more. Therefore, we recognize our responsibility somehow to the community. Moreover, Sapa is my hometown for many generations in my family...*” (interview Cuong, February 2011, 3.0-7.09). Consequently, the motivation for the companies to engage in CSR is not only due to profit from tourism but also from their responsibilities for their hometown, and the community where their families are living. These can be one of primary dynamics for them to extend ethical CSR activity, at the same time with economic activity.

In this case study, it is interesting to discuss whether the tour operators ought to take the poor as a key stakeholder group due to the poor’s role in developing tourism in Sapa. The tour operators acknowledged that the most important advantage of Sapa is prominent culture of ethnic groups; and this is also the most attractive point to tourists. Meanwhile, the poor are the ethnic groups. Therefore, in order continuity and growth tourism in Sapa, the tour operations think that they ought to be concerned about the poor and help them (interview, February, 2011). Maybe this way will give the tour operators and the poor stakeholder “win-win” outcome even though it is difficult for the tour operators to accept this.

⁹⁸ Carroll, 1979

The success of CSR initiatives demands the voice of the poor and their participation. Ashley et al., state the importance of inclusion the poor in tourism activities “*poor people must participate in tourism decisions if their livelihood priorities are to be reflected in the way tourism is developed*”⁹⁹. In order to apply successfully CSR initiatives in poverty reduction, the poor is targeted. The reality of the poor participation is illustrated in different degrees, and they are unequally beneficial to empower the poor. This research will use Pretty’s Typology of Participation to analyze the participation of the poor in the tour operators’ business and CSR activities because it is characterized by participating in agricultural development project, and it is frequently referenced in development and tourism sector¹⁰⁰. The table 3.4.2 illustrated the six types of participation defined by Pretty:

⁹⁹ Ashley, Boyd & Goodwin, p.6

¹⁰⁰ Leksakundilok, 2006; Mikkelsen, 2005

Typology	Characteristic of Each Type
1. Passive participation	People participate by being told what has been decided or has already happened.
2. Participation by consultation	People participate by being consulted or by answering questions. The process does not concede any share in decision-making, and professionals are under no obligation to take on board people's views.
3. Bought participation	People participate in return for food, cash or other material incentives. Local people have no stake in prolonging technologies or practices when the incentives end
4 Functional participation	Participation is seen by external agencies as a means to achieve their goals, especially reduced costs. People participate by forming groups to meet predetermined objectives.
5. Interactive participation	People participate in joint analysis, development of action plans and formation or strengthening of local groups or institutions. Learning methodologies are used to seek multiple perspectives, and groups determine how available resources are employed
6. Self-mobilisation and connectedness	People participate by taking initiatives independently to change systems. They develop contacts with external institutions for the resources and technical advice they need, but retain control over how resources are used

The researcher will use this table in order to analyze the level participation of the local and poor people in CSR activities and tourism. For example, Green Sapa Tour cooperates directly with poor people through employing applying the concept of homestays and employ the local *“we help the poor through we hire them to work for the company. We have more than 100 part time poor people working for the company. They transport goods, foodstuff, etc”* (interview Green Sapa Tour, February 2011, 26.00-30.18). This kind of cooperation would belong to ‘interactive participation’ in which *“people participate in joint analysis, development of action plans and*

formation or strengthening of local groups or institutions”¹⁰¹. However, when Green Sapa Tour provides homestay product that has a high degree of participation, and the feature lies between ‘interactive participation’ and ‘self-mobilisation’ “*The company offers homestay product for the tourists. They are able to visit and join with the ethnic groups in the village and the company can have contemporary bathroom and toilets in the village with high standard. The company does not build up cottages or interfere to the nature or the ethnic groups’ activities.*” (interview Green Sapa Tour, February 2011, 3.50-8.02). The local people can be creative and independent when they participate with ‘self-mobilisation’ practice. They decide how to use the available resources and how to distribute the workload and profit. The levels of participation in CSR and tourism of the local and poor people will be analyzed further in the analysis chapter.

In summary, the theory chapter formulated analytical framework with four dimensions: the linkage between CSR in tourism and poverty reduction, the role of context, the assessment of CSR initiatives in poverty reduction and the last dimension is empowerment and participation. These dimensions are considered as a parameter in the analysis and able to provide information to answer for the research questions for instance, the pyramid of CSR is able to answer for the tour operators’ perception, meanwhile, applying the school of CSR can explore how they engage in CSR. The analysis chapter will use the problem formulation as a guide to analyze the meaning of interviewees in order to explore their views of CSR concept and their engagement in CSR in poverty reduction.

¹⁰¹ Pretty&Hine, 1999, para. 4

4. ANALYSIS

This chapter will present the collected data and use the problem formulation as a guide in order to answer the research questions. The findings from the interviews are applied to the discussion. First, The role of context will take into consideration due to its influence to the CSR's efficiency. Tour operators' perception of CSR surely influences their motivation to engage in CSR. Therefore, the researcher will define the tour operators' perception of CSR based on Carroll's Pyramid of CSR (1991) on the second part. Third, this research will explore how the tour operators engage in CSR and what strategies they have used in order to achieve their goals in poverty reduction. The researcher also considers the tour operators to use different strategies in CSR through homestays of Green Sapa Tour and eco-tourism of Topas, why the tour operators engage in CSR and use different CSR strategies will be investigated. Fourth, the discussion of theory, which refers to define the majority of the tour operators belonging to the dogmatic school of CSR, at the same time, also related to international school of CSR, will be considered. Finally, tour operators' knowledge of the assessment of CSR initiatives in tourism and poverty reduction will be deliberated. The answers for the questions 'why' and 'how' the tour operators engage in CSR probably in some way separate and somehow mixed together in the analyzing process. In this research, the poor concept overlaps with the employee, local people concept because the ethnic is the majority of population in Sapa, thus the employees voice will be considered.

4.1 The role of context

As mentioned in the theory chapter about the significance of the context is probably influences to the efficiency of CSR activities furthermore, "*companies do not function in isolation from the society around them*"¹⁰². Hence, taking the context into consideration is certainly necessary.

¹⁰² Porter&Kramer, 2002, p.7

Few researchers highlight the significance of context when working with CSR¹⁰³ because the presumption in current CSR approaches are built on conditions that often are lacking in the majority of developing countries¹⁰⁴, thereby being inappropriate to deal with “*the pressing poverty constrains of countries in the South*”¹⁰⁵.

An important point of criticism is that CSR often counts on a Western perception of right and wrong, meanwhile it cannot apply this perception in Sapa due to “*what works in one situation may well not work elsewhere*”¹⁰⁶. Moreover, the various contexts can bring the different perceptions of CSR of the tour operators, which impact on their decision of engagement in CSR. The success of CSR activities relies on how the tour operators can apply CSR concept in concrete context rather than replicate the CSR with Western perception. Topas gives an example on the context “*You cannot just come and say that is not right way to do. We try to explain for people and let them understand the important role of environment. You have to take care of your future. We spend a lot of time explaining and educating them to understand and then engage them with CSR activities with organization. It is difficult and takes a lot of time. Most of the time, we do not find a common way and understanding in many aspect, because it is difficult to change their habit*” (interview Topas, February, 2011, 3.10-7.30). Newell emphasizes the “*world of CSR would look very different if the priorities of the poorer groups were put first*”¹⁰⁷. Thus, it is very interesting to discuss whether the tour operators want to work with CSR and poverty reduction or they simply want to make their business and earn money. Moreover, it also refers to “*the more a social improvement relates to a company’s business, the more it leads to economic benefits as well*”¹⁰⁸. This point is linkage to the quality of employees and customers’ satisfaction. The tour operators aid the poor or employees through training program, education, so the quality of service would enhance significantly, fulfill and satisfy the customers. Consequently, the company gains more economic benefits.

One of the important elements in the decision of where to implement CSR initiatives is dependent on the role of owner. Remarkably, the majority of the tour operators

¹⁰³ Blowfield&Frynas, 2005; Newell&Frynas, 2007; Prieto-Carron et al., 2006

¹⁰⁴ Newell, p.2

¹⁰⁵ Ashley, Roe&Goodwin, 2001, p.3

¹⁰⁶ Newell&Frynas, 2007, p.674

¹⁰⁷Newell (n.d), p.2

¹⁰⁸ Porter&Kramer, 2002, p.7

conducting CSR activities are local people, thereby having good knowledge of Sapa and its socio-cultural circumstances. Consequently, the researcher assumes that this positively influences to CSR initiatives by improving the often-dominating Western perspective. In addition, engagement in CSR is also based on the cultural context. On one hand, the cultural context refers to the struggles in collaborating with people from other cultures. On the other hand, the cultural context is related to philanthropic culture, which means philanthropic contributions are considered as a part of culture.

4.1.1 The context of a variety of ethnic cultures

Topas explains, *“We have different perception of how to do things. I do not understand the way the ethnic people do, at the same time they do not understand me. They ask why they ought not to throw garbage in environment or why they have to live in hygiene rather than live with poultry or cattle... We have different education, background, culture and thus, different perception”* (interview Topas, February, 2011, 38.10-41.00)

“We have the same nationality but we have different perception due to different background, culture (ethnic people with different culture with the majority people) and many different factors. Their perception is just short time; they worry only for today and unconcern about tomorrow (interview Cuong Huong Ltd Company, February, 2011, 4.00-9.40).

Both Topas and Cuong Huong Ltd Company elaborate on this point of view by giving example of how they have endeavored to cooperate with the poor at eco-lodge and Ta Van community. The cooperation intends to prevent the sellers from bothering and following customers. However, the endeavor was not successful due to, *“the ethnic keep doing it and they just need to sell few product for food today and not worry about tomorrow...”*(interview Topas and Cuong Huong, February, 2011)

These problems are related to the point given by Newell in which he stresses that presumption in current CSR models is built on conditions that often are lacking in developing countries such as *“responsive businesses interested in CSR and an active civil society willing to partner with business”*¹⁰⁹. The majority of the interviewed results indicate that *“a few poor people do not want to participate in TaVang community, they prefer to follow the tourists...”* (interview Cuong Huong, Green Sapa

¹⁰⁹ Newell, p.2

Tour, Topas, February, 2011). Therefore, the researcher assumes that a part of the poor is not willing to be partners with business. They might get used to with the way they do for their living. That is their culture, inferences and not easy to change unless they have been told, taught and educated. So, they might do it and it takes the time for them to adapt it. Another assumption might refer to the tour operators' side. Perhaps the tour operators do not understand the needs of the poor and do not offer a proper manner to cooperate with them. Thus, the tour operators ought to be patient and as Topas states that *"it works for whole community and takes a long time"*. Additionally, the researcher recognizes that the new ethnic generations play an important role in improving negative inferences and preserving cultural values. They are able to impact on old generation to change their negative inferences and the old generation often reminds the young generation maintaining traditions. That is a mutually effective interaction between two generations. The way that the tour operators work with CSR and with whom they select to collaborate is essential feature in CSR because it impacts to CSR activities' result. *"Our company is looking for partner to cooperate, however, companies can not find the consensus of opinion and NGO frequently cooperate with the government"* (interview Cuong Huong Ltd Company, February, 2011, 16.18-19.30). As a result, Ashley, Roe & Goodwin deem that CSR is often ill-suited to dispatch with *"the pressing poverty constraints of countries in the South"*¹¹⁰. Topas states *"perhaps CSR is appropriate to apply for developed countries with a good civil society and ready to dispatch with social and environment issues"* (interview Topas, February, 2011). The conditions to enable CSR to work effectively such as a good civil society, background of education, knowledge and united culture, etc. are important. Nevertheless, developing countries are often absent these elements and just on the way constructing them. On the other hand, the researcher believes that CSR initiatives can conduct as long as the tour operators are equipped with basic skills. The researcher thinks, it does not matter how big CSR project is, it is more important that the tour operators have social skills and human resource, combining with knowledge of CSR, they might be able to start with CSR (with case of Green Sapa Tour and Royal mentioned lately). If they have comprehensive understanding of CSR, the efficiency of activities can achieve higher. As long as the tour operators start with CSR somewhere and somehow likewise Green Sapa Tour does, the local

¹¹⁰ Ashley, Roe & Goodwin, 2001, p.3

community and the poor might gain ‘non-financial benefit’ and enhance the community in the progress.

4.1.2. The philanthropic culture

Carroll (1991) states that philanthropic responsibilities are *“highly desired and prized but actually less important than the other three categories of social responsibility”*¹¹¹.

He mentions philanthropic responsibility as *“icing on the cake”*. Carroll (1991) is a typical of the philanthropic school and deems that a company can be considered to engage in CSR if it only makes philanthropy. Carroll is unlike to Djursø & Neergaard because of not delimiting philanthropic contributions to be a share of profit and covering contributions of executive time to the community. The researcher’s understanding of philanthropic contributions based on the explanation of Djursø & Neergaard is when the tour operators make donations of either money or materials without engaging actively in the project. Therefore, they do not only allude to donations a share of profit, but also to contributions such as Green Sapa Tour pays for the healthy service for 600 the poor in 2009 (interview Green Sapa Tour, February, 2011).

As Porter & Kramer agree with Friedman that the majority of philanthropic contributions are spread and unfocused. *“Most consist of numerous small cash donation given to aid local civic causes or provide general operating support to universities and national charities in the hope of generating goodwill among employees, customers, and the local community”*¹¹². The most common way for the tour operators to make philanthropic contributions is donating moderately amount of money to local projects, for example, schools and homes in the villages. Some examples are Green Sapa Tour and other companies funding to help improving the quality of water, building school for the ethnic people, training program about hygiene, food safety and hygiene etc. (interview Green Sapa Tour, February, 2011, 11.16-19).

Distinguishing between philanthropic and ethical responsibility in some circumstances is not easy and can bring confusion. Ethical and philanthropic responsibilities may be difficult to recognize, and in some circumstances, they are in

¹¹¹ Carroll, 1991, p.42

¹¹² Porter & Kramer, 2002, p.6

conflict. The tour operator contributing money to the poor in a remote area is philanthropy. However, if the tour operator arranges tours to the village and visit the poor instead of donating money so what? Philanthropic contributions have turned into ethical responsibility, do not they? So, CSR can work in this case but may not another one¹¹³.

The philanthropic responsibility, which is called “Tu Thien” refers to a part of culture in Sapa and the tour operators make “Tu Thien” as a natural way to the community. There is an interesting finding to be found in this case study that is philanthropic contributions, which is considered as a part of cultural characteristic in Sapa although this engagement and activities do not occur frequently. However, it seems interesting to discuss and probably Sapa can develop and extend this activity more often in the community in the nexus to poverty reduction.

Based on the philanthropic school of CSR, “Tù thiện” is defined as philanthropy because a company is contributing a part of its profit to a good cause without essentially taking a profound insight of its ethical responsibilities. Philanthropy moderately refers to *“well-thought-out social or business objectives; the contributions often represent the personal beliefs, and values of executives or employees”*¹¹⁴. All of the tour operators make philanthropic contributions, and that is kind of religion, belief in business due to Vietnamese people beliefs. If they do “Tu Thien” they achieve happiness, luck and success in business. That is the type of philosophy “receive and give” in Vietnam. *“Tù thiện” can create luck and success for not only the company but also for the owner and the owner’s family. It is kind of religion in business*” (interview Sapa Tour, February, 2011). *“Several generations in my family have been here and I was born and witnessed changes and development in Sapa. I want the benefit from tourism is distributed equally to everyone, especially the poor. This wish comes from my heart for my hometown* (interview Green Sapa Tour, February, 2011, 9.00-11.16).

“This is my hometown, I was born here and my family is here. I want to contribute my part to build and develop my country. It is very important for companies to make

¹¹³ Newell&Frynas, 2007

¹¹⁴ ibid, 2002, p.6

philanthropy, which we call in Vietnamese “từ thiện””. (interview Cuong Huong, February, 2011, 12.23-14.20).

“Tu Thien” is also based on the philosophy that people should share and give each other as Winston Churchill’s statement *“we make a living by what we get, we make a life by what we give”*. “Tu Thien” is actually able to motivate for engaging in CSR. People make “Tu thien” which is a part of culture. “Tu Thien” is also based on Buddhism religion, which teaches people doing good things, sharing and giving if people can. By giving, people can receive more and gain happiness. It is important for everyone to make “Tu thien” because it is not only good for you, but can protect your family and the person whom you love. That is reason why “Tu thien” can be a motivation for the tour operators to engage in CSR through philanthropic contributions or remind them doing right things, which refers to ethical responsibility instead of only considering about the benefits as Crana & Matten state that *“it is by now fairly widely accepted that business do indeed have responsibilities beyond simply making profit”*¹¹⁵. The next section will be the context of corruption, which impacts significantly to CSR initiatives in poverty reduction.

4.1.3 The context of corruption

In relation to the context of Sapa, it should certainly include the corruption issue as another example of the leakage in tourism that is rather common in Vietnam (and Sapa is not an exception) due to *“corruption, by itself, does not produce poverty. Rather, corruption has direct consequences on economic and governance factors, intermediaries that in turn produce poverty”*¹¹⁶. There is incoherent linkage among corruption, poverty reduction and CSR as Henry mentions in his paper *“transparency is essential so that resource revenues are used more effectively to promote national development and economic growth in developing countries. Promoting revenue transparency is consistent with international objectives on combating corruption, poverty reduction, improving CSR...”*¹¹⁷. The ordinary citizens do not know how much national budget is and how much money the government spend for improving

¹¹⁵ Crana&Matten, 2007, p.47

¹¹⁶ Eric&Frances, 2003, p.6

¹¹⁷ Henry, ADB/OECD Anti-Corruption Initiative for Asia and the Pacific
5th regional anti-corruption conference
28-30 September 2005, Beijing, PR China

social conditions, poverty reduction etc. through projects aiding companies creating jobs for the poor. There is no way of knowing whether the money is being properly used or not. This easily brings corruption and eroding the efficiency of CSR activities. Thus, the researcher thinks that it is worth mentioning about it. Topas gives an example of this point. Topas proposes their project to exploit new tourism attractions in the poor's villages. They are aiming to do it because of two main reasons. First, they argue for economic reason and second, link to poverty reduction for the poor. They reveal that new tourism attractions with the charming culture of ethnic people will be more attractive to customers and moreover, it can help the poor by involving them with tourism. However, they did not get permission from the local authority *"we want to take advantage of new tourism attractions. The tourists will be attracted by new tourism attraction with unique and authentic the ethnic people. In addition, we also want to help the ethnic people because they are really poor because they do not have any source for their income. Unfortunately, the authority demands a lot of money for the paper of permission in order to make it smooth"*(interview Topas, February, 2011, 17.30-19.48). This can lead to the consequence of leaking both 'financial benefits' and 'non-financial benefits', which probably assist the poor to improve their lives but it is not due to corruption.

The perception of CSR is different from one society to another. This statement in the understandings of CSR and social responsibilities is demonstrated by Visser¹¹⁸. Visser argues that the prioritization and orientation of the various responsibilities, noted by Carroll (1991), rely on the context. A company is required to comply with the laws of its country and of the countries where it carries out business. However, the legal responsibilities of the tour operators might generate a dilemma in the nexus to how to meet both economic and ethical responsibilities. In some circumstances, the dilemma might be tempted the tour operators to disregard their legal responsibilities. In such situations, the tour operators state their economic responsibilities to be the most important and neglect the ethical and legal issues. A number of the tour operators indicate theory versus reality; one aspect is the ideal world, and another is how the real world is structured and existed. These two aspects are related to corruption issue, which is considered as a necessary circumstance to complete tasks and thus to accomplish the tour operators' economic responsibility. Therefore, *"CSR initiatives*

¹¹⁸ Crane&Matten, 2007; Visser, 2005

work for some firms, in some places, in tackling some issues, some of the time”¹¹⁹. And this point implies to the statement of Visser (2005), who thinks that social responsibilities are considered differently in various contexts.

The citation below illustrates this point of view:

“It is awful dilemma, but you have to follow it. If you want to have the paper of business permission, you have to pay a lot of money for different levels of authority. It makes things work out smoothly. When we want to extend our business in the remote area, the authority did not give us permission and require us to give them money” (interview TopasTravelling, February 2011, 17.30-19.48).

The other tour operators avoid discussing or providing information this issue when they were interviewed.

The majority of the tour operators emphasize the complicated context and the lack of knowledge as one of the most important hindrances to poverty reduction through CSR *“I guess they do not know what they can do. But I am not sure, if they have any idea about CSR”* (interview Topas, February, 2011, 28-29.55). *“We do not really have comprehensive understanding of CSR concept”* (interview Green Sapa Tour and Cuong Huong, February, 2011, 19-24.00; 16.18-19.30), Newell & Frynas and Prieto-Crron et, al argue that companies often indicate their poor operation in social development due to the shortage of social skills and understanding of complicated social problems in developing countries.

Summary

The main criticisms of CSR are based on Western standards and approaches, so it is necessary to consider CSR in a specific context. The majority of the tour operators emphasize that the complexity of the context and also lack of knowledge in the local society, which is one of the largest hindrances to CSR’s activities to reduce poverty. As a result, the tour operators highlight the needs for local people’s involvement in the creation of CSR activities. The cultural context also plays an important role in CSR activities. Due to the perceptions of CSR influencing to the tour operators’ motivation in CSR, it is necessary to define the tour operators’ perception of CSR in the coming section.

¹¹⁹ Newell (n.d), 2007, p.2

4.2 The Tour Operators' Perception of CSR

Carroll deems that a company's responsibilities of CSR can be characterized into four parts: the economic, legal, ethical and philanthropic. Economic responsibility is the first and foremost responsibility of business, meanwhile legal is founded for the business to run its activities within certain limits. The ethical and philanthropic responsibilities refer to "*concern for society*", which is versus to economic responsibility "*concern for profits*"¹²⁰.

One of the most important responsibilities of a company is to focus on making profit and this way to remain in business. Carroll has an agreement with this point and he highlights the exertion of a company to achieve maximum profits. A company that is not able to meet its economic responsibility will not be capable of fulfilling any of the other three responsibilities¹²¹. Solomon indicates the aim of the tourism industry as "*one with a purely economic function*"¹²². As a result, the majority of the tour operators interviewed focus on economic responsibilities as the foundation of their business. Royal and Holiday companies revealed that "*the first and foremost responsibility of the company is economic aspect through creates jobs and provides employment opportunities for local people*" (interview Royal and Holiday, February, 2011, 2.45-3.50). They also deem that "*we prefer to contribute to the poor through tourism activities to engage active project with CSR. In addition, we contribute to the community through paying tax. This money is going to the community*" (interview Royal, February, 2011, 2.43-4.09). Cuong Huong expresses in metaphoric way that "*if we give people only fishes, they will be poor again after they finish their fish. The best way to help them is teach them how they can fish. So they can stand on their feet. If the company make donation and give them some money, how they can survive the next days. They have charming and prominent traditional dances, embroider and handmade products. The fact is the poor possesses the prominent and authentic culture and attract the tourists. Thus, this is economic motivation for the tour operators and companies helping the ethnic groups*" (interview Cuong Huong, February, 2011, 7.00-9.10).

At this point, Cuong Huong has the same opinion with several authors, who perceive tourism as an including great potential to alleviate poverty due to its growing in labor

¹²⁰ Carroll, 1979

¹²¹ Carroll, 1991

¹²² Hall, 2007, p.114

intensive industry that counts on the assets of the poor¹²³. However, at the same time, he points out that *“some ethnic people do not want to participate to TaVan community, they prefer to follow the tourists, they do not recognize why they ought to join to TaVan community because their perception is just worry for their lives in a short time, they worry only for today and unconcern about tomorrow. That is their culture.”* (interview Cuong Huong, February, 2011, 3.07-7-30). This point refers to the gap between the potential of tourism in poverty reduction and the actual situation in Sapa. Nevertheless, Kalisch believes that if the company can maintain the high standards of responsibility in social policies with stakeholders, so it is possible to affect the motivation and commitment of employees and thereby leading to higher service quality and customers contentment. The hindrances can be solved if the tour operators are in charge of social responsibility and recognize the social and economic conditions in the local area¹²⁴. Thus, if companies are able to diminish cultural hindrances, it can gain a full potential benefit through tourism activities. The economic potential can be maximized in this case. The tour operators are aware of social and economic conditions of the poor in Sapa. They recognize the ethnic economic condition is poor, whereas they possess charming and unique cultures, which is potential for developing tourism. So, the tour operators can support the ethnic through organizing tours to villages, homestays in the villages, introducing the ethnic embroidering market etc. in order to explore and exploit the advantage of ethnic culture. At the same time the tour operators should work with the ethnic unwell-come character such as following and bothering the tourists, which impact on customers journey. By involving the poor in tourism activities might help them to change their inherences although this process takes a while. It is essential to work on this problem; otherwise, it can emerge the issues of customers’ discontentment, or develop tourism instability for the community.

There is one interesting point to be found in the case that is not all of the tour operators employ profit maximization. Green Sapa Tour, Topas and Cuong Huong are in favor with this point of view. Although they claim that the goal of their companies is to achieve benefit, they also acknowledge that benefit is not the ultimate purpose. Ethical and philanthropic contemplation plays a role such as morality, inspiration and sympathy. Three of the tour operators’ expression is following:

¹²³ Ashley, Roe & Goodwin, 2001; Kalisch, 2002; Wood, 2007

¹²⁴ Kalisch, 2002

"I was lucky to have opportunities to go to abroad and many other tourism places. I learned a lot of lessons from these trips and so I wish Sapa achieve a stable development in tourism like other tourist places which I had seen" (interview Green Sapa Tour, February, 2011, 9.00-11.16).

"When they built up this area, the organization is interested in nature, and this area is on the top of nature. It is eco-tourism, we want to build up a place where people can live with nature" (interview Topas Ecolodge, February, 2011. 17.35-22).

"I have witnessed Sapa to be changed and the feature of culture is gradually disappearing and changing. This means the competitive advantage of Sapa is no longer in the future. As a business's view and local person, I recognize that preservation and protection of Sapa in terms of culture and landscape are important. I approve stable tourism development instead of unstable development" (interview Cuong Huong, February, 2011, 12.23-14.20).

This view refers to the competitive advantage of Sapa. In the long-term, social and economic goals are not essentially conflicting but integrally associated. Competitiveness today counts on the productivity with which companies can use human capital, and natural resources to generate high quality goods and services. Productivity relies on recruiting employees who are educated, healthy, moral and motivated by a *sense of opportunity*. Preserving the nature provides benefits not only society but also companies due to minimizing pollution and wasting which can bring to a more productive use of resources and enable produce goods, which uses value¹²⁵. Enhancing aid for the poor is a way to improve social conditions, which can provide more productive locations for a company, which create more economic benefits.

According to Friedman *"if the corporation makes a contribution, it prevents the individual stockholder from himself deciding how he should dispose of his funds"*, thus he concludes, *"The charities should be made by individuals stockholders or, by extension, individual employees"*¹²⁶. All the tour operators interviewed have no shareholders. The tour operators think that the advantage of not being accountable to shareholders is that the owners are capable of deciding whether the company should engage in CSR. They enable to make a more quick decision in urgent case whether they should engage in CSR and is more capable of raising the sense of initiatives. If

¹²⁵ Porter&Kramer, 2002.

¹²⁶ Friedman in Porter&Kramer, 2002, p.6

the company includes many stockholders, meetings, collecting opinions and waiting for the approval take a while and can cause more expenditure.

The owner of Green Sapa Tour reveals that “ *the violent flood in 2008 was damaged a lot of villages of the ethnic groups. On the one hand, I called for organizations to support and find people. On the other hand, I spend the funding of Green Sapa Tour helping somehow to build the new settlement for the ethnic people*” (interview Green Sapa Tour, February, 2011, 19-24.00).

Summary

It can be recapped that the majority of the tour operators’ perception of CSR is to focus on economic responsibility rather than three other responsibilities: legal, ethical and philanthropic responsibilities although they also express their legal responsibility in terms of contributing to tax system as a way to engage in CSR. In addition to, several tour operators mention about ethical responsibilities and they desire to work with CSR initiatives whenever they are able. This point is related to the owner’s personality. An interesting finding is about the philanthropic contributions, which is considered as a cultural characteristic in Sapa, which was deliberated in the context of Sapa section. The tour operators make philanthropic contributions “*tu thien*” to poverty reduction as a religious belief in the business domain in Sapa.

The following section will elaborate how and why the tour operators work with CSR. Simultaneously, the researcher also clarifies what strategies of CSR the tour operators apply and deliberates the differences between their strategies.

4.3 The tour operators’ engagement in CSR

The tour operators have various ways of describing how they engage in CSR, but the majority defining their main activities in CSR is to focus on economic aspect by hiring the local, using local suppliers, offering educational and training programs, empowering the poor, preserving the cultural values and traditions, and making philanthropic contributions. This kind of engagement clarifies what the tour operators are going to work with CSR. And these approaches will be explored in the following section.

4.3.1 Engagement in economic responsibilities

A company ought to focus on making money, because its business operations in itself provide jobs and income and thus welfare¹²⁷. The majority of the tour operators has the same point of view with this statement, thus what they indicate first and foremost their engagement in CSR are economic responsibilities through hiring the local and using local suppliers.

*Hiring the local

Topas highlight that tourism creates a great potential job for the local and provide better and more stable income for the local than only income from the agriculture.

“Topas hires 95% employees from the local, the minority. We bring them to eco-lodge and educate them. The young generation of the ethnic group work and earn money. So they can bring money to home and help their families” (interview Topas Ecolodge, February, 2011, 2-3.08). Royal reveals *“our company hire over 80% the local people working for the company, that is also kind of CSR to the community in terms of creating jobs and income for people. I realize that the ethnic people are good at tour guiders, thus our company create more chance for them to participate in this kind of activities”* (interview Royal, February, 2011, 2.05-3-34).

The economic and social approaches of CSR refer to improving social practices. Ducker indicates that *“business turn a social problem into economic opportunity and economic benefits, into productive capacity, into human competence, into well-paid jobs, and into wealth”*¹²⁸. Therefore, job opportunities from tourism activities are important to the local because it helps them to earn more money besides the small income from the agriculture. Moreover, working gives the local an opportunity to build up their necessary living skills, which is influence significantly to attain a progressive community. At this sense, business is a means of reducing poverty due to its capability of providing economic opportunity. Moreover, improving economic conditions are able to create human competence, which help to address poverty issue for whole community for a long-term. The poor obtain better economic condition and improve their social status, which can help them to build up the dignity. Additionally, they can realize their negative side of culture such as bothering or begging customers during their journey thereby gradually stopping doing it. Green Sapa Tour reveals *“I want to create employment opportunities for the new generation of the ethnic group. So they can have good income and enable them to help their family. My employees*

¹²⁷ Djursø&Neergaard, 2006

¹²⁸ Ducker, 1984 in David Crowther&Guler Aras, 2008

who were trained and educated in terms of how they can behave to the tourists, colleagues, environment can help other people in their village. This way can help the company to develop in a healthy way and improve the whole community” (interview Green Sapa Tour, February, 2011, 9.0-11.16).

Economic and ethical responsibilities are moderately related. Taking this into consideration, the researcher might discuss what degree the tour operators fulfill Carroll’s third requirement *“it is important to prevent ethical norms from being compromised in order to achieve corporate goals”*¹²⁹. In addition, ethical expectation of society can be debated, and Carroll describes them as *“ill-defined and continually under public debate”*¹³⁰. Therefore, society’s expectations and the ethical responsibilities can be categorized into discrete and conflicting segments. *“We want to engage in CSR however, the burden of the bank with interest rate and the lack of budget and funding for our business operation force us to less consider the ethical responsibilities. The company does not receive any support from the government and has to manage itself. Almost of business just do what can bring benefit for their business without direction and planning. The government does not provide the direction and proper policy for developing either”* (interview Cuong Huong, February, 2011, 45.00-50.00).

The tour operators have a fragmented way of engaging with CSR due to their financial issue and activities, which are not deliberated to be an integrated part of business or to adhere to wider CSR projects. It is difficult to fulfill both economic and ethical responsibilities at the same time. Half of the tour operators think *“engage in CSR to cost rather than benefit”*. According to Newell & Frynas, this can lead to consequence in terms of eroding the capacity to create long-term development. Additionally, it is likely cause the damage of natural and cultural resources¹³¹.

European Commission express that *“CSR can make a significant contribution towards sustainability and competitiveness, both in Europe and globally”*. Recently, philanthropy is utilized *“as a form of public relations or advertising, promoting company’s image or brand through cause-related marketing or other high profile sponsorships”*¹³². Topas, which is only one, uses CSR as the marketing strategy in

¹²⁹ *ibid*, 1991, p.41

¹³⁰ *ibid*, 1991, p.41

¹³¹ Richards, Carbone & Gordon, 2002

¹³² Michael E. Porter & Mark R. Kramer, 2002, p.5

Denmark and the advantage of competitiveness in Europe, because CSR concept is common in tourism industry in Denmark and Europe (interview Topas, February, 2011). Cuong Huong and Green Sapa Tour think that CSR is important to stable tourism development and the rest of the tour operators do not think that CSR brings profit or apply in commercial way whereas it costs to engage in CSR. Royal reveals *“we engage in CSR with limitation due to its cost and our company is private with small investment”* (interview Royal, February, 2011, 8.17-10.34).

Regarding to the question ‘why’ the tour operators engage in CSR, the majority of the tour operators reflect *“that companies have a responsibility for their impact on society and the natural environment....that companies have a responsibility for the behavior of others...”*¹³³. Royal reveals *“First, we engage in CSR because that is the company’s responsibility, obligation. Second is our right. The company makes benefits from tourism, based on the ethnic people’s culture. If we are not responsible for the community, the human and natural resources will be no longer in the future, these influence directly to the company for our continuity and growth. How can we exploit and what can we exploit. That is reason we have to work and contribute to the community”*. (interview Royal, February, 2011, 8.17-10.34). The majority of the tour operators are aware of their impact on human capital and natural resource while running tourism activities. However, three tour operators are to focus on economic responsibility rather than other responsibilities because their argument is based on financial issue as mentioned above. However, the researcher assumes that they perform poorly and less engage in CSR due to lack of *social skills and human resources*¹³⁴ rather than financial issue. The researcher argues this because Green Sapa Tour provides a good example, which is contrary to their argument. He reveals *“We are lacking of high skill people in Sapa, thus we start with small project, training our employees. The tour guiders have to collect all bottles and other trash from the tourists in order to avoid throwing to environment after their tours if they want to have salary and bonus. It is a simple project but kind of motivation for them to do and gradually change their inherences...and can spread to whole community”* (interview Green Sapa Tour, February, 2011, 3.08-8.45). That is good way to explain that it does not matter how CSR project is big or small and how much it costs. It is more important to see how efficiency of the project is, likewise English idiom says, *“every*

¹³³ Blowfield & Frynas, 2005, p.503

¹³⁴ Newell & Frynas, 2007

little helps” create bigger helps, or it depends on the context to apply CSR “*when in the Rome do as Romans do*”. Or another example from Topas, their CSR initiatives are annually picking up the trash on the highest mount in Vietnam Sapa, Fansipan. It does not cost so much money and that is good way to make the community in the progress. When a group does this activity, the rest of the community can learn and participate in. This activity can spread to whole community and really help to preserve the environment. It is just simple and small activity but useful and influences to the recognition and knowledge of the local that should be friendly-environment wherein they live “*companies have a responsibility for their impact on society and the natural environment...have a responsibility for the behavior of others...business needs to manage its relationship with wider society...*”¹³⁵. Otherwise, the human capital and natural resources can be damaged really quickly.

Summary

The majority of tour operators work with CSR by hiring the local, such as Topas employs the local to work in Eco-lodge, Green Sapa Tour hires the local both full-time jobs for the company, part time jobs as transportation and cooperates with them in homestays. Cuong Huong Company attempts to create more employment opportunities in TaVang community, where the local can gather and perform their dancing, entertainment and recreation for the tourists instead of following the tourists. Obviously, the tour operators engage in CSR by creating permanent income for the local. By this way, the local can improve their living standard and reduce the poverty. In addition to engage in hiring the local, the tour operators indicate an important activities with CSR, which refers to use local suppliers.

* Using local suppliers

The choice of local suppliers plays an important role concerning local employment and the expansion of business opportunities for the poor¹³⁶ and it is frequently a more direct manner to produce permanent income to the poor. Meyer stresses the benefits of using local suppliers by announcing “*only 31-33% of profits remain in the destination when transnational companies are involved, as opposed to in excess of 50% for individual and local suppliers*”¹³⁷. This point refers to the leakage rate,

¹³⁵ Blowfield&Frynas, 2005, p.503

¹³⁶ WTO, 2004; WTO, 2002

¹³⁷ Meyer, 2003, p.45

which is one of the biggest impediments to economic poverty reduction¹³⁸. *“The social structure and the government’s inappropriate policy might cause the leakage issue. This way can lead to the consequence of unequal distribution benefits from tourism”* (interview Cuong Huong and Green Sapa Tour, February, 2011, 40-45). The poor people who often have not so much money and power do receive less concerns of the society. Additionally, they are not considered as an important stakeholder to companies although tourism activities are based on them. Consequently, their voice does not give any attention in the society and they cannot express what they need and want. They are just waiting for the concern from the government and business. If the government does not give proper policies, which is concerned about the poor, the leakage issue can increase. The government’s policies can illustrate through tax system to protect local suppliers, or subsidy for the local in terms of cultivating their crops, etc. With proper policy, the government enables the local to become more competitive and be the best alternative for the companies to cooperate with the local. So, this way probably might minimize the leakage as Meyer’s (2003) point.

According to WTO, leakages can be diminished by generating employment with comprehensive working skills and by developing mutually beneficial business relationships in the local area¹³⁹. A good example is the concept of homestay, which Green Sapa Tour applies, where tourists stay in the ethical villages. Homestays are a good way to enhance local employment and grow business opportunities for the poor. In other words, it generates “win-win situation” for both tourists and the poor. The poor possess their authentic culture, atmosphere, charming recreation, which tourists are seeking. Nevertheless, the tourists require basic standards too, thus the poor frequently encounter difficulties to fulfill. As a result, they need to support from companies as in Green Sapa Tour case.

“The company offers homestay product for the tourists. They are able to visit and join with the ethnic groups in the village and the company can have contemporary bathroom and toilets in the village with high standard...” (interview Green Sapa Tour, February, 2011, 3.05-8).

The issue of ethical responsibilities in tourism activities is relevant to the local suppliers and collaborators, positively impacting on local people’s lifestyles and traditions, and creating as much money as possible for the local society. *“Companies*

¹³⁸ *ibid*, 2003

¹³⁹ WTO, 2002

today depend more on local partnerships: they rely on outsourcing and collaboration with local suppliers and institutions... ”¹⁴⁰. Concerning the alternatives of suppliers and collaborators, all of the tour operators affirm that they use local labour and that the local society also obtains a portion of the riches that tourism brings about. However, *“the globalization of production and marketing means that context is often important for a company not just in its home market but in multiple countries”¹⁴¹*. According to the interviewed tour operators, they state to prefer to use local suppliers rather than external suppliers. Nevertheless, they say if local suppliers provide insufficiently, so they have to buy from Chinese suppliers (interview, February, 2011). An interesting finding here is about the alternatives of suppliers, which refers to Chinese suppliers. Chinese suppliers always offer all sorts of products with lower prices, so the question of the issue is how the tour operators can continue using local suppliers instead of considering choosing a supplier who offers a lower price although at the present, the tour operators have selected local suppliers. Therefore, maintaining the competitive advantages of local suppliers plays an important role in order to keep the tour operators’ alternatives and collaborations.

“We use local suppliers and buy all material from here...”. “ We create not only job opportunities but also increase business activities for the local society and local suppliers. We consume all material from the local suppliers such as foodstuff, special vegetable and local products... just make sure that money go to the local and be delivered equally” (interview Holiday, February, 2011, 4.07-6.34).

The tour operators prefer local suppliers because of two main reasons. First, they want to support the local people *“our company not only creates jobs but also consume various goods, products and use local suppliers. This way can push other business activities for the local society and support local people”* (interview Holiday, February, 2011, min 4-5). Second, tourists often seek an authentic atmosphere, culture and cuisine, which might be difficult to find at large international resorts.

“The tourists are keen on authentic culture in TaVang community where the minority group perform their traditional costume and dancing as well as their handmade product” (interview Cuong Huong, February, 2011, 4.02-8.09)

As touched previously, the tour operators highlight the significance of local suppliers to pledge the satisfaction of the tourists and as a way to indicate social responsibility

¹⁴⁰ Porter&Kramer, 2002, p.8

¹⁴¹ *ibid*, 2002, p.8

in Sapa. The majority of the tour operators believe that they have intimate relationships with many of their suppliers. They have a good understanding each other and keep communicating often. They emphasize about the prestige as an essential element in the processing selection. The tour operators discover that it is important for suppliers to recognize their values and prestige and the tour operators demand and expect things to be done. *“We want suppliers to maintain their values and identify clearly their tasks. It also contains the attitude inclining work conditions”* (interview Topas, February, 2011).

Summary

The tour operators frequently emphasize on their engagement in creating jobs, hiring the local and using local suppliers. They are aware of the alternatives and collaborations with suppliers to play an important role in extending business and distributing benefits from tourism activities for the local. In addition to the tour operators' engagement in economic responsibilities, the tour operators also illustrate the other engagement in CSR. The coming section will be engagement in empowering the poor.

4.3.2 Engagement in empowering the poor

Empowering the poor can be through education, training program, or empowering them in the work place.

Educating poor people is one of the ways to empower the poor and moreover, that is an important task for poverty reduction in terms of long-term strategy because illiteracy is a big hindrance both to productive work and to communication with others. That is also a significant part of social and political participation¹⁴².

Concerning the level of social responsibilities of the suppliers, Topas mentions if the suppliers have a low level, so the suppliers need to be trained such as in hygiene, team work and hazard foodstuff. Topas emphasize this training is necessary due to its link to high service and customers' satisfaction. Meyer describes training as a way to *“enhance non-financial livelihood impacts”*¹⁴³ and the role of the CSR initiatives in

¹⁴² OECD, 2001, p.38

¹⁴³ Meyer, 2003, p.63

the reduction of multidimensional poverty is important. Training in hygiene and first aid can likely save lives, and moreover, it surges the job opportunities for the suppliers because the suppliers are able to increase their skills with higher level of social responsibilities. Other tour operators and customers can be more attracted by the suppliers with higher skills and be responsible for social responsibilities. Hence, the training might diminish poverty through the establishment of human and economic competences such as health and higher income. This also might impact the socio-cultural circumstances for the suppliers by raising their social status in the society.

The teamwork training in Green Sapa Tour is an interesting finding because it is different with the other tour operators' kinds of CSR initiatives with which the tour operators seldom are motivated to work. Several authors find that better information sharing and teamwork is positively related to job satisfaction¹⁴⁴. Indeed, employees are more content with their jobs are also less absent and less likely to leave. They can make stronger commitment to the company due to a sense of job satisfaction¹⁴⁵.

The training program plays an important role in improving the suppliers' recognition and knowledge in tourism development and thus, helping to reduce significantly poverty as well as empowering the suppliers. “ *The training program is aiming to permit staff to say out loud if something is incorrect. This is important because the construction of system in Sapa is hierarchical and people are afraid of complaining... We are slowly successful in attaining much more independent and efficient suppliers and staff*” (interview Green Sapa Tour, February, 2011).

Green Sapa Tour and Topas also mention about the empowerment of the poor and highlight the significance of comprising poor people in tourism, both to create income so they can take advantage of their assets that they already own. By that means, the poor also gain benefits from tourism. Moreover, giving the poor training is also a way to empower them. CuongHuong Ltd Company has succeeded in including the minority people in producing handmade products. This is a manner to decrease economic poverty, but also to improve the socio-cultural conditions of the poor's lives. The discussion is connected to the issue of maintaining local people's traditions and living, which the tour operators emphasize.

Summary

¹⁴⁴ Godard, 2001; Batt, 2004; Kalmi&Kauhanen, 2008)

¹⁴⁵ Hackett&Guion, 1985; Carsten&Spector, 1987

Educational and training program for the employees are able to improve their skills and provide for the employees a better recognition about the community. Education not only influences to the socio-cultural circumstance but also raise the local's social status, which generate human competences such as higher income, better knowledge, healthier lives.

In addition to educate and training the local as a manner to help the local to improve their lives, there is another way to support the local through empowering them in the work, which is discussed in the coming part.

Vis-à-vis to tourism and CSR, the poor is often affected by the tour operators' activities. As mentioned previously, the tour operators choose with whom they want to cooperate with. For example, Green Sapa Tour offer homestays, thus they choose to work with farming families. Through homestay product, Green Sapa Tour has empowered the poor. Homestays empower the local because they can decide how they use available resource and distribute the workload and profits. By this means, the local is capable of developing their initiatives based on their assets.

The poor are not considered as an important stakeholder group to the tour operators compared to suppliers. The poor might provide interesting tourism activities, however they do not have impact on the tour operators, as a result, they gain little power. The tour operators make money, which is supplemented by power, because most poor people seek money. An interesting finding is Green Sapa Tour takes care of their employees. The company hirer over 100 porters and other participate in tourism activities through homestays products. The director of Green Sapa Tour expresses that he attempts to train and educate the employees. He is concerned about his employees and their families so they might be loyal and devote 100% their energy for his company. This is his strategy to focus on human resource management, thereby his employees enhancing motivation in the work place. *"I want to create employment opportunities for the new generation of the ethnic group. So they can have good income and enable them to help their family. My employees who were trained and educated in terms of how they can behave to the tourists, colleagues, environment can help other people in their village. This way can help the company to develop in a healthy way and improve the community. My employees are loyal and devote their lives for my company because they know my concerns about their well-being. If my employees' members of family are sick, I support them both money and effort"* (interview Green Sapa Tour, February, 2011, 9.0-11.16).

The main point here is to show that the company is really concerned for its employees, thus increasing the gratefulness and inspiration of employees to the company. They have a sense of counting on their boss and relief at work. The employees who are treated in such a munificent way are possibly to think twice before giving up the company. As a result, “*caring-for-employees*” is assumed that strengthen *integration and commitment*¹⁴⁶.

According to Carroll, the role of legitimacy in CSR is important because it is related to the moral right of a stakeholder group to make its claim. Hence, the poor have a high degree of legitimacy if the tour operators believe that the poor have a right to speak aloud their voice. Assumedly, the claim of the poor is to desire a share from tourism benefits and the tour operators’ CSR activities due to the reality that tourism counts on assets that poor people possess such as culture and natural experiences. All the tour operators believe that the poor have a high legitimacy.

Empowering the poor enables the corporation between the poor and the company to be easier and more effective that is “*maximum overall cooperation between the entire system of stakeholder groups and the objective of the cooperation*”¹⁴⁷ due to minimizing misunderstanding both sides, or difficulties in developing countries such as language (ethnic groups having their own dialects), culture and education as well as the government structures¹⁴⁸. Holiday reveals “*the majority of my employees are ethnic people, thus I have to learn the ethnic dialect if I want to understand and integrate with their culture. And then I can understand my employees and make an appropriate policy in human resource management*” (interview Holiday, 13 February 2011, 2.04-4.07).

Summary

The empowerment for the local plays a significant element because the local feel to be respected and able to express their needs and wants. By this means, the local’s voice can be heard. Empowering and concerning about the employees can bring the job satisfaction, which make the employees more motivated and committed to the company, thereby strengthening integration and commitment.

¹⁴⁶ Paulina&Piotr, 2008, p.227

¹⁴⁷ Emshoff&Freeman in Garriga&Mele, 2004, p.59

¹⁴⁸ Blowfield&Frynas, 2005, Prieto-Carron, 2006

4.3.3 The discussion of using different CSR strategies in poverty reduction

All the tour operators express that the ethnic culture and the landscape of Sapa has changed so fast in the past 10 years. The ethnic culture is no longer authentic and traditional features are gradually disappearing. Sapa has changes to fast and a lot of tress was cut down. The landscape is no longer primitive. *“They cut down a lot of tree, everything is changing so fast here... The minority no longer wears their traditional costume, just for tourists... The tourists bring both negative and positive, they bring money and development but they also impact on the local people and environment...”* (interview Topas, February, 2011, 3.10-7.30-12.10-15).

The emerging issue here is how the tour operators and the local exploit and use tourism product without destroying the product. Green Sapa Tour and Topas are using different strategies in order to minimize this issue. Green Sapa Tour offers homestays; meanwhile, Topas provide eco-tourism with eco-lodge.

With different perceptions, the tour operators offer different strategies in CSR in order to preserve the cultural values and traditions. The CSR strategy of Green Sapa Tour is to consider the local as the target and preserving cultural values, traditions as well as emphasizing on not interfering with the ethnic’s living environment. Furthermore, Green Sapa Tour’s aim is to bring the benefits from tourism to everyone, so ‘homestay’ concept has high degrees of participation, and the practice is between ‘interactive participation’ and ‘self-mobilisation’ probably is appropriate manner to attain its goal. Green Sapa Tour highlights *“we are making business but at the same time, want to protect and preserve our community for the new generation in the future.*

On the contrary to Green Sapa Tour, the CSR strategy of Topas is to focus on the customers and nature thus, offer a green-tourism product, which provides the satisfaction among the tour operator, customers and local people with friendly-environment and harmonize with the ethnic people. Moreover, Topas argues that eco-lodge fulfill Western standards of environment. *“When they built up this area, the organization is interested in nature, and this area is on the top of nature. It is eco-tourism; we want to build up a place where people can live with nature. We avoid destroying nature around here...”* (interview Topas, February, 2011, 17-35.22).

They have different arguments to protect their choices as the following:

“Transport and accommodation are the two main cost factors in the package tour, if both are under the control of the tour operator, financial rewards for the destination might be extremely limited”¹⁴⁹. Homestay uses the local accommodation and mainly available resource such as food services, souvenir, tour guide, etc. thereby attaining maximize profits from tourism for the local. Additionally, the local can enhance ‘non-financial benefits’ such as build capacity, skills, appropriate behaviors with the community, etc. which help the local to develop in long-term. Homestay can likely enlarge profits from tourism and limit the leakage for the local.

In addition, Green Sapa Tour offers homestays might potentially diminish poverty because they are established on assets that poor people own. Homestays have high degrees of participation, and the practice is between ‘interactive participation’ and ‘self-mobilisation’. The cooperation between people and the tour operators can help to fulfill Western standards and satisfy customers’ requirements. The local people can decide how to utilize the available resources and how to distribute the workload and profit. When they get used to Western business, they rarely look for advice from the tour operators and this case, ‘self-mobilisation’ becomes more dominant. A different perspective to view this is that due to a much closer and more intimate interaction, maybe their culture is affected much more, so the influences of tourism are greater.

“The company offers homestay product for the tourists. I think homestays respect the ethnic people’s lives and nature. This way also can help the ethnic people to sell their products such as farming products: special vegetables, fruits, tee, etc and tourism products for the tourists: hand-made products while the tourists stay in the village. As a result, the benefit from tourism can be distributed equally to people, not only focus on the company. And this way also help to satisfy the tourists” (interview Green Sapa Tour, February, 2011, 3.05-8.30).

Green Sapa Tour also claims that Topas *“interfere with the ethnic lives when they build eco-lodge area. Unlike eco-lodge, homestays respect the ethnic lives and natural landscape”* (interview Green Sapa Tour, February, 2011 3.50-8.00).

Despite of the advantage of homestay, Green Sapa Tour indicates that a common difficulty with homestays is *“families who run homestay do not have tourism service skills and do not get used to the Western culture in business. They often do not fulfill some standard from customers thus, the company has to support in some ways”*

¹⁴⁹ Meyer, 2003

(interview Green Sapa Tour, 3.05-8). In this case the analysis is only based on interviews with tour operators and does not embody how the local decipher their possibilities of participation in CSR. The analysis postulates information in relation to how the local participate in the tour operators CSR initiatives rather than providing a complete picture of their participation in CSR. There is another disadvantage considered under cultural perspective that is homestay might be the process of cultural changes. The researchers assumes that homestay can lead to the change of culture happening faster due to the interaction between the tourists' culture and local culture. The local in tourism activities with the tourists can learn from the new culture, for example they can learn to use the high technical products, changing in clothes and the local cuisine. That is an inevitable process in tourism activities.

Topas's strategy is inclined to eco-tourism that recently, both mainstream and niche operators has significantly considered working on alleviating environmental impacts and it will continue to be a main strategy in the future. The emergence of eco-tourism the open and in-depth debates have led to the strong appearance of products, which are traded as environmentally sustainable. It seems that all tour operators have used the word sustainable in order to sell their products. *"However, this has also led a strong critique of current eco-tourism initiatives, which are perceived as marketing and PR tools rather than product specifications"*¹⁵⁰.

Peter from Topas reveals that they use all local material, human capital and just replicate the models of the ethnic settlement without impacting on environment. The researcher had opportunities to visit eco-lodge and thinks that Topas is quite successful in avoiding impacting on environment rather than using eco tourism as PR tools due to experiences in the reality. Topas build simple cottages, which is used mainly material from bamboos and some kind of other trees in a small area (1 ha), and the rest is natural environment (7 ha) and use solar energy. Peter also explains the process of wasting treatment and how they avoid impacting on the environment due to applying the high technological treatment from Denmark. He acknowledges a challenge in the winter is the lack of electricity due to not having enough solar energy (interview Topas, February, 2011).

¹⁵⁰ Meyer, 2003, p.53

In spite of arguing of preserving environment, Topas has been questioned by the leakage issue based on Meyer's statement due to both transportation and accommodation being under control of the tour operator¹⁵¹ and some critics indicate that tourism is not compatible to reduce poverty due to *"the rather high level of foreign ownership and its considerable non-economic costs imposed upon the poor"*¹⁵².

Topas's CSR project in Sapa is primary feature of 'functional participation' because its purpose is to prevent the poor from following and bothering customers. They can participate in the project doing their daily lives in eco-lodge and performing for customers. The participation of the poor is also considered as a way for the company to reach its goals. The project might turn into 'interactive participation', based on the degree to which the decision-makers have collaborated with the poor in the development of active plans concerning to their future jobs as directs. Projects frequently fall under 'passive participation', in which "people participate by being told what has been decided or has already happened"¹⁵³.

Another CSR project, which belongs to 'functional' and 'interactive participation', is Ta Vang community with Cuong Huong Ltd. Company. He emphasizes *"it is important to make people understand and benefit from tourism when they participate in the project"* (interview February, 2011). On the one hand, the researcher believes that the aims of the project have somehow plan to help the tour operator to attain its purpose to locate the most charming tourism attraction in Sapa. This is related to 'functional participation'. On the other hand, the project is also based on 'help to self-help', which refers to 'interactive participation'.

Summary

In order to preserve cultural values and nature, the tour operators apply different strategies with their arguments. This is also their way to show how and why they work with CSR. Their chosen strategies answer the question 'how' they engage in CSR and advantages of their strategic development elaborate for the question 'why'. Disadvantages are discussed and claimed by the tour operators in Sapa. Homestay can help the local to achieve maximum profits from tourism and minimize the leakage

¹⁵¹ Meyer, 2003

¹⁵² Bennett, Ashley & Roe, 1999, p.11

¹⁵³ *ibid*, 1999

issue. Meanwhile, Topas offers eco-tourism, which is satisfied the customers and harmonize with environment. Nevertheless, both think they are capable of minimizing the negative consequence from tourism activities rather than stopping the evolution of development as Topas mentions, *“I think the new generation will change in the next 10 years, and their culture will be not authentic anymore when the old generation is gone. Some feature of culture will disappear but I guess it happens everywhere when the new era of technology is coming, no matter what...”* (interview Topas, February, 2011, 12.10-15). In order to help the reader to clarify this part, the researcher illustrates a summarized table below.

Table 4.3.3

Tour Operators	Strategy	Advantages	Disadvantages
Green Sapa Tour	Homestay	<ul style="list-style-type: none"> *Focus on the local and nature *Maximize the profits from tourism and minimize the leakage *The local can decide how they use the resource and distribute workload *The local culture influencing to the tourists is greater *The local can attain human competence, both ‘financial benefit’ and ‘non-financial benefit’ 	<ul style="list-style-type: none"> *The local often do not fulfill Western standard *The cultural changing process can happen faster due to the interaction between the tourists and the local
Topas Eco-Lodge	Eco-tourism	<ul style="list-style-type: none"> *Focus on customers, the local and nature *Fulfill Western standard, thus satisfying the tourists, potentially attract more tourists *Harmonizing the tourists and the local, friendly environment *Applying the wasting treatment with high technology and using solar energy 	<ul style="list-style-type: none"> *Be questioned due to the high level of foreign ownership relating to leakage issue *Be assumed that using CSR as a PR tool
Cuong Huong Company	Ethnic-cultural community	<ul style="list-style-type: none"> *Focus on the local *Create a area where the ethnic can gather 	Inappropriate with the ethnic culture

4.4. The discussion of theory

Based on the findings of the thesis, the research believes that the majority of the tour operators belong to the dogmatic school of CSR. The dogmatic school entitles the tour operators that do not work with CSR, identifying CSR “*as being waste of theft of the owner’s money*”¹⁵⁴. Based on this school, a company should focus on making money, because its business operation itself generate jobs and income and hence welfare¹⁵⁵. All of the interviewed tour operators have at least one CSR activity tend to the poor. Holiday and Royal approve the dogmatic school and they state “*the most important task of a company is still business and to earn money*” (interview Royal and Holiday, February, 2011, 4.12-6.02; 4-5.00). Nevertheless, Holiday and Royal emphasize the significance of financial contributions via tourism, and they think, “*it is better to support through tourism activities [rather than engage in CSR]*”(interview Holiday and Royal, February, 2011). This perception belongs to the dogmatic school; however meanwhile, both Royal and Holiday provide philanthropic contributions to the poor in building new villages after the natural disasters.

The majority of the tour operators expressing the possibility of engaging in CSR is limited and they have tendency to support the poor through tourism business activities of companies. Despite this point of view, Green Sapa Tour, Topas and Cuong Huong still engage in CSR as mentioned previously such as in TaVang project of Cuong Huong, etc. However, this leads to a discussion about the role of the owner in a company. The researcher conducted several interviews with the tour operators’ owners, and an interesting finding is that the tour operators’ engagement in CSR is frequently manipulated by the owner’s individuality and affiliation.

The international school of CSR is different from the philanthropic due to having a more complicated perception of CSR. It is insufficient to make philanthropic contributions; a company also needs to take the working conditions of its employees and suppliers into consideration¹⁵⁶. So, three of the tour operators are really concerned about their employees and support for their local suppliers. Green Sapa Tour, Topas and Cuong Huong Company pay attention about the policy for human resource

¹⁵⁴ Djursø&Neergaard, 2006, p.21

¹⁵⁵ Ibid, 2006

¹⁵⁶ Djursø & Neergaard, 2006

management. They believe that their attention and support for their employees can be a motivation for the employees to work delightfully and devote to the company.

4.5 Assessment of CSR initiatives in tourism and poverty reduction

According to Carroll et al., pro-poor tourism generates net benefit for the poor “*PPT strategies aim to unlock opportunities-for economic gain, other livelihood benefits, or engagement in decision-making - for the poor*”¹⁵⁷. General critics approve on the need for more empirical statistic to justify the assessment of CSR initiatives in tourism and poverty reduction¹⁵⁸. They state that the focus inclines to the micro level and hence limits the insight of assessment of CSR initiatives of individual companies.

In this thesis, it does not estimate the whole picture of assessment of CSR initiatives. It focuses on considering the assumption whether participation in tourism can improve the local's living standard in Sapa. The figure on the table 4.5 illustrates that participation in tourism helps to improve the poor's living standard.

Participation in tourism strongly influences to household income, thus it is reasonable to presume that participation in tourism can help poverty reduction in Sapa. According to the ranking of household, the number of the poor is significantly different between tourism and non-tourism households. The figure is represented in the table 4.5 below.

¹⁵⁷Caroline Ashley, Harold Goodwin and Dilys Roe, 2001, pro-poor tourism briefing No.1

¹⁵⁸ Blowfield&Frynas, 2005; Chok, Macbeth&Warren, 2007; Scheyvens, 2007; Prieto-Carroll et al. 2006

Table 4.5: Wealth Ranking of Tourism and Non-tourism Households

	Rank by households themselves		Rank by local authorities	
	Non-tourism HHs(%)	Tourism HHs (%)	Non-tourism HHs (%)	Tourism HHs (%)
Wealthy	2.4	1.3	2.38	2.56
Rich	9.5	32.1	16.67	29.49
Rich enough	47.6	51.3	40.48	53.85
Poor	28.6	15.4	40.48	14.1
Very poor	11.9	0	0	0
Total	100	100	100	100

Source: Pro-poor tourism in the GMS: Vietnam Case Study- Ms. Nguyen Thi Kim Dung et, al, 2006.

About 28.6 percent of non-tourism households are in the poor group and 11.9 percent are very poor¹⁵⁹. Based on the local authorities, there are no “very poor” households in either group but the poverty rate is very high for non-tourism households (40.5%) and much lower for tourism households (14%). For non-poor household, the ranking either local authority or people themselves indicates that the number of wealth is not very high and not very different between tourism and non-tourism households, however the number of “rich” and “rich enough” tourism household is much higher than for non-tourism households¹⁶⁰. According to Nguyen Dung’s final finding of the project, the households in the sample, 72 % think that their living standards have improved in the last three years and 5% deem that their living standards have improved significantly. A few households indicate their living standard worse¹⁶¹. Based on these figures, it shows that the living standards of people in Sapa have been improving in the recent years. The improvement is attributed to various elements. Nevertheless, participation in tourism seems to be one of the key reasons. According

¹⁵⁹ Nguyen Thi Kim Dung, et. al, 2006

¹⁶⁰ *ibid*, 2006

¹⁶¹ *ibid*, 2006

to the interviewed households based on Nguyen Dung's project, they state this improvement includes good harvests, jobs in tourism, business relevant to tourists, remittances and the like¹⁶². Based on the survey of Nguyen Dung's project, it shows that the local people still rely on agriculture significantly (84%). Meanwhile, 45% consider the improvement due to jobs, which is generated by tourism and 62% think it causes tourism business¹⁶³.

The living standards of the people in Sapa have improved moderately in terms of economic aspect in recent years. Topas express *"I can see the change coming from economic aspect, for example people have TV, mobile phones, motorbike and in the village they have electricity. The tourists bring a lot of money. On the other hand, people still live in their houses and keep their own way to living. That is positive change, but I think it is changing so fast for whole Sapa"*(interview Topas, February, 2011, 9.40-12.09). However, Topas also reveal *"The minority people can skip their clothes and the way they wear. They speak English and change, they do not wear traditional costume anymore, only wear their traditional costume for impressing the tourists. I think the new generation will change in the next 10 years, and their culture will be not authentic anymore when the old generation is gone. Some feature of culture will disappear but I guess it happens everywhere when the new era of technology is coming"* (interview Topas, February, 2011, 12.10-15). Based on the figure from Nguyen Dung's project and the result of interviews have illustrated the role of tourism in improving poverty issue. Tourism can bring advantages such as create more jobs, enable social interactions to happen faster, at the same time can lead to disadvantages such as change cultural values, traditions and landscape. The assessment of tourism impact on poverty and the community ought to do more often in order to adjust the appropriate planning for developing.

Only Green Sapa Tour has evaluated CSR activities in tourism and poverty reduction because he argues, *"I tried to estimate the positive and negative outcome. I think sometimes I have good ideas, however, the method is not appropriate, so the result is not as good as I expected. The evaluation helped the company to gain lessons and avoid serious problems"* (interview Green Sapa Tour, 30.18-31.30). The rest of the tour operators do not have any evaluations, Topas express *"we do not have any*

¹⁶² ibid, 2006

¹⁶³ ibid, 2006

evaluation, and nothing is written down but we know there are still so many things need to be done and learned” (interview Topas, 35-37).

The tour operators believe that they do not possess the necessary skills and a comprehensive understanding of CSR. They think it is likely to contribute to poverty reduction through the business of tourism than engage in CSR projects. Green Sapa Tour states *“we do not have a comprehensive understanding of CSR because businesses in Sapa are lacking of human resource. The employers and employees are insufficient. And businesses do not pay attention to the community’s issues”* (interview Green Sapa Tour, 19min-24).

Summary

According to the figure on the table 4.5, participation in tourism is capable of improving the living standards and tourism activities enable the local people to gain permanent income and by this means, it might reduce poverty reduction.

The tour operators do not feel that they have necessary skills of CSR and participate in poverty reduction. They prefer to contribute to poverty reduction via tourism than engage in CSR projects. Only Green Sapa Tour conduct structured evaluation of CSR initiatives, and Topas has meetings to evaluate but not write down on the paper, the rest of the tour operators is not able to do it.

5.CONCLUSION

This thesis was inspired by an exploring tourism industry and CSR. In spite of the fact that tourism is one of the largest industries in the world and now presents as one of the main income source for many developing countries, the industry does not play an important role in the CSR debates. Furthermore, CSR is a quite new concept and the engagement of tour operators in CSR in tourism and poverty reduction has not been comprehensively estimated and analyzed in Sapa Vietnam, thus it gives an interest for the researcher. These led to the research questions: What are the characteristics of how the tourism operators engage in corporate social responsibility and poverty reduction in Sapa?

And Sub-question:

Why do the tour operators engage in CSR?

How do they work with CSR?

What are the CSR strategies they apply in order to accomplish their purposes in poverty reduction?

The research questions are relevant to the given inadequacies of in-depth research, especially within the tour operators in Sapa. Thus, the researcher was based the analysis on qualitative interviews with 5 tour operators. The researcher will describe the findings in this thesis as the following.

First of all, this research has found that all of the interviewed tour operators engage in CSR in some manner, ranking from philanthropic contributions to the foundation of eco-lodge. This is a good surprising discovery due to the low margin and lack of resources in Sapa. Two tour operators have tendency to make philanthropic donations rather than to engage actively in CSR projects, meanwhile three others do not mind participating in CSR. The tour operator emphasize that their economic responsibilities are the most important, and only two of the tour operators state that they are not willing to compromise their values to fulfill their economic responsibilities. The tour operators engage in CSR through economic responsibilities by hiring local, using local suppliers, offering training opportunities, empowering the local and preserving culture and traditions. All the tour operators affirm that up till 80% of their employees are the local and by hiring the local, the tour operators think they can help the poor to

improve their income and living standard. Choosing local suppliers are important because it can potentially avoid the leakage issue. Although the majority of the tour operators provide information that they use the local suppliers, however, the researcher still has skeptic about the alternatives of the local suppliers due to the competitive advantage of Chinese suppliers. Relevant to tourism and poverty reduction, on the one hand, tourism can bring benefits in terms of income. On the other hand, it also offer the training and educational program for the local. Thank to these opportunities, the local can gain ‘non-financial benefit’ and build up their human competence. The tour operators also mention about empowering the local, which is described as their engagement in CSR. Empowering the local can help them to speak out what they need and want. They can decide how they use the resource and distribute workload thereby being independent voice in the society.

Although the majority of the tour operators focus on economic responsibility, they also feel an ethical responsibility and attempt to maintain this. An interesting finding to be found is philanthropic donations considered as a part of culture in Sapa. The tour operators make philanthropic contributions due to their personal beliefs, at the same time they acknowledge that philanthropy is perceived as a moral obligation to the poor. The majority of CSR activities is run by local people, thereby having good knowledge of Sapa and its socio-cultural circumstances. Concerning the question ‘why’ the tour operators engage in CSR, the majority of the tour think that they have used natural resources and human capital of Sapa, so that continue and grow their business they should be responsible for the community. All the tour recognize both positive and negative impacts, which tourism brings to Sapa, hence they incline to minimize consequences such as impacting on environment, preserving cultural values, etc.

Second, the interesting finding in this thesis is the tour operators using different strategies, which probably provide the answer for the question ‘how’ and ‘why’ they engage in CSR. Due to the tour operators’ different arguments, they choose different strategies, which this thesis discussed in the analysis chapter and summarized in the table 4.3.3. Green Sapa Tour has used homestay strategy. First of all, he argues that homestay is to focus on the local and nature, thus it can potentially maximize the profits of tourism for the local and minimize the leakage issue. Second, homestay enables the local to decide using the available resource, which they want and distribute the workload as they need. Through tourism activities, the local can achieve

both 'financial benefit' and 'non-financial benefit'. Homestay can likely satisfy the tourists due to a much closer and more intimate interaction, maybe their culture is affected much more, so the influences of tourism are greater. Despite of advantages of homestay strategy, it still contains some disadvantages, which are related to the quality of service and the cultural changing process. The homestay concept refers to using the local's accommodation, however their accommodation often does not fulfill the Western standard. This can lead to the dissatisfaction of the tourists. That is why Green Sapa Tour underpins the local to improve the quality of their accommodation. Additionally, under cultural perspective, homestay can facilitate the interaction between the local culture and the tourists faster. That means the ethnic cultural character can disappear faster and the authentic culture no longer exist. Green Sapa Tour conducts homestay strategy, while Topas uses eco-tourism, which promises a harmonizing combination between natural and human capital. The eco-tourism strategy is to focus on the customers and natural preservation. Topas believes that eco-tourism can provide a good service for the customers and support the local, at the same time preserve the environment. Topas claims that eco-tourism fulfill both Western standard and friendly environment due to their counting on the wasting treatment, which applies high bio-technology. In spite of advantages of eco-tourism, Topas is still questioned due to the high level of the foreign ownership, which is related to leakage issue and assumed that using CSR as a PR tool rather than supporting the local.

Another finding is relevant to CSR limitations in poverty reduction through tourism, there are some main critics focusing on impediment to poverty reduction through CSR due to lack of social skills and human resources. The tour operators claim that the different cultures and the context of Sapa such as the level of education; lack of knowledge, etc. influence to CSR initiatives and poverty reduction. Moreover, the tour operators' engagement in CSR is fragmented and the activities are not frequent. None of the tour operators cling to CSR programs, or participate in a structured manner. The most important element in deciding of where to conduct CSR initiatives is dependent on the owner, and the size of the tour operators.

In the nexus to power and participation, the finding shows that none of the tour operators consider the poor as one of important stakeholders, likewise, the poor do not wield any influence to the tour operators. Two CSR activities fall under 'bought

participation', which shows that the poor take part in exchange for donations. Two other CSR initiatives fall under a higher degree of participation and correspond to 'functional' and 'interactive participation'. Only the concept of homestay is described as self-mobilization participation, which the poor is considered as a main factor in the project, and the tour operators and other external agents are only seen as supporters. It is necessary to acknowledge that being determinate on the degree of participation of the poor without embracing the poor's perspective is a challenge. However, due to using the Pretty's Typology as an indicator, the analysis stills indicates the readers of the different degrees of participation in CSR activities.

Despite of the critics of CSR "*ill-suited to tackle poverty reduction*" in developing countries due to their focus on economic responsibilities, lack of human and economic resources, and their fragmented way of engaging in CSR, tourism still plays an important role in poverty reduction. The findings in terms of linkage between CSR in tourism and poverty reduction in this thesis illustrate that the tour operators create the job opportunities and additionally they feel ethical and philanthropic responsibilities and they engage in some ways. The researcher thinks some of these CSR initiatives can potentially help to alleviate poverty by solving primary economic, human and socio-cultural issues.

Concerning the role of context, this thesis has found that it is necessary to consider the context of Sapa due to the efficiency of CSR activities. The thesis has found that the lack of social skills, and the variety of culture are impediments of CSR activities, especially in corruption issue, which is considered as another way of leakage. There is no way of knowing that the money is probably used or not in CSR activities due to the non-transparent issue. Additionally, it can be a hindrance for the tour operators to pull CSR activities likewise; Topas gave an example about corruption.

6. FUTURE RESEARCHER

This thesis focused on how and why 5 tour operators engage in CSR and poverty reduction, and particularly in Topas and Green Sapa Tour hence, one suggestion for future research is to focus on two tour operators for example Green Sapa Tour and Topas and should include the assessment of theirs strategy, homestay and eco-tourism. That could be interesting to find out how two different strategies are working

and which one is more appropriate to Sapa. In order to provide more comprehensive picture, the future research should include the poor's voice and estimate which strategies they think are more appropriate for them or maybe they have different perception towards CSR activities than that of the tour operators' perception. It could be interesting to explore the motivation behind the tour operators by thoroughly analyzing the internal structure of tour operators.

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I. THE TOUR OPERATOR'S INFORMATION:

- Name of tour:
- Website:
- Number of employees:
- Turnover 2010:
- Member of Association:
- Property:
- Name and position of interviewee:
- Place and date of interview:

II. THE 12 QUESTIONS FOR INTERVIEWEES

1. How do you understand CSR in relation to tourism activities?

This question aims to explore the our operators' perception of CSR

2. How do you engage in CSR?

This question aims to find out the tour operators engage in CSR in which way and seek whether the tour operators' perception and theirs engagement are harmony. This question also basically provides the answer for the research questions. This question also refers to the CSR strategic development, which the tour operators choose to work with CSR.

3. Why do you engage in CSR?

This question aims to explore the tour operators' motivation, which reason motivates them to work with CSR. Additionally, this question elaborates further the motivations; reasons the tour operators decide to work with their chosen strategy.

4. Do you feel that other tour operators have social responsibilities when they develop tourism activities in Sapa?

In order to exploit the tour operator's interest and understanding with other tour operators in tourism industry.

5. Do you feel that other tour operators possess the necessary skills to create poverty reduction in Sapa?

This question aims to explore whether the tour operators possess knowledge, and understanding of CSR and poverty reduction.

6. Do you cooperate with the local?

This question aims to find out how the tour operators cooperate with the local and use the local resource.

7. What kind of support do the poor or local have from the government or business?

This question aims to explore further the tour operators' engagement in CSR with the local.

8. Do you evaluate the impacts of your CSR initiatives?

This questions aims to estimate the efficiency of CSR of the tour operators and consider whether the tour operators themselves evaluate their activities.

9. Do the poor or local part of the population at a destination play a significant role to your tourism and CSR activities in Sapa?

This question aims to explore power and participation of the poor in CSR and whether the tour operators consider the poor's voice.

10. Is it given a high priority to involve the local in your CSR activities?

11. Which impediments to poverty reduction do you meet in Sapa

This question aims to explore the context of Sapa and challenges which the tour operators face when they engage in CSR.

12. How do you think that the tour operators in Sapa can participate more in poverty reduction (which motivations can attract the tour operators engage further in CSR activities)

APPENDIX II: TRANSCRIPT OF INTERVIEWEES

TRANSCRIPT OF CUONG HUONG L.T.D COMPANY

1, NAME OF HOTEL: Cuong Huong L.t.d company¹⁶⁴

WEBSITE: <http://www.xesapa.com/>

NUMBER OF EMPLOYEES: 100 (80% local labour)

TURNOVER IN 2010: 10 billion vnd (335.031 €)

MEMBER OF ASSOCIATION: Non

PROPERTY: restaurant and tour company

NAME AND POSITION OF INTERVIEWEE: Tran Viet Cuong - director

PLACE AND DATE OF INTERVIEW: Lotus restaurant

2, How do you understand CSR in relation to hotel and tourism activities?(2-3)

Our company have operated tourism business in Sapa, thus we have to be responsibility for the community. The first and foremost responsibility of the company is economic aspect through creates jobs and employment opportunities for local people

3, How do you engage in CSR? (3.00-7.09)

Our company is as a part of Sapa. We take advantage of Sapa in terms of human and natural resource. If we are not aware of preserving these both resources, in the future we won't be able to continue and develop any more. Therefore, we recognize our responsibility somehow to the community. We attempt to innovate tourism products in order to attract more tourists. This way can provide the work opportunity for local people and improve their lives. We have built TaVan community. We enable them to gather here and perform their traditional culture, prominent dancing performance, etc. They achieve permanent income and at the same time, maintain their culture and identity. At the moment, we have 30 employees working here. In the future, we plan to attract more people and spread this model. This community for the ethnic people who belong to the poor generates an opportunity to help the poor and solve the common problem in Sapa. The common problem, which I mentioned here, is the poor always follow tourists to sell their products and bother them.

This is also a chance for tourist to communicate with the ethnic culture. Our company helps to create and arrange the order of performance or provide instruments, which the ethnic groups need for their activities. We are willing to assist them if the ethnic groups need. The TaVan community is a tourism product providing jobs for local people and meet the tourists' recreation. However, some ethnic people do not want to participate to TaVan community, they prefer to follow the tourists, they do not recognize why they ought to join to TaVan community because their perception is just short time, they worry only for today and unconcern about tomorrow. If we give people only fishes, they will be poor again after they finish their fish. The best way to help them is teach them how they can fish. So they can stand on their feet. If the

company make donation and give them some money, how they can survive the next days”.

4, What are strategies of the company for developing Tavang community?(7-9.10)

Muong Hoa Ta Vang area includes three ethnic groups, Hmong, Giay and Dao. They have charming and prominent traditional dances, embroider and handmade products. The fact is the poor possesses the prominent and authentic culture and attract the tourists. Thus, this is economic motivation for the tour operators and companies helping the ethnic groups. The company intends to gather the ethnic groups and perform in this community. The company is looking for the partners who want to invest on this community, so we can develop and extend this model.

4a, Has the way of engaging in CSR changed during the last five years? (9.12-12.21)

There has changed and succeeded somehow for the last five years. The ethnic people have involved with tourism activities more than before. They engage in the labor market and go to work. However, our company is facing with some challenges such as limited budget and investment. Due to the limitation of funding, although company has a few initiatives to create more tourism products and job for local people, we can not extend our business without support from the government. Therefore, there are still many available the ethnic people without jobs.

5, Why do you engage in CSR? (12.23-14.20)

We are running our business based on natural and human resource. We are exploiting these resources, thus it is essential for us to maintain and protect them. Otherwise, we cannot continue to exploit. Furthermore, I was born in Sapa. This is my motherland, I have witnessed Sapa to be changed and the feature of culture is gradually disappearing and changing. This means the competitive advantage of Sapa is no longer in the future. As a business's view and local person, I recognize that preservation and protection of Sapa in terms of culture and landscape are important. I approve stable tourism instead of unstable development.

5a, Do you feel that other hotels and tourism organization have a social responsibility when developing tourism activities in Sapa? (14.25- 16.09)

They engage with the community activities but only when the government calls for the activity example, monthly green environment. The individual company has not engaged with CSR by itself. Perhaps only few businesses did it such as Green Sapa Tour, Topas and Victoria. They primarily participate in the charity program rather than helping the poor to attain permanent income.

6, Do you feel that hotels and tourism businesses possess the necessary skills to create poverty reduction in Sapa? (16.18- 19.30)

We had many workshops, meetings to discuss about this issue. Companies did not work with CSR so much because we do not have any policy, planning, funding or directing to work with CSR. Companies did not cooperate each other to work with CSR. There are 5 the ethnic groups in Sapa, and each has different characteristic of culture. Companies do not understand each other and have no knowledge about the

ethnic groups, thus it is difficult to include the ethnic groups in CSR activities. They also do not want to participate in tourism activities with companies.

7, Do you cooperate with any international or local organizations in relation to your work with CSR?

Our company is looking for partner to cooperate, however, companies can not find the consensus of opinion and NGO frequently cooperate with the government. Meanwhile, companies often operate more efficiently than the state projects.

8, Do you cooperate with poor people? (20.28- 23.09)

Anh co ket hop va de nguoi ngheo tham gia vao hoat dong trach nhem xa hoi va cong dong?

We cooperate with the poor through the Ta Vang community as I mentioned before. We created jobs and helped them to gain income. We have plans to offer new tourism products in the future to provide more jobs for them, such as farming tourism product. The tourist can visit and learn how they cultivate with farmers. They explore culture and local people's activities in daily life. That can attract the tourist with new adventure. Once again, the company is facing with difficulties about funding, time-consuming, human capital.

9, Do you evaluate the impacts of your CSR initiatives? (25.03-30.48)

Not really, did not analyze and wrote down what the company achieved and can be done better. The company borrow money from the bank with interest rate, thus we focus on economic aspect and thus we can only contribute to the community only through create jobs. If we focus on CSR activities more, the cost for this activities can become the company's burden.

9a, Do you realize that Sapa has changed or improved social and economic aspect in recent years? (30.50-32.58)

Yes I do. Tourism development brings the economic and social benefits. These benefits can be realized through the changes in local people's lives. The local authority is more concerned about tourism and they defined that tourism bring a lot of money and primary revenue for Sapa. However, they did not have proper policy. The political system is heavy and extremely complicated administrative procedure. They cannot conduct any activities in the reality, just on the paper.

But I think Tourism in Sapa will develop strongly in the future.

9b, Do you think that benefit from tourism will be delivered to a group or just companies, meanwhile the poor does not receive this benefit and has not improved their lives? What do you think? (33.00-35.45)

The government's policy has not focused on the poor, thus it is likely to occur as your presumption. In addition, businesses have not planned or direction for a long-term to help the poor. They simply think that tourism among the poor can negatively impact on Sapa's image due to the poor's begging and following the tourists. The government does not help the poor to have job when they are free-crop such as build up the tourism community as TaVang where they can earn money. Or they can support companies to develop TaVang model. This way can help the poor and tourism development in Sapa.

10, Does the poor part of the population at a destination play a significant role to your tourism and CSR activities in Sapa?(36.18- 38-13)

Some level, such as farming suppliers, working in companies

10a, Is it given a high priority to involve the local population in your CSR activities in Sapa (38.24- 40)

Not really because the company recruit employees through their ability and give them proper jobs. The company can give the poor some priorities, such as training program, give them proper jobs.

11, Which impediments to poverty reduction do you meet in Sapa? (41-43)

Nhung kho khan nao doanh nghiep phai doi mat khi tham gia vao qua trinh giam oi ngheo cho nguoi dan o Sapa?

The company is aware of stable tourism and concerned about the poor however, its funding is limited and it costs for CSR activities if the company engages in. This becomes a burden for company, thus the company try to engage with CSR through only economic aspect. Some poor people are lazy and do not want to work as well as involve with tourism activities. This is also one of reason to keep them in poor.

12, How do you think that hotel and tourism business in Sapa can participate more in poverty reduction? (45.00-50)

It is difficult for companies as I explained before. I do not know about the other companies but my company still is in debt with the bank and has to consider a lot of other costs. Thus, the company can only attempt to create jobs and recruit local people. That is only way we can work with CSR

TRANSCRIPT OF INTERVIEWEE: GREEN SAPA TOUR

1, NAME OF ORGANIZATION: Green Sapa Tour.

WEBSITE: <http://www.greensapatour.com/>

NUMBER OF EMPLOYEES: 39 (full time), more than 100 (part time)

TURNOVER IN 2010: 6 billion vnd (202.020€)

MEMBER OF ASSOCIATION: youth association in Laocai,

PROPERTY: hotel and company

NAME AND POSITION OF INTERVIEWEE: Dao Duc Phong - director

PLACE AND DATE OF INTERVIEW: Green Sapa Tour

2, How do you understand CSR in relation to hotel and tourism activities? (1.33- 3.49)

The most prominent advantage of Sapa, which is attractive the tourists to come is traditions and culture of the ethnic groups. Thus the benefits from tourism have to be distributed equally to local people, although the fact is somehow different with my expectation. Sapa is developing without planning, directing. The majority of companies making business are not local businesses. They are from outside of Sapa

3, How do you engage in CSR? (3.50-8.00)

The company offers homestay product for the tourists. They are able to visit and join with the ethnic groups in the village and the company can have contemporary bathroom and toilets in the village with high standard. The company does not build up cottages or interfere to the nature or the ethnic groups' activities. This product is

similar to camping activities but with high standard service. Unlikely Topas, they offer different product, they build their own cottages and keep the ethnic people who can live and work inside this area. The tourists can stay in Ecolodge and discover the activities of the ethnic groups. Green Sapa Tour thinks homestay product respect the ethnic people's lives and nature. This way also can help the ethnic people to sell their products such as farming products: special vegetables, fruits, tee, etc and tourism products for the tourists: hand-made products while the tourists stay in the village. As a result, the benefit from tourism can be distributed equally to people, not only focus on the company.

We are lacking of high working skill people in Sapa, thus we start with small project, which start training our employees. The tour guiders have to collect all bottles and other trash from the tourists in order to avoid throwing to environment after their tours if they want to have salary and bonus. It is a simple project but kind of motivation for them to do and gradually change their inherences...and can spread to whole community

3a, Has the way of engaging in CSR changed during the last five years? (8.03- 9.00

There have got many programs, workshops to be organized in Vietnam and in abroad in the last 5 years. Businesses have opportunities to go to Thailand, China or other countries to learn some lessons from how business can help the poor, and non-tourism participation engage in tourism activities. The common problem in Sapa is a lot of the ethnic people follow and begs the tourists. This impacts seriously to Sapa's image and tourism development. So business association is able to help the poor, at the same time facilitate companies' continuity and growth. A number of business has changed in their perception about CSR and contribution to the community. Green Sapa Tour attempts to cooperate with few other companies to solve the problem for the poor such as training and educating them and then, giving job. This way can stop them following and bothering the tourists. This is not only an important contribution to the community but also for companies.

4, Why do you engage in CSR? (9.00-11.16

I was born and witnessed changes and development in Sapa. I was lucky to have opportunities to go to abroad and many other tourism places. So I wish Sapa achieve a stable development in tourism and the benefit from tourism is distributed equally to everyone, especially the poor. I wish Sapa not only develop but also can preserve its culture and identity. I believe that the living standard of people in the center of Sapa town is different with the ethnic groups in the village. Thus, I want to create employment opportunities for the new generation of the ethnic group. So they can have good income and enable them to help their family. My employees who were trained and educated in terms of how they can behave to the tourists, colleagues, environment can help other people in their village. This way can help the company to develop in a healthy way and improve the community.

*Do you live with your family here? Yes. As I said I was born and grew up in Sapa. My family is here, thus my heart is stick with Sapa, I am running my business not only for benefit also for fulfilling my love to my country.

4a, Do you feel that other hotels and tourism organization have a social responsibility when developing tourism activities in Sapa? (11.16-19.00)

The business association did not operate well, CSR activities as which Green Sapa Tour did are from individual or company. Other companies did not active well. If they can give funding to help improving the quality of water, building school for the ethnic people, training program about hygiene, food safety and hygiene etc. this help to improve the quality of tourism service and the customer's satisfaction. Thus, these impact significantly to business's profit and the community. It provides "win-win" situation. I wish other companies understand this. Company engages in CSR in many different ways for example, we have trekking mountain tour, so tour guider and manager tour have to be in charge of keeping cleaned environment, collecting trash and bottles.

Other CSR activities in which Green Sapa Tour engage are cleaning the village, renovate school, etc.

5, Do you feel that hotels and tourism businesses possess the necessary skills to create poverty reduction in Sapa? (19-24)

Not really because businesses in Sapa are lacking of human resource. The employers and employees are sufficient. And businesses do not pay attention to the community's issues.

Stable tourism development is facing many challenges. Feedbacks from the tourists indicate that last ten years in Sapa, it has not changed and improved so much. The company is not able to work on this issue; it needs to cooperate between business association and the government through long-term strategy for developing.

The big flood in 2008 collapsed whole village, Green Sapa Tour was updated the situation, collected data how many people were dead, how many houses were destroyed, etc. Based on the situation, the company informed and called for help and support through sending email, calling to organizations. Companies can be based on Green Sapa tour's information and called for support by them or cooperate with Green Sapa.

6, Do you cooperate with any international or local organizations in relation to your work with CSR?

At the moment, no.

7, Do you cooperate with the local? (26.-30.18)

Not really, only through provide jobs and recruit employees and use the poor for working. The company uses more than 100 porters, the poor, as part time job. Green Sapa attempts to create proper jobs for them and help them to gain income.

The poor in Sapa is Hmong group, who live in remote area and only based on simple cultivating rice once a year. The harsh climate impact on their farming, thus they do not have good income.

We work with local suppliers and consume their goods. This interaction help the local to increase their business.

7a, What kind of support do the poor have from the government or businesses?

NGO like Unicept, Oxfam, etc. give remote area machines providing cleaned water or hygiene water. However, they need to educate the ethnic people because they do not know how and why they have to use them. That is a big job and it takes a lot of time.

8, Do you evaluate the impacts of your CSR initiatives?(30.18-31-30

All activities in which the company engaged were estimated and analyzed by the method. I tried to estimate the positive and negative outcome. I think sometimes I have good ideas, however the method is not appropriate, so the result is not as good as I expected. The evaluation helped the company to gain lessons and avoid serious problems.

9, Does the poorer part of the population at a destination play a significant role to your tourism and CSR activities in Sapa?(31.30-35.30

In my company, there are few poor people, so they have some priority from the company or the government. For example, if they need money to repair their house, they can get money without interest rate. The poor in my company is working as porters due their low education and they do have free-crop, so they can have more income by working part time. Or they can assistant in the kitchen or restaurant. The company also spends money training them in order to improve their knowledge and working skills. Especially, tour guiders of Green Sapa Tour are really proficient at their jobs. The company invests and recruits to local people who have family and live long time in Sapa. Thus, they can spend all their efforts in work.

9a, Is it given a high priority to involve the local population in your CSR activities in Sapa (35.30

Yes, they have some certain priority

10, Which impediments to poverty reduction do you meet in Sapa?

They have no education, different culture and different languages.

11, How do you think that hotel and tourism business in Sapa can participate more in poverty reduction?

Perhaps in the next 10 years, tourism in Sapa will be able to develop more, so businesses can participate in poverty reduction more.

TRANSCRIPT OF INTERVIEWEE: TOPAS ECO-LODGE AND TOPAS TRAVEL

1, NAME OF ORGANIZATION: Topas ECOLODGE

WEBSITE: <http://www.topasecolodge.com/>

NUMBER OF EMPLOYEES: 41

TURNOVER IN 2010: 21 billion vnd (701.363 €)

MEMBER OF ASSOCIATION: Topas Denmark

PROPERTY: Ecolodge 8 ha

NAME AND POSITION OF INTERVIEWEE: Peter B.Jensen – director in Sapa

PLACE AND DATE OF INTERVIEW: Topas Ecolodge

2, How do you understand CSR in relation to hotel and tourism activities? (2.-3.08)

Topas hires 95% employees from the local, the minority. We bring them to ecologe and educate them. They do not have education, do not speak English, most of them learn English while they are working here. We have improved their English education and work skills, and of course we have other training program such as in the kitchen, service. That is the way I understand topas contributes to the community here. Otherwise, we try to find out new things to help them around here. Two months ago, we helped to collect a lot of clothes from Hanoi and distributed for families and people here.

That is basic thing we do here. We always try to develop

3, How do you engage in CSR? (3.10- 7.30)

5 or 6 years ago, people probably had problem to engage with CSR. But we were training for 20 people and now we have them here and they can help me to educate other people. So the old staffs are able to help and train new staffs.

We try to explain for people and let them understand the important role of environment. You have to take care of your future. We spend a lot of time explaining and educating them to understand and then engage with CSR activities with organization. It is difficult and takes a lot of time. It is not only staffs but also whole community. We teach everyone around here. Take care of nature. We try to do and hope other people can see what we are doing and flowing us. It takes a lot of time. The problem around here is a lot of plastic, garbage and they have come for the last few years. A lot of things from wasting countries like China, Singapore. Of course, people see we take trash and take care of nature; we plant new trees because a lot of trees were cut down. That is big problem here. They cut down a lot of trees. But learning is for whole community, teaching them how they can do. That is big job

3a, Do you have any idea to attract some students to spend their time in Sapa for a while? During the time they stay here, they can help people to improve their knowledge and living skills.

No we do not have any plan yet, but that is good idea. We always try to find new ways to develop. We have a teacher in the kitchen from Canada, and he help to improve communication in English and learn new way in the kitchen. We hope to have this kind of activities in the future... perhaps CSR is appropriate to apply for developed countries with a good civil society and ready to dispatch with social and environment issues

3b, Has the way of engaging in CSR changed during the last five years?(9.40-12.09)

A lot of things have changed; local people have changed as well. We learn how we can do everything better and can engage people in the community more and more, specially in last 5 years.

I can see the change coming from economic aspect, for example people have tv, mobile phones, motorbike and in the village they have electricity. The tourists bring a lot of money. On the other hand, people still live in their houses and keep their own way to living. That is positive change, but I think it is changing so fast for whole Sapa.

3c, Can you please tell me other changes such as in terms of culture? (12.10-15)

The minority people can skip their clothes and the way they wear. They speak English and they changed, they do not wear traditional costume anymore, only wear their traditional costumer for impressing the tourists. I think the new generation will change in the next 10 years, and their culture will be not authentic anymore when the old generation is gone. Some feature of culture will disappear but I guess it happens everywhere when the new era of technology is coming, no matter what. The tourists bring both negative and positive, they bring money and development but they also impact on the local people and environment. That is good for the whole community but maybe it is going too fast.

3d, Did you tell them and teach them about your identity which attract the tourists, if you do not keep your identity, the tourists (15.00-17.29)

My staffs from the minority group, they do not wear their costumes anymore, and they learn from Western culture. I am pretty sure that one day their culture will disappear. I think some groups try to maintain their culture but I guess it is coming smaller and smaller this group. We can build a museum or have some workshop place for the minority group, so they can discuss and develop their culture.

4, Why do you engage in CSR? (17.35-22.00)

When they built up this area, the organization is interested in nature, and this area is on the top of nature. It is eco-tourism, we want to build up a place where people can live with nature. We avoid destroying nature around here. We got people around here to build the houses and use all materials from here. We try to intimate the same architecture. We engage a lot of people in building this place. And the owner of topas, he loves nature, that is his priority in his activities. Thus, one can say that, the organization engages in CSR from its heart. He traveled in Vn few years and he got a few Vietnamese friends before he decided to established topas. The owner has the inspiration from the nature, from his heart. We did not electricity, and have water from the mountain. We have solen energy. It is friendly environment)

4a, Do you feel that other hotels and tourism organization have a social responsibility when developing tourism activities in Sapa?(23.00-28.00)

some of them definitely. They bring jobs for the minority group, more material for them. They bring customers for them and the ethnic people can sell their products or they perform their dancing and culture for them. This way can help the ethnic people to improve their living standard. Some companies definitely do it.

Tourism should be a part of community, and people ought to engage in CSR somehow. That is a big job but we have to start somehow and somewhere

5, Do you feel that hotels and tourism businesses possess the necessary skills to create poverty reduction in Sapa? (28.00-29.55)

I have no idea. But I guess they do not know what they can do. Perhaps they can think about to create jobs for people. This way can help people have to money and bring to their family. But I am not sure, if they have any idea about CSR.

I think they have problem between the government and the minority groups

6, Do you cooperate with any international or local organizations in relation to your work with CSR? (30-

we have some Danish companies to cooperate with us who work on CSR a lot. They are big companies and work in CSR a lot but unfortunately I do not know so much about this. But we do not have officially policy.

7, Do you cooperate with poor people? (31.30

No it is very difficult to get them engage with CSR, I hope their children can be able to cooperate with us.

We have good relationship with people around, we are willing to help each other but we do not have plan to do further

7a,How do you feel while you have lived here? (32-

You get very close to local people, you can feel how they think and they feel. I was in the wedding with local people. I think it is very interesting to get close with people

The most impression here is people, they are friendly and want to show you everything. They come often to me and suggest me something. That is very nice also for the tourists, when they come here, they can go out and nicely talk and enjoy the culture. Or we go home and see their house and lives. (34

We have to keep this area freely for people and animal.

8, Do you evaluate the impacts of your CSR initiatives?(35-

we do not have any evaluation, and nothing is written down but we know there are still so many things need to be done and learned.

We had some feedbacks

9, Does the poorer part of the population at a destination playing a significant role to your tourism and CSR activities in Sapa? (37.

9a, Is it given a high priority to involve the local population in your CSR activities in Sapa

I have no idea

10, Which impediments to poverty reduction do you meet in Sapa?38

first, the way people think is different, the perceptions. I might have great idea but to explain why and how, probably is difficult. The problems are various cultures, languages. I have different background with them, so it is difficult. I have to tell and explain for them many different things such as about taking trash, keeping cleaned environment, do not put too much chemical in food, etc.

11, How do you think that hotel and tourism business in Sapa can participate more in poverty reduction? (40-

Everything we come up with, the tourists go out and see a lot of children, people.

The most important thing is give people education because if you give them money, charity but it is not for long term. We have a lot of guest to come here and give pen, papers, etc. so we give the poor and they can go to school.

Discuss about the government and the problem between the government and the minority people,

1, NAME OF ORGANISATION: TOPAS TRAVEL

WEBSITE: www.topastravel.vn

NUMBER OF EMPLOYEES: 35

TURNOVER IN 2010: 21 billion vnd (701.363€)

MEMBER OF ASSOCIATION: topas organisation

PROPERTY: topas ecolodge (8 ha)

NAME AND POSITION OF INTERVIEWEE: Le Phuc Thien, manager

PLACE AND DATE OF INTERVIEW: 24 Muong Hoa Sapa Lao Cai

2, How do you understand CSR in relation to hotel and tourism activities? (2.45-3.45)

The Topas's goals in tourism development are eco-tourism and tourism for community. We want to use tourism as a useful tool, which brings benefits for local people. We hire the majority of labour source, local people. We cooperate with local suppliers and consume material from local.

3, How do you engage in CSR? (3.54-13.20)

Annual year, we organize green campaigns, Topas hire local people to collect trash, or clean and clear the local and tourism attractions. Other activities are charity activities between tourists and ethnic people. Tourists can participate in ethnic people in daily activities and explore by themselves culture, traditions.

The goal of development of Topas ecolodge is eco-tourism. This area was built and used the whole material from local such as stones exploited in Sapa. Topas use solar energy and friendly environment for heating system. The wastewater treatment has been fulfilled international standards. Topas ecolodge has 8 ha, and use only 1 ha for building cottages; nature, green trees surround the rest of area. Ecolodge hire over 80% ethnic people to work here. This enables the ethnic people to earn income and help their families. Moreover, working in ecolodge provides educational opportunities for the ethnic people through improve their work skills such as service skills, behave to tourists and environments, English skills. At the beginning of the recruit program, nobody is able to fulfill requirements from Topas. However, Topas offered training programs for the ethnic people and educate them to attain work skills. Topas offered training program such as house-keeping, office, serving customer, English course, etc. Topas organize tours to villages and the tourists provide charity for local people or provide income through tourism activities for example selling handmade products, herbal medicine, cuisine products etc.

3a, Has the way of engaging in CSR changed during the last five years? (13.50-yes, CSR activities is spread wider compared to before. The companies learn about CSR concept step by step although they do not have knowledge about CSR concept so much. But gradually, we learn it

4, Why do you engage in CSR?(15.00-17.29)

Topas was found in Vietnam in 1999. In order to operate its business in Vietnam, Topas has to fulfill a lot of strict requirements of tourism development for community and preserve nature from Danida, which provide funding for Topas. Topas's history indicated that Topas has high social responsibilities to the community. Danish managers from Danmark came to Vietnam was to train social responsibilities and preserve nature, environment and community as well as cultural values. They made a long-term strategy for developing the specific area where they plan to develop.

The engagement in CSR of Topas was begun since it started its business in Vietnam due to its commitments to community at the beginning.

4a, Do you feel that other hotels and tourism organization have a social responsibility when developing tourism activities in Sapa? (17.30-19.48)

Not really, The company wants to engage in CSR, they have to reach the permission from the authority and have to give them money. Or they give a lot of barriers and prevent the company from doing it unless we give them money. It is nonsense and annoying because we want to be responsible for the community but we have to bribe. It is illegal so we can not do it.

5, Do you feel that hotels and tourism businesses possess the necessary skills to create poverty reduction in Sapa? (19.50- 23.40)

Really rare, the majority of business do not have CSR knowledge and CSR activities has low margin.

Topas use local suppliers however, if they do not provide enough so we have to use Chinese suppliers.

We have two staffs who is in charge of checking foodstuff issue.

24.00-30.58

Tourism industry in Sapa is very new, just started in 1990 and extended in 10 recent years. Tourism in Sapa is developing without planning, directing or making strategy. All businesses just open and run their activities. The government does not have any policy for planning or directing how the companies ought to develop. Without planning and directing can lead to environment pollution, deprivation of culture and traditions. For example, they want to build electric factories, dams, and destroy forests, nature, change river's directions leading to damage of forest, flood and drought.

They tried to learn from tourism in Thailand, Malaysia to apply in Sapa, however it did not help so much. Topas desire to explore new attractions as new adventures for tourists and by this means can help the poor in the remote area. But the government did not agree due to political issue. Topas does not receive any supports from the government whereas, the company has to face with challenges in terms of policy.

6, Do you cooperate with any international or local organizations in relation to your work with CSR? (31.00-

yes but rare.

7, Do you cooperate with poor people? (31.00- 35.32)

letting the poor engage in CSR activities is difficult because it is not easy to communicate with them. Their perception is different with us, due to various cultures, languages and background. There were some groups to make philanthropic contributions and help the ethnic but they reveal that it is so difficult to cooperate

with them because of language barriers and misunderstanding of culture. It takes a long time and requires a lot of effort to do this.

We try to explain and educate the ethnic people but it is very difficult to change their habits and make them understand what is harmful and is useful although it is obvious with us.

8, Do you evaluate the impacts of your CSR initiatives? (36.00-

no

9, Does the poorer part of the population at a destination play a significant role to your tourism and CSR activities in Sapa?

Yes, some they work in house keeping department or kitchen, or waiters and waitress. If they have skills they can be tour guiders.

9a, Is it given a high priority to involve the local population in your CSR activities in Sapa

Not really because the company hire people through recruit activities thus, do not have any distinguish groups.

10, Which impediments to poverty reduction do you meet in Sapa? (36.-44.45)

It is very difficult to communicate with the people. Annual year in special occasions such as new years, charity programs, the company has philanthropic contributions to the poors. They live wildly and closed, thus it is very difficult to contact and educate them. In order to understand them, the company has to learn language, culture and we are not able to focus on this business. We believe this kind of activities belongs to the government's responsibilities.

Does Topas have any support in terms of preserving their architectural style?(45.00-50.00)

Not yet but having plan to help them to build their settlement. Topas bought their traditional houses before and recovery exactly the same style. We hire the owner of the house to help repairing the same style. Topas plans to build museum where contains cultural workshop and replicate their old lives in order to preserve the cultural feature which is disappearing. This way can enable them to gather and develop their culture in their community. However, we did not reach the paper permission from the authority again.

11, How do you think that hotel and tourism business in Sapa can participate more in poverty reduction?

Unfortunately it is very difficult to find a common and consensus opinion on this issue because companies only focus on economic benefit and spend less interest in the community and social responsibilities.

How often do you organize tour to village?

TRANSCRIPT OF INTERVIEWEE: ROYAL

1, NAME OF HOTEL: Royal Hotel
WEBSITE: www.royalsapahotel.com
NUMBER OF EMPLOYEES: 30
TURNOVER IN 2010: 4 billion vnd (134.012 €)
MEMBER OF ASSOCIATION: non
PROPERTY: non
NAME AND POSITION OF INTERVIEWEE: Vu Quang Kha - manager
PLACE AND DATE OF INTERVIEW: Cau May Street, Sapa town

2, How do you understand CSR in relation to hotel and tourism activities? (2.43-4.09)

CSR is a broad concept to me. I think the company organizes tours to villages is kind of CSR because the turnover or benefit from tourism is not only for business but also for the local people. Besides, our company hire over 80% the local people working for the company, that is also kind of CSR to the community in terms of creating jobs and income for people. I realize that the ethnic people are good at tour guiders, thus our company create more chance for them to participate in this kind of activities. In addition, the company is responsible for tax, that is also kind of contribution to the community.

3, How do you engage in CSR? (4.12-6.02)

As I mentioned before, we organize tours to villages for the tourists exploring the ethnic people's culture, that is the way we engage in CSR. In addition, the company engage in charity program or philanthropic contributions to the poor in some specific occasions such as new year, flooding contributions, building villages for the ethnic people, giving blankets, clothes and money for the poor. Or we participate in planting trees in Ban Ho. The company always engages in CSR when some organizations call for, however the company's size is small thus, never work with CSR by itself. And we prefer to contribute to the poor through tourism activities or philanthropic contributions rather than engage in projects because the company only wants to focus on business. The most important activity of the company is still business.

3a, Has the way of engaging in CSR changed during the last five years?(6.06-7-7.45)
Cac hoat dong nay co khoi sac hay thay doi gi trong vong 5 nam qua?

Compared to the past 5 years, I think the living standards of local people in terms of economy has improve significantly such as, people have phones, motorbikes, build new house, etc. however, in terms of culture and traditions, I think many characteristics are gradually disappearing and the natural landscape is significantly damaged such as forests, green trees areas, wild animals. The ethnic people become very commercial, they change and no longer authentic cultural values. Sapa is developing too fast and so many tourists come to Sapa. Especially in environment, it becomes polluted now, 10 years ago, the environment was much better.

I guess that is the price for developing, improving in terms of economy but paying back for traditions and culture's disappearance.

4, Why do you engage in CSR?(8.17- 10.34)

Tai sao anh lai tham gia vao hoat dong trach nhiem xa hoi va cong dong?

First, we engage in CSR because that is the company's responsibility, obligation. Second is our right. If we are not responsible for the community, the human and natural resources will be no longer in the future, these influence directly to the company for our continuity and growth. How can we exploit and what can we exploit. That is reason we have to work and contribute to the community. The company makes benefits from tourism, based on the ethnic people's culture. The ethnic culture here is their villages with special style of houses, their dancing, costume, etc. the company earn money from them so, we ought to reimburse to them somehow. That is our obligation and right to reimburse to the poor. If we do not implement this kind of contribution, we can not continue our business. However, we are small company and our goal is still making money, thus we prefer to contribute money or make philanthropic contribution to the poor. We are not able to engage often in CSR.

4a, Do you feel that other hotels and tourism organization have a social (10.36-12.35)responsibility when developing tourism activities in Sapa?

Neu khong tinh den cac chinh sach ho tro cua dia phuong trong hoat dong trach nhiem xa hoi va cong dong, Anh co nhan thay rang cac doanh nghiep khach san, hoac cong ty lu hanh khac co tham gia vao trach nhiem xa hoi va cong dong?

Cac doanh nghiep va cong ty lu hanh o Sapa ko nhieu.

Dac diem cua doanh nghiep o day thuong la bao gom kinh doanh ca khach san va tour.

Neu nhu tinh va huyen phat dong phong trao, cac doanh nghiep cung no luc tham gia. Duong Mon mien nui, Cuong Huong, Duc Minh traveling companies, Hung Vi la cac doanh nghiep chu yeu o Sapa.

Doanh nghiep chua co hoat dong va trach nhiem xa hoi do chinh doanh nghiep phat dong. Chua co hiep hoi doanh nghiep cung nhau hoat dong va tham gia vao trach nhiem xa hoi cong dong.

5, Do you feel that hotels and tourism businesses possess the necessary skills to create poverty reduction in Sapa? (14.07-15.55)

Anh co nhan thay rang khach san va doanh nhiep ve du lich o Sapa co duoc trang bi nhung ki nang can thiet giup cho viec giam doi ngheo cho nguoi dan dia phuong?

Chua co nhung ki nang do. Nhung chuong trinh dao tao cua tinh giup tranh bi cho doanh nghiep cung chi la nhung chuong trinh giup quan li, le tan hoac cho nhan vien phuc vu, dao tao cho huong dan vien du lich. Chua co chuong trinh dinh huong cho quan li dung dau doanh nghiep hieu duoc vai tro quan li va giup cho nguoi dan dia phuong. Khai niem nay chua duoc hinh thanh ngay ca o cap lanh dao chu ko noi gi den cac doanh nghiep.

6, Do you cooperate with any international or local organizations in relation to your work with CSR?(16.02-17.25)

Anh co hop tac voi to chuc trong va ngoai nuoc nao trong hoat dong dong gop cho cong dong va trach nhiem xa hoi?

Khong co. Co nhung to chuc hay lam tu thien, cac to chuc nay co nho nhan vien cua doanh nghiep huong dan xuong dia ban khu vuc, doanh nghiep anh cung co giup ho.

Anh co dua nhan vien cua doanh nghiep di cung cac to chuc phat qua va hoat dong cung voi to chuc.

7, Do you cooperate with poor people?(21.40- 23.07)

Anh co ket hop va de nguoi ngheo tham gia vao hoat dong trach nhiem xa hoi va cong dong?

Ho co co hoi tham gia co hoi viec lam, cong viec chinh cua ho la lam nong nghiep thi vu mua thoi gian ngan, sau do ko co viec gi lam them, phu nu thi theu trang phuc, va di ban hang. Truong hop ko co khach du lich thi ko kiem duoc thu nhap

8, Do you evaluate the impacts of your CSR initiatives?(17.45- 21.35)

Anh co danh gia nhung tac dong doi voi nhung sang kien trong hoat dong trach nhiem xa hoi va cong dong?

Chua co nhung danh gia, va xem xet ket qua tac dong nhu the nao. Kha nang kien thuc, muc do suy nghi cua doanh nghiep chua duoc trang bi day du de lam viec nay. Van chi tap trung vao muc dich chinh la kinh doanh va tao loi nhuan.

9, Does the poorer part of the population at a destination play a significant role to your tourism and CSR activities in Sapa? (23.09-

Nhung nguoi thuoc dien ngheo o Sapa co tham gia vao cac hoat dong trach nhiem xa hoi va cong dong, hay la mot phan trong trong hoat dong trach nhiem xa hoi cua doanh nghiep anh?

9a, Is it given a high priority to involve the local population in your CSR activities in Sapa (23.09- 25.44)

Nhom nguoi ngheo co duoc xep vao nhom uu tien trong hoat dong trach nhiem xa hoi cua doanh nghiep anh khi ho tham gia vao hoat dong voi doanh nghiep?

Phong van xin viec thi uu tien ko doi hoi trinh do cao, So van hoa cua dia phuong yeu cau huong dan vien phai hoc het lop 9, vi so nguoi dan bo hoc di lam. Tuy nhien ko co yeu cau nay thi nguoi dan van bo hoc di lam va di ban hang vi do ko co thu nhap cho cuoc song. Va nguoi ta ko nhan thuc duoc van de giao duc la quan trong. Doanh nghiep co the giam nhung nhu cau tuyen dung xuong thap hon cho nhom nguoi ngheo de giup ho co duoc co hoi viec lam. Uu tien khac nhu co the uu tien tuyen dung neu ho la nguoi dan toc, hoac neu ho chua co du trinh do co the giup ho tham gia cac khoa dao tao.

10, Which impediments to poverty reduction do you meet in Sapa? (24.50-)

Nhung kho khan nao doanh nghiep phai doi mat khi tham gia vao qua trinh giam oi ngheo cho nguoi dan o Sapa?

Interviewee does not respond question due to sensitive issue.

11, How do you think that hotel and tourism business in Sapa can participate more in poverty reduction? ()

Anh nghi the nao ve viec cac doanh nghiep du lich no luc tham gia va dong gop nhieu hon vao giam doi ngheo cho nguoi dan o sapa?

25.29-30.00

Phong van hoa co thong bao den doanh nghiep du lich, dong gop ung ho chan am, do dung cho dan o Ban hoac hoc sinh de ho co do dung trong mua dong nhu chan man, quan ao am.

TRANSCRIPT OF INTERVIEWEE: HOLIDAY

1, NAME OF HOTEL: Holiday hotel

WEBSITE:

NUMBER OF EMPLOYEES: 40

TURNOVER IN 2010: 5 billion (167.515€)

MEMBER OF ASSOCIATION:

PROPERTY: Queen hotel and Holiday hotel

NAME AND POSITION OF INTERVIEWEE: Hoi - director

PLACE AND DATE OF INTERVIEW: Holiday hotel

2, How do you understand CSR in relation to hotel and tourism activities?

Protecting environment and preserving cultural values, that is CSR concept. I think the unique and diversified culture are the most attractive advantage of Sapa to draw the tourists, thus preserve these values are important mission.

The ethnic culture must be preserved and the nature of landscape must be protected.

I was born in Sapa and understand the ethnic language and their culture, thus engage in CSR and be responsible for the community is important to the company. I recognize that the ethnic people are loyal, honest and enthusiast, thus I want to help them. If they improve their work skills so they can earn money and have better lives. Even they can sell their products for the tourists easier.

Educating the ethnic people also helps to protect environment because they know the appropriate way to behave to environment .

3, How do you engage in CSR? (4.07-6.34)

The company has philanthropic contributions to the poor such as in new years, in natural disasters, building new villages, giving clothes and books. The company also offers training programs for our employees. Our employees are the ethnic people over 70%. They work delightfully and very helpful. The company not only creates the employment opportunities but also uses local suppliers and consumes material, local products, ect. This way can increase local businesses and improve income for the poor.

We use local suppliers and buy all material from here...We create not only job opportunities but also increase business activities for the local society and local suppliers. We consume all material from the local suppliers such as foodstuff, special vegetable and local products... just make sure that money go to the local and be delivered equally

3a, Has the way of engaging in CSR changed during the last five years?

Not really so much.

Do you have any reimbursement to the community?

The company is new and still owe money from the bank, thus we do not engage in CSR except creating jobs hiring local people and using local suppliers

4, Why do you engage in CSR?

Tai sao anh lai tham gia vao hoat dong trach nhiem xa hoi va cong dong?

Viec tham gia vao CSR la can thiet

4a, Do you feel that other hotels and tourism organization have a social responsibility when developing tourism activities in Sapa?

no. The majority of business does not have knowledge about CSR and do not think social responsibilities belong to their responsibilities. They focus on economic aspect only.

No. The companies primarily make business without planning. They just borrow money from the bank and open their business without directing or making any strategy for a long-term development. Thus, they are concerned about only how they can return money back for the bank first, and after make benefit. Perhaps, after making benefits they can recognize to do something for the community.

5, Do you feel that hotels and tourism businesses possess the necessary skills to create poverty reduction in Sapa?

no

6, Do you cooperate with any international or local organizations in relation to your work with CSR?

no

7, Do you cooperate with poor people?

Yes somehow, through hiring them and using them like small local suppliers.

8, Do you evaluate the impacts of your CSR initiatives? No

9, Does the poorer part of the population at a destination play a significant role to your tourism and CSR activities in Sapa?

no

9a, Is it given a high priority to involve the local population in your CSR activities in Sapa

no

10, Which impediments to poverty reduction do you meet in Sapa?

Lacking of funding and knowledge, we do not know what we can help them.

11, How do you think that hotel and tourism business in Sapa can participate more in poverty reduction?

I have no idea.

