

Introduction: Worldwide Tourism in the New Millennium

At the beginning of the new millennium (in the year 2001), the World Tourism Organization (WTO) published its *Tourism 2020 Vision*, in which it described eleven major “factors” for the development of worldwide tourism. Among these, key factors for our research are:

Key Factors for Our Research

- 1) Economy (from post-war to newly emerging economic powers);
- 2) Demography (a possible fragmentation of traveler segments and tourism markets); and
- 3) Social-environmental awareness (rising since shortly before the new millennium)).

Around the same time (in the year 2004), the WTO also proclaimed twelve “major megatrends” of global tourism impacting its policies and strategies. Among these megatrends, these were especially relevant from our point of view:

Megatrends Especially Relevant for Our Research

- 1) Consumer-led campaigns for sustainable tourism (especially sustainability and fair trade);
- 2) Increased socio-environmental consciousness (versus simple mass travel consumption).

Similarly, the recent literature (see for example Dwyer, Edwards, Mistils, Roman, Scott and Cooper, 2013), sees six “key drivers” for world tourism. Among these key drivers, these are especially interesting for us:

Especially Interesting Key Drivers for World Tourism

- 1) Economic (effects of globalization, labor demographics, and global wealth distribution);
- 2) Social (such as societal value changes);
- 3) Environmental (energy and natural resource preservation, or global climate change); and
- 4) Basic human needs (global food provision, or strategies for increasing cultural diversity).

Whichever model of major tourism influences in the new millennium one prefers to follow (or combine), all suggest complex interdependencies, especially when considering them holistically under the concept of sustainability. This concept first developed independently of the tourism industry, before being incorporated and increasingly refined by and within it.

The Integration of Sustainability in Tourism

First Definitions

“Sustainable development” was first defined without any direct relation to the tourism industry, namely in the 1987 so-called *Brundtland Report* by the *World Commission on Environment and Development* (UNWCED) as “meeting the needs of the present without compromising the ability of future generations to meet their own needs,” uniting goals of economic progress and of environmental protection. Following up on these ideas, the 1992 *United Nations Conference on Environment and Development* (UNCED) in Rio de Janeiro produced the *Rio Declaration on Environment and Development* and *Agenda 21* (with principles and guidelines for sustainable development), followed in turn by the 2002 *World Summit on Sustainable Development* (UNWSSD) in Johannesburg, and then the 2012 *United Nations Conference on Sustainable Development* (UNCSD) in Rio de Janeiro.

Tourism-Related Definitions

For tourism, the WTO and the United Nations Environment Program (UNEP), in a 2005 *Guide for Policy Makers* entitled *Making Tourism More Sustainable*, defined sustainability as the suitable, long-term and evolving balance between the 1) environmental, 2) economic and 3) socio-cultural dimensions of tourism development. Specifically, sustainable tourism should 1) optimally use environmental resources (as by maintaining ecological processes and preserving natural resources and biodiversity), 2) respect the socio-cultural authenticity of host communities (as by conserving their cultural heritage and traditional values), and 3) ensure viable, long-term economic operations (as by providing and fairly distributing socio-economic benefits to all stakeholders, especially employees, host communities, and the poor).

Critics and Contemporary Integration

Critics see the concept of sustainable development as vague and leading to uneven practices, or as Western or Euro-centric, suiting the developed nations but preventing developing countries from following their path of industrialization, and acquiring their living standards. Yet sustainability has become widely used in international key policy agreements and in industry practice, so most agree that it should be furthered in global tourism via specific frameworks and measures, such as the triple bottom line (“TBL”; informally also “3BL”).

The Connection between Tourism, Sustainability, and the Triple Bottom Line

The Triple Bottom Line for Tourism

The first literature voice to suggest a comprehensive approach to sustainable development and environmental protection as a central business challenge was John Elkington’s 1997 book *Cannibals with Forks: The Triple Bottom Line of 21st*

DOI: <http://dx.medra.org/10.19275/RSEP002>

Century Business: corporations should consider not just their economic, but also their environmental and social influence. His “triple bottom line” required business activities to be socially, economically and environmentally sustainable. The global tourism industry was soon attributed a key role for advancing and implementing this concept, due to its responsibilities for social and economic development.

The Triple Bottom Line Concept

Conceptually, the triple bottom line frames business and corporate activities and performances, adding the two bottom lines (balance sheets) of socio-cultural and environmental impacts, thus providing criteria for audits and evaluations, and standardizing the assessment and reporting of all three types of impacts (economic, socio-cultural and environmental). Operationally, the triple bottom line assists internal management planning and decision-making, and external reporting on the economic, environmental and social implications of organizational decisions and activities.

The Triple Bottom Line Practice

For each of the three dimensions, the reports use key indicators, depending on the tourism industry sector. As each of the three bottom lines measures different types of impacts, weighing and assessing them requires a company judgement. This is why they are seen as tools of a holistic process of appraisal, and more than just an accounting mechanism, namely as the most comprehensive consideration of multi-dimensional impacts of business activities.

The Triple Bottom Line: Dimensions and Assessments

Company Impact Dimensions and Report Cards

In practice, a company monitors and reports to its triple bottom line using three “report cards”:

- 1) Business Report Card (BRC),
- 2) Social Report Card (SRC), and an
- 3) Environmental Report Card (ERC).

For each card, the company selects key indicators (significant and measurable variables) relevant to its operations, expressed either quantitatively (as a percentage over time, such as of growth), or qualitatively indicators (as for evaluating levels of visitor satisfaction around tourist attractions, or the quality of staff-delivered safety instructions and training).

For an overview of the three report cards and their indicators of a tourism business (company, attraction, destination, or event), below the three impact dimensions (I-III) are categorized according to company stakeholders and interests (A, B, C), key indicators measuring tourism impacts (1, 2, 3), and possible sub-categories (a, b, c). A tourism company need not use all of these indicators, yet might add others that better suit its activity profile.

Overview of the Three Impact Dimensions and Report Cards of the Triple Bottom Line

I) Economic Impacts (BRC):

A) Company Benefits from Tourism:

- 1) Revenue;
- 2) Net profit or net income before tax (NIBT);

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- 3) Number of visitors.
- B) Company Costs from Tourism:
 - 1) Direct expenditures, including
 - a) Remunerations (wages, salaries or rewards),
 - b) Taxes paid, or
 - c) Costs for regulatory reports;
 - 2) Indirect expenditures, including
 - a) Externalities (costs not chosen, such as pollution cleanups),
 - b) Opportunity costs (investments in other feasible attractions).
- C) Stakeholder Benefits from Tourism:
 - 1) Total shareholder return;
 - 2) Value added or distributed to suppliers.
- D) Community and Destination Benefits from Tourism:
 - 1) Management of visitor demand and volume;
 - 2) Reduction of seasonality effects.
- E) Community and Destination Costs from Tourism:
 - 1) Costs for attraction's deterioration and repair;
 - 2) Costs for destination preservation.

II) Socio-cultural Impacts (SRC):

- A) Tourist Satisfaction:
 - 1) Openness of access;
 - 2) Visitors' motivation.
- B) Tourism's Impact on Public Health and Welfare:
 - 1) Workplace stability;
 - 2) Employee safety and risk management, including
 - a) Occupational health and safety audits and training,
 - b) Emergency plans,

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- c) Written safety instructions,
- d) Security signage and lighting, or
- e) Security patrols;
- 3) Visitor safety (analog to 2).
- C) Host Community's Wellbeing and Participation:
 - 1) Impact on community quality of life;
 - 2) Impact on community pride;
 - 3) Local satisfaction with tourism;
 - 4) Community support and involvement, e.g. partnerships;
 - 5) People performance management, or employment conditions:
 - a) Opportunity,
 - b) Diversity,
 - c) Non-discrimination,
 - d) Human rights respect, and
 - e) Ethical corporate governance.
- D) Destination Planning and Control:
 - 1) Socio-cultural carrying capacity;
 - 2) Tourism integration into regional planning and development;
 - 3) Tourist transportation facilities;
 - 4) Sustaining the social and cultural assets of the destination;
 - 5) Protecting the image of the destination.

III) Environmental Impacts (ERC):

- A) Managing and Protecting Scarce Natural Resources and Valuable Assets:
 - 1) Energy management and conservation, such as of
 - a) Oil,

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- b) Gas and
- c) Electricity;
- 2) Water
 - a) Availability,
 - b) Quality and
 - c) Conservation;
- 3) Emissions from transportation of tourists.
- B) Limiting Damaging Impacts of Tourism:
 - 1) Destination's
 - a) Physical and
 - b) Environmental carrying capacity;
 - 2) Ecosystems'
 - a) Conservation and
 - b) Rehabilitation;
 - 3) Waste water quality and recycling;
 - 4) Solid waste (metal, wood, paper, plastics) management or recycling;
 - 5) Sewage treatment;
 - 6) Weed and pest control,
 - 7) Pollution via
 - a) Air,
 - b) Noise or
 - c) Visuals (such as architectural degradation);
 - 8) Greenhouse gas emission reduction, such as
 - a) Carbon dioxide (CO₂) from transport, or
 - b) Hydrofluorocarbons (HFCs) from cooling;
 - 9) Land-from-sea reclamation;
 - 10) Ecological efficiency via
 - a) Design;
 - b) Packaging and

- c) Recycling (strategies and actions for business operations),
- 11) Monitoring suppliers' environmental performances.

Criticism and Advantages of Triple Bottom Line Reporting

Criticism of the Triple Bottom Line

In a very condensed fashion, one could summarize criticism of the triple bottom line as mostly addressing these issues:

- 1) Redundancy (its three dimensions could be taken care of by single assessments);
- 2) Practical challenges (finding suitable or quantifiable social and environmental indicators);
- 3) Potential bias by businesses picking indicators to justify their investments.

Defense of the Triple Bottom Line

Against these points, among the main arguments that are invoked in defense of the triple bottom line, one could mention in a similarly concise manner:

- 1) The TLB is precisely about unifying separate bottom lines;
- 2) It allows for qualitative measurements alongside quantitative ones; and
- 3) User bias is unavoidable and even speaks for the overall practicability of the approach.

Overall Evaluation of the Triple Bottom Line

Improvements of an Organization via the Triple Bottom Line

Overall, the triple bottom line approach can improve a tourism organization in manifold ways, which could be structured as follows, from theoretical to practical aspects, from internal to external company involvements and relationships, and in an order where all aspects are interconnected yet especially enable and reinforce the subsequent one:

- 1) Conceptual clarity about sustainability (comprehensively defining and operationalizing it);
- 2) Practical clarity about how to achieve it (slogan: “what gets measured gets managed”);
- 3) Strategic decision making (integrated and holistic decisions within ethical framework),
- 4) Transparency and accountability (for stakeholders and society);
- 5) Shareholder value (the TBL also positively impacts the economic “single” bottom line);
- 6) Quality standards (institutionalizing best practices and benchmarks);
- 7) Employee relationships (employees are more likely to be loyal and low in turnover);
- 8) Corporate reputation (boosting company’s products, marketing, and brand awareness);
- 9) Market positioning (via self-reinforcing cycles of positive reputation);
- 10) Stakeholder relationships (TBL implementations fulfil stakeholder demands); and
- 11) Destination benefits (differentiation from competition, and benefit for local community).

Conclusion

Even most of the voiced criticism of the triple bottom line implies that it is, at least as of now and still, the most comprehensive and holistic framework for evaluating key indicators in the three most important dimensions that all tourism stakeholders face as a core concerns and responsibilities in the new millennium. Other models might appear soon, while some have been under discussion for some time. But their features do not show such a substantial differentiation from the here discussed conceptual or practical approach to justify a separate treatment. For example, some openly admit of being as of yet still in an “experimental stage” (Tyrrell, Paris and Biaett, 2013, p. 279). Others just rephrase the three dimensions as “three pillars” or as three inserted figures of a “Russian doll” (Royal Institution of Chartered Surveyors, 2007, p. 4).

So far and for the rest, no other model available at the moment seems to achieve the same degree of conceptual convincingness and real-life efficiency within a company and its day-to-day operations, transparency to the outside world and its stakeholders, comprehensiveness and clarity of its goals in conjunction with reliability and validity in terms of the measuring their fulfilment, and individual adaptability and flexibility with respect to the single tourism business or company in the increasingly globalized and interconnected tourism market, itself one of the biggest and fastest growing business branches of our time.

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