

Critical review of certification and accreditation in sustainable tourism governance

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Abstract

The purpose of this paper is to inform discussions with regards to the feasibility and desirability of using agency funds for certification and accreditation as tools for sustainable development, with particular emphasis on developing countries. This paper aims to demonstrate that it is necessary to undertake a cost-benefit analysis of certification as a sustainable development tool in developing countries.

For the last two decades, certification has been a voluntary mechanism to show high standards of performance beyond legislation. It has been thought to be a source of competitive advantage that allows a small number of firms to stand out from the average. Certification is a valid instrument to gather local stakeholders around the common purpose of defining standards to improve the contribution of tourism to sustainable development. It is also valid to develop structures to encourage and support improvement of business units, working to a standard that will give them peer recognition, staff morale, eco-savings, peace of mind from beyond legislation compliance, all of which make firms more competitive in the medium term.

There are also challenges in certification and accreditation. Early evidence suggests that certification is most suited to those countries with well-established infrastructures and the finances to support industry to reduce its negative impacts. It is also a tool for financially sound firms that have their basic needs covered and feel the need or desire to be more sustainable, and get recognition for it. It is not the best tool for livelihood-based economies or sectors, be it tourism, forestry, agriculture or any other at the center of attention of certification today.

Increasing the number of companies that meet these standards allows in the medium term to reach the economies of scale to produce better training for applicants, and marketing of their products. The key challenge is the potential impact this can have on those firms that are not suited to it, if it becomes a powerful tool for increased trade, or if governments and industry associations aim to enforce compulsory standards.

CERTIFICATION: CONCEPT AND PROCESS

Compulsory standards are enforced through national legislation and industry membership requirements and tend to cover health and safety, competence standards, occupational safety, land use planning, licensing of businesses and consumer protection. Voluntary standards go beyond these to suggest best practice, and are usually coupled with training manuals for companies to make the necessary improvements to meet the requirement.

The process of setting voluntary standards and ensuring these are met is known as conformity assessment, and provides the context to outline the development and use of sustainable tourism standards (Font, 2002; Toth, 2002). First the certification body sets standards, which are industry relevant and achievable by a proportion of the sector. Part of the process includes setting indicators that can credibly and effectively measure the standards across the range of applicants they are intended for. These indicators are then assessed by an assessor who has been deemed as competent for the task (involving skills and no conflict of interest amongst others). If the assessment is successful, the applicant is certified as meeting the standards. The certification body could be subject to a procedure of accreditation, guaranteeing that the certification body has undertaken its tasks correctly. The overall aim is that the label of this certification program will be recognized by consumers or distribution channels, and considered as added value that leads to its acceptance in the marketplace, to support the marketing of companies that meet standards.

Tourism Certification and accreditation programs

Reading the latest survey of 59 sustainable tourism and ecotourism certification programs shows the patchy development that has taken place (WTO, 2002). There are 7,000 tourism products (ranging from hotels to beaches or tours) certified worldwide, and 6,000 of them are in Europe. Two thirds of the programs are led by tourism industry associations and NGOs, and less often private ventures and consultancies. Governmental organizations lead around 20 programs, and provide technical and marketing support to around 30 of them. The investment for the development of ecolabels is equally spread

between private, public and private-public partnerships. About 40 programs take a multi-stakeholder collaborative approach to decision-making and advisory roles. Nearly half started before 1996 and another half between 1996-2000, while the number of programs having started development since 2001 runs to double figures. European programs focus on environmental issues in accommodation regardless of firm size, while developing countries focus on a broader range of sustainability and ecotourism issues, targeting specifically small firms regardless of sub-sector.

Practices vary across regions. The model for certification in Latin America is the Certificate for Sustainable Tourism (CST). Most countries in the region have signed agreements to implement national programs to make tourism companies accountable for sustainability issues with the CST as a model, although the costs of starting and operating a certification program have meant there has been little progress. CST also funded a study to become the global program under the WTO (Toth, 2000). In Europe, the Voluntary Initiatives for Sustainable Tourism (VISIT) program has created a federal system to raise standards amongst the current programs, marketing over 1,000 certified accommodation to consumers in ethical trade fairs and to tour operators to include in their packages (VISIT, 2003). Blue Flag has extended outside Europe to the Caribbean and South Africa to become the single most popular certification program, albeit only for the specific sector of beaches.

There is little evidence of success from programs that have aimed from the outset to be global, or regional. GG21 already positioned itself as a global program from its start in 1994, and despite being one of the longest standing programs it has achieved little market penetration world-wide, with the greatest hopes for take-up being in the Asia-Pacific region, since opening offices in Australia. The European Union Ecolabel Award Scheme has developed environmental standards for tourism accommodation, after three feasibility studies and years of discussion, and unlikely to get high numbers of applicants because of its complex standard. Ford Foundation has supported the feasibility study and first phase of implementation of a Sustainable Tourism Stewardship Council, aiming to set an accreditation system to ensure global standards, requiring a subsidy of almost USD1m per year once fully operational (RA, 2003), not unlike accreditation in other industries. Lessons learned from these players are that large governance structures are costly, these

programs do not necessarily communicate to the potential applicants, and they require a further layer of organizations to help industry implement the standards.

The cost of certification and accreditation

The costs of certification and accreditation are in the majority of cases been subsidized. Three costs are considered, 1) application and 2) implementation by tourism firms, and 3) operation of a program.

The perceived high cost of certifying to a coherent standard can make certification not equitable, as not all firms will have the same potential to access to being certified. Most programs have addressed this somehow by having scaled fees, linked to turnover or size. In Costa Rica, the government has successfully subsidized first time applications to the CST. In Australia, NEAP relied on paper audits to cut costs down until it revised its protocol in 2001. While some certification programs can provide sufficient benefits to repay the fees, and the premise that cost is a barrier is only a myth (Toth, 2002), there are countries where this is actually the case. Perceived or otherwise, cost is a hurdle. Yet once companies have applied the first time, they are likely to find that meeting some of the criteria make them more eco-efficient and therefore can justify further certification costs based on the savings made. There are examples of medium sized hotels that have made savings of USD40,000 per year in energy, water and waste, which have been used to subsidize a position of environmental manager. For smaller companies, certification programs might need to consider encouraging applications as co-operatives of small firms or as destinations. The idea here is to have a joint sustainability initiative that raises performance of the whole group, but the certification program assesses only a percentage of the firms every year, to cut down on costs. This concept has been considered by GG21 in the certification of Hilton as a chain, and can be translated to small industry associations as well.

There are also costs from operating more sustainably and from implementing the standard (Toth, 2002). Some of these can be recouped, for example upgrading the equipment and facilities to meet the standards, by let's say buying a combined heating and power unit, or systems for wastewater reuse. Although these will be repaid in around five years through eco-savings, they require up-front capital and therefore access to

credit. Then there are costs that cannot be recovered, such as stakeholder consultation, writing policies, contributing to local development, and the maintenance of environmental management systems and paper trails to mention some.

Finally there are other costs that currently the applicant does not pay for and are generally subsidized by governments, donors and NGOs, and is expected that will continue that way (WTO, 2003). Examples are standard setting, consultation and maintenance, verifier training, marketing, administrative costs and quality assurance of the certification program. These costs make certification not equitable for those governments that do not have the funds to set up their own national certification programs or to operate low interest loans for efficiency improvements. A number of national tourist boards have an interest in running certification programs, but this is not their priority (Maccarrone-Eaglen and Font, 2002), while in other countries circumstances do not allow (there are examples from Fiji, Kenya, South Africa, Dominican Republic, Venezuela where early attempts of setting up a certification program have failed). NGOs cannot afford the start up of national programs, and instead tend to focus on particular areas of biodiversity (e.g. Smart Voyager in the Galapagos and PAN Parks in Eastern and Northern Europe's parks), or socio-economic need (Fair Trade Tourism in South Africa).

The coverage of certification: environment or sustainability?

Although certification of quality in hotels has a long tradition, it has only focused on environmental concerns fairly recently, and is now starting to consider socio-cultural issues. A study of five cases of tourism certification programs operating partly or wholly in developing countries showed successes and challenges in introducing socio-economic criteria to complete the triple bottom line of sustainability (Font and Harris, unpublished). The nature of social standards makes them ambiguous and the assessment methodologies are not consistent and open to interpretation. The main challenge is turning social issues into measurable metrics, as there are severe limitations regarding the measurement and application of these standards on a practical level, measuring largely subjective issues, while objective indicators do not tell the full picture. The type of tourism companies targeted by the certification programs determine what is understood as sustainable, as

socio-economic sustainability for an all inclusive resort is measured differently to a small ecotourism firm.

While pioneering programs wrestle with the introduction of social indicators in their standards, already established, solid environmental tourism certification programs, with respected standards and rigorous criteria, should be careful in considering broadening to include social issues. A tokenist introduction of social issues might instead lead to criticisms for being environmental programs under a sustainability label. Poorer metrics might lead missing important aspects, and eventual to naming and shaming of certified companies that do not meet some basic social standards, dragging down the credibility of the whole program. Assessment costs would increase as more areas of expertise need to be covered. And finally industry appeal might be reduced as eco-savings are driving the applications for the larger programs, and only the small programs that work with a reduced number of applicants have a stronger social focus. For the above reasons, it is proposed that tourism labels should not be criticized for not including social criteria, but assessed against how appropriate their standards are against their local realities and the type of company assessed, and that those companies brave enough to take the social sustainability avenue are acknowledged for their leadership.

STAKEHOLDERS: SUPPLY SIDE

Governments

Governments have been involved mainly through providing an enabling framework through ensuring a supportive environment, highlighting best practice, standard setting, institutional building blocks, providing grants or loans and leading by example. It is expected that governments will have a more active role, as suggested in guidelines from the World Tourism Organization (WTO) calling for further government intervention, although these relate to governance and standard setting, and not support measures to encourage uptake (WTO, 2003). They could potentially raise their involvement by providing incentives through for example mandatory reporting, using as evidence of statutory obligations compliance, threatening alternative measures, or financial incentives.

Non-Governmental Organizations

NGOs have put pressure on distribution channels to prove the sustainability of their products, particularly to get DIY giants to source all their timber from sustainable sources within a period that allowed to encourage suppliers to change methods of production and become certified (Murphy and Bendell, 1997). NGOs have also engaged with industry to develop accreditation, such as the Marine Stewardship Council, which is now receiving preferential treatment in a number of supermarkets as part of their corporate social responsibility policies. In tourism, NGOs are active in running some certification programs, albeit the high costs beg the question of the long-term ability to do so, and as members of the advisory boards of other programs.

Financial institutions

Financial institutions have taken an increasing interest in sustainability operationalized through Socially Responsible Investments (SRI). SRI is a label to represent ethical and environmental investment criteria by banks, pension funds and other investment organizations (Jayne and Skerratt, 2003). FTSE4Good benchmark and tradable indices that require companies to write policies, specific management actions and/or reporting according to their perceived level of impact (with air transport classed as high and hotel development medium) linked to SRI products. Other similar sustainability indices managed by financial and investment groups exist. Such companies listed in those can apply for reduced rate loans from development banks and get preferential treatment in the investment portfolio of pension funds. Although in the past ethical investment screening has been undertaken internally (Jayne and Skerratt, 2003), there are attempts of linking Global Reporting Initiative sustainability reporting to the social screening of investments (Willis, 2003), which is the overall framework for the reporting of the Tour Operators Initiative for Sustainable Development (TOI).

STAKEHOLDERS: DEMAND SIDE

Tourism industry at the destination

Raising awareness of the tourism industry alone will not be sufficient incentive to increase applications. The average number of certified companies is 50 per program, and the rate of growth is low. There is no evidence to prove whether firms are making improvements to become certified or whether certification is of interest to those firms that already had high standards. Large firms do not want to be certified as a method to attract business, but to protect their brand for public relations reasons against possible negative publicity. At present multinational hotels might not perceive the need for ecolabels, and a Costa Rican study found that when did they scored low (Rivera, 2002). There are precedents that supplier requirement of health, safety and quality certification has gone against of small companies, who cannot meet the requirements (Curtin and Busby, 1999) which need to be further explored in the context of sustainability certification.

Tourists

The current demand from tourists is almost non-existent, and surveys of latent demand have varying results, although most claim that tourists give high preference to sustainability in their purchasing and that they are willing to pay extra for sustainable holidays despite the perception that certification means higher prices (RA, 2003:120-123). However there are clear differences between consumer environmental purchasing claims and actual purchasing behavior. Few programs can claim that their applicants increase business because of being certified (The Australian Nature and Ecotourism Accreditation Programme does, see Chester and Crabtree, 2002). The Green Tourism Business Scheme applicants have higher occupancy rates than average for Scotland but the program is careful to note this is probably because applicants are companies who are already managing their businesses well, not because of being certified (Font and Buckley, 2001). However there are companies stating that they are more likely to have repeated visitors, or more satisfied visitors, thanks to the improvements made to be certified, but not necessarily because of being certified. For example the GG21 certified Coconut

Field Code Changed

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beach Hotel in Barbados is encouraging endangered turtles nesting, which has meant changing lighting and continuously working on customer education, but to the benefit of having a unique selling proposition that brings clients back.

Tour operators

Although tour operators generally consider that change will be led by consumer demand (Miller, 2001) there are pockets of activity that suggest increased corporate responsibility, in part through sustainable supply chain management, with recent examples from The Travel Foundation in the UK and the Tour Operators Initiative for Sustainable Development. The VISIT alliance of 10 ecolabels in Europe has demonstrated that with 1,000 accommodation providers they have the beginning of a structure that allows to target both consumers and distribution channels, and this is probably the best test of the marketplace for other regions to learn from.

CERTIFICATION AS AN INSTRUMENT FOR SUSTAINABILITY

Five aspects are used here to analyze the feasibility of certification as an instrument for sustainability: equity, effectiveness, efficiency, credibility, and integration.

Equity

Equity refers to the fairness of an instrument, which is here considered as the ability of tourism firms to access certification. Every action (like certification) that attempts to make an inherently inequitable market economy more transparent is likely to be tainted by that inequity. This stands out as conflictive when the main emphasis of most sustainable tourism policies is in fact distributional equity, and has sparked heated debates such as those hosted in the planeta.com e-conference on ecotourism certification. The inequities result from the cost of access to certification, and from the cost of operating certification programs, which mean that small firms and developing countries are in a position of disadvantage.

Effectiveness

Effectiveness is a measure of how well an instrument achieves its objectives. Ecolabels are first attracting applications from companies that already meet the standards, and only if the core group of these companies is large enough and has an impact on the market, they have the power to change behavior in other companies. Certification in other sectors such as forestry has focused on closing the gap between 'very best' and 'good' practice, while poor forest management is little affected (Bass et al., 2001). From a governance point of view certification has had little impact because it is not market led. The confused message given to tourists (are we promoting an unspoiled destination or a sustainable business, and is there a difference?) has limited its power.

Effectiveness can also be measured here against different objectives, that is not only number and type of firms certified, but against the objective of advancement of the sustainability agenda. It is argued here that in the short term the process of empowering local groups to agree on practical methods to make local firms more sustainable is already an achievement.

Efficiency

Efficiency is a measure of how well an instrument uses the resources available. At present there is limited evidence of the value for money of standard certification as a policy instrument (Rivera, 2002) as costs are not clear and effectiveness cannot be measured. The low take-up and high start-up costs from governments and NGOs could indicate they are not an efficient use of resources. Most certification systems currently rely on external funding, and would not survive without it. Blue Flag has relied on European funds for nearly 15 years, struggling to survive when these finished. The International Network on Fair Trade in Tourism (operating mainly in African countries with support from Tourism Concern from the UK) folded as soon as the donor grant run out. The CST has made an impact in Costa Rica because of the government's financial commitment to subsidize fees and provide technical know-how. Voluntarily changing industry behavior is a long-term process, even when most programs advertise the eco-

savings of up to 30% in operational costs that can be made from implementing the standards proposed.

Credibility and legitimacy

Credibility and legitimacy refer to the extent up to which an instrument is accepted as valid by its target audience. If this is understood as market share, then certification is not credible and legitimate, except in cases such as the Blue Flag. If we take it as consumer demand, then the answer is also no, as tourists are not demanding certification. Exceptions are the cases of Blue Flag, linked to health considerations in bathing water more than sustainability concerns, and the Nature's Best, due to the high profile it has received in the Swedish press from the King of Sweden giving the first certificates and being featured in TV holiday programs. If this is understood as quality of the product of each label, we don't have the evidence of which are good and which are not, although this is starting to change as these are benchmarked against developing guidelines, and potentially eventually through accreditation.

Integration

The fifth aspect of analysis of certification is its current integration with other instruments for sustainability. Its origin stems from the formalization of industry awards and showcasing best practice, and in this sense is more representative of industry practice than from externally set agendas. Yet generally certification is only integrated with other instruments for sustainability only in as far as they are generally linked to voluntary initiatives and incentives to encourage a more sustainable approach to management. Certification does not provide a mechanism to operationalize international treaties and agreements. The fact that half of the ecolabels receive government support suggests it is feasible to further integrate them with government sustainability targets and to be used as methods to implement international agreements, as recommended by the WTO (2003). There is limited data available on the link between national sustainable tourism policies and certification programs to comment on the progress on this matter.

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