

Corporate Social Responsibility of Ukrainian tourist enterprises: identity, strategy and performance

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Abstract

This paper investigates the level of Corporate social responsibility (CSR) development of two groups of Ukrainian tourist enterprises (tour operators-franchisers and travel agencies-franchisees). The system of metrics has been proposed in order to justify CSR assessment and performance on the base of the Balanced Scorecard (BSC) approach in terms of identification of four stakeholder groups (consumer, business community, employees and society). Based on a sample of 179 Ukrainian tourist enterprises, regression results show that there is a strong positive relationship between the independent variables (the number of CSR development programs with staff participation; transparency in corporate reporting index and the number of social projects aimed at the development of local community and society) and the resulting indicator of CSR performance – a franchise business network. We have discovered that the CSR activity significantly increases the number of franchises, which is the key factor of CSR performance from a strategic perspective.

Keywords: Corporate social responsibility (CSR), tourist enterprises, stakeholder theory, CSR strategy, CSR performance

Introduction

CSR in Ukraine dates back to 2005 when the Social Responsibility Business Forum was launched and the signing of the Memorandum on CSR was performed (CSE, 2005). These steps and consequent processes in Ukraine have been demonstrating the readiness of Ukrainian companies to understand and gain socioeconomic and environmental benefits from the entrepreneurial activity. The next step in the dissemination of CSR was signing of the UN Global Compact in

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Ukraine, which, in 2018, reached a number of 9867 companies from 164 countries (UNGC, 2018). According to the UN Global Compact principles, responsible business should be able to support society and environment as well as to reach long-term success in business. Hence, CSR requires effective cooperation between companies and state as well as between business and society, with the aim of obtaining a synergistic effect. Thus, the application of CSR theories to Ukrainian business practice was our mainstream research direction.

Within the framework of the national program of sustainable development goals (SDG) in Ukraine and according to the report on SDG providing¹ modern national companies are supposed to be „agents” of social changes and transformations in society and economy for the implementation of social development principles, sustainable economic growth and environmental balance. Since CSR is regarded as both a base component of SDG and an integral part of business development, this issue is especially relevant to tourist enterprises, which are the „drivers” of urban economic growth and the bearers of social responsibility values. Obviously, the integration of Ukrainian enterprises into the world economic environment determines the feasibility of CSR standards implementation into the business activity of tourist enterprises. Our study applies elaborated CSR analysis tools to ensure deeper understanding of CSR in tourism.

Effective CSR realization needs a strategic approach to its development, which has been proved by business activity (Kelly, 2017; Keys, 2009). Moreover, CSR strategic performance necessity was grounded by theoretical researches where authors emphasize the strategic importance of CSR (Chandler and Werther, 2014; McWilliams *et al.*, 2006; Rangan *et al.*, 2012; Smith, 2013). Indeed, the achievement of responsible business practices by means of strategic management is relevant to tourist companies as well. Our theoretical findings make it possible to perform CSR strategy consistently in compliance with its stages and appropriate tools.

The process of CSR development requires continuous monitoring and performance analysis. The practical issues and theoretical studies in CSR performance analysis apply metrics according to Carroll’s CSR concept (Carroll, 1991) or to BSC approach (Kaplan and Norton, 1992). As a result, we worked out a system of CSR assessment metrics, which reflects both stakeholders’ expectations and company CSR strategic development directions.

The outcomes of mentioned theoretical researches and business practices were considered in this paper to explore the CSR development process in the tourism sphere. The findings (Dodds and Rogers, 2012) have shown that tourist operators in the European Union (EU) acknowledge the necessity to use CSR practices to preserve their long-term business viability. According to the study (Lund-Durlacher,

¹ See Ministry of economic development and trade of Ukraine (2017), Tsili staloho rozvytku: Ukraina. Natsionalnyi bazovyi zvit (retrieved from http://www.un.org.ua/images/SDGs_NationalReportUA_Web_1.pdf).

2015, p. 2), “CSR in tourism can be defined as a guiding business policy whereby tourist companies integrate social and environmental concerns in their own business mission, strategies and operations as well as in their interaction with their stakeholders”.

The aim of this paper is to investigate the level of CSR development for Ukrainian tourist enterprises and to assess their CSR performance in the context of stakeholder theory on the basis of theoretical findings of CSR.

This research brings both theoretical and practical contributions. In particular, the study considers the CSR concept and suggests a system of metrics instead of using separate indicators of CSR performance for tourist enterprises. The study reveals significant CSR stakeholders’ groups as well as CSR development directions for Ukrainian tourist enterprises. Moreover, this focus helps both to gain competitive advantages in a strategic perspective and integrate into the European Economic Area for Ukrainian tourist enterprises.

This paper has the following structure: in the first section, we analyze the background of CSR concepts by applying content analysis and synthesis. Thus, the investigation of the prerequisites for CSR development of tourist enterprises in empirical results has been made by using adapted strategic management tools. In the second section, we suggest analyzing the range of metrics for four identified groups of tourist enterprises stakeholders in order to highlight the issue of CSR development level identification. In the third section of the article, we carry out an analysis of CSR initiatives influence on CSR performance through four groups of stakeholders.

1. Corporate social responsibility: literature review

The principles of doing business in the EU are based on the social responsibility of its subjects. CSR refers to companies that take responsibility for their impact on society. The European Commission believes that CSR is important for sustainable development, competitiveness and innovation of the EU enterprises and economy (EU, 2018). This brings benefits to risk management, cost savings, access to capital, customer relationships and human resources management.

Carroll (1991) examines the nature of CSR toward understanding its components. The author justifies four kinds of social responsibility which all constitute CSR: economic, legal, ethical, and philanthropic. Based on the CSR pyramid (Carroll, 1991, p. 46), the author claims that CSR “entails the simultaneous fulfilment of the firm’s economic, legal, ethical, and philanthropic responsibilities” – it means that “the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen”. In the study, the researcher (Carroll, 1999) explores the literature and traces the evolution of CSR. The scholar defines the modern era of CSR beginning in the 1950s. It includes theoretical definitions, empirical research, including alternative issues related to CSR such as corporate social performance, stakeholder theory, and business ethics theory.

In the paper (Cooney, 2016), the author assumes that CSR has a strategic significance for the way of doing business. The researcher points to business responsibility, which has an impact on the environment, community and stakeholders. The author claims that the enhancement of responsible practices and transparency level will contribute to business competitiveness.

The modern practice of doing business proves the relevance of CSR. In particular, the company (Kelly, 2017) associates responsible business with a commitment to global sustainability and focuses CSR on such areas as employees and people, ethics and governance, engagement with diverse stakeholders and environment protection. Business is aimed to comply with the highest standards of corporate citizenship. Corporate culture and values, integrity, personal responsibility and reputation are considered in the business policies. Continuous improvement, monitoring as well as evaluation of CSR level are taken into account in the business actions.

The authors-consultants of the leading consulting company McKinsey (Keys *et al.*, 2009, p. 2) suggest a definition of CSR taking into account its “dual objectives – benefiting business and society”. Moving toward CSR strategies, the authors (Keys *et al.*, 2009, p. 4) propose the following principles: “concentrate CSR efforts, build deep understanding of the benefits, find the right partners”. We support this definition considering the frames of CSR nature as its strategic dimension, its effectiveness performance and stakeholders’ engagement.

In his research (Kolot, 2013, p. 6), the Ukrainian scientist explores the philosophy and meaning of CSR. The author claims that CSR in the “materially minded” interpretation can be considered as a “rational feedback of the organization to the conflicting expectations of interested parties (stakeholders), aimed at the steady development of the company”. He considers CSR as a mostly voluntary social commitment implemented in corporate governance. The researcher also states that CSR is a process of harmonizing the conflicting interests of stakeholders and the sustainable development goals of the company. Consequently, based on Kolot’s definition (Kolot, 2013, p. 11), we come to conclusion that CSR is a set of social responsibilities of the company to stakeholders, which simultaneously ensure both parts: sustainable development and business performance.

Based on the explored study results of the above-mentioned authors (Keys *et al.*, 2009; Kolot, 2013), we consider CSR frameworks as a combination of components: CSR strategy formation, CSR implementation with stakeholder engagement, assessment of CSR performance in compliance with stakeholders’ interests.

2. Corporate social responsibility strategy

The development of a strategic approach in the implementation of CSR increases the competitiveness of enterprises and solves social problems. The value

of CSR development strategy for business cannot be overestimated and has been revealed in considerable scientific findings. Furthermore, business practice shows the growing necessity of CSR performance and its inclusion in strategic management in order to enhance its effectiveness and strengthen enterprise competitive advantages. According to the opinion of a CSR researcher (Smith, 2013), the implementation of the CSR strategy allows companies to gain benefits that enhance business corporate reputation and its brand, as well as provide reliable relationships with key stakeholders - customers, regulators, suppliers, and investors. Risk management is also improving, the revenue from innovations that provide new business opportunities increases, and costs are likely to decrease.

The formation and development of CSR strategy are important for all levels of enterprise environment. The competitive advantages of the company are ensured at the internal level, while the leading positions in business are reached for the company at the external level. Finally, a new socially-responsible economy is formed. Therefore, it is of considerable importance for Ukrainian tourist companies to create the approach for the formation of strategic social responsibility, to implement social development projects as well as to attract socially-oriented investments in the sphere of tourism.

In the scientific paper “Why Every Company Needs a CSR Strategy and How to Build It” (Rangan *et al.*, 2012, p. 3), the authors conclude that “attempting to unify diverse CSR initiatives under a shared value framework does not reflect the reality of CSR practice for a majority of businesses”. Researchers argue that every corporation should have a CSR strategy “that unifies the diverse range of a company’s philanthropic giving, supply chain, “cause” marketing, and system level initiatives all under one umbrella”. Consequently, the CSR strategy can meet the needs of stakeholders through a complex strategic approach. According to the approach, there are three components of CSR strategy: philanthropic contribution, reengineering the value chain and transforming the ecosystem. Each component contributes to appropriate motivations and benefits such as new business opportunities, brand reputation, employee motivation, consumer satisfaction, social and environmental performance, operating efficiency. In order to implement the changes outlined above, the authors tend to use auditing, editing and developing.

In the study “Strategic Corporate Social Responsibility: Stakeholders, Globalization, and Sustainable Value Creation” (Chandler and Werther, 2014), the approach based on stakeholders’ value creation of CSR is proposed. It can be achieved by means of comprising appropriate actions in strategic areas of management. It includes strategic planning as well as strategy implementation measures, taking into account relationships with stakeholders.

Having analysed these scientific works, we consider CSR strategy as the specific way to satisfy stakeholders’ needs, create shared value and form various kinds of social responsibility values by means of strategic planning and strategic realization tools. The Ukrainian researcher Nalyvayko (2001, p. 23) gives some

insight into the strategy as well as into the steps and appropriate tools for implementation. Nalyvayko A. defines the strategy as an “established and revised set of business directions to provide renewable difference and profitability of the company”.

Having mentioned this, it can be concluded that the development of CSR requires the implementation of the strategy. Based on the strategy definition provided by Nalyvayko (2001), we propose to define the CSR strategy as a set of measures to form the CSR content and directions in order to increase its level by ensuring the sustainable development of the company.

According to the traditional approach to strategic management process (Ansoff, 1965; Fatkhutdinov, 2002; Mintzberg *et al.*, 2003), the main stages of CSR strategy, their content and consistency are presented in Table 1.

Since the choice of the CSR development strategy depends on the current level of CSR and strategic goals of the enterprise, we propose the following stages for the formation and implementation of the CSR development strategy and their constituent characteristics (see Table 1).

Table 1. Stages of the process of formation and implementation of the CSR strategy

Stages	The content of the stages
1. Analysis of the factors of the internal and external environment of socially responsible business development	Analysis of environmental factors from the perspective of CSR policy Determination of SWOT-characteristics of CSR
2. Diagnostics of the level of CSR and its compliance with the strategic goals of the company's development	Determination of the composition and content of CSR evaluation indicators, justification of the approach and criteria for CSR appraisal Estimation of the CSR level using a set of indicators Analysis assessment results and identification of managerial impacts on CSR to increase its level
3. Identification of strategic directions and formulation of strategic goals of CSR development within the interests of stakeholders	SWOT-analysis of the company from the perspectives of CSR, justification of strategic directions for CSR development Identification of key stakeholders in CSR development process and their social expectations Formulation of strategic goals for CSR development
4. Analysis of alternative scenarios for CSR development and justification of appropriate CSR strategy	Identification of strategic alternatives to CSR development Justification and choice of CSR strategy according to selected criteria
5. Elaboration of the program for planning and implementing the CSR development strategies	Elaboration of the plan of measures for the implementation of the CSR strategy

	Development of a communication plan between stakeholders of the CSR development process Development of an organizational mechanism for implementation of CSR strategy in the system of strategic management of the company Identification of risks and planning of appropriate risk management measures
6. Implementation of the CSR development strategy and audit of its performance	Creation of measures to provide CSR in the company Periodic and post-audit of CSR development strategy performance Formation of a strategic CSR profile before and after the implementation of the CSR development strategy, analysis of deviations Communication and interaction with stakeholders of the CSR development strategy Implementing adjustment actions in the CSR performance process Data creation and data analysis for future strategic decisions on CSR development, reporting and dissemination of CSR information

Source: own representation.

CSR has become the most popular part of corporate strategies for tourism business. Without using the strategy in the practical activities of tourist enterprises, the efforts to implement CSR will bring neither economic nor social effects. Therefore, the combination of the CSR strategy with the business one is considered a prerequisite for the successful activity of the tourist enterprise in the long-term perspective.

3. Applying a stakeholder theory in the corporate social responsibility performance

A socially responsible business requires understanding of the importance of CSR development at the strategic level by both owners and employees. In earlier research (Carroll, 1991), an approach of CSR components integration with organizational stakeholders was proposed. In addition, it is suggested to integrate functions of defined types of CSR (economic, legal, ethical, and philanthropic) with interests of various stakeholder groups, such as owners, customers, employees, community, competitors, suppliers, social activist groups, and others. Carroll (1991, p. 47) claims that “the stakeholder perspective is the most consistent with the pluralistic environment faced by business today”. The author points out that the stakeholder consideration enables the deeper evaluation of financial, economic and social issues. Carroll concludes that the “stakeholder/responsibility perspective would be an invaluable foundation for responding to the company’s stakeholder

management question about strategies, actions, or decisions in global competitive economy.”

More recent studies point out that a company’s success in the CSR sphere depends on setting up the successful relationships with different stakeholders in a post-industrial society. The study (Harrison *et al.*, 2015) has shown that the stakeholder theory is found to be a particularly useful perspective in modern business from an international perspective. Valuable priorities, requirements and expectations of internal and external stakeholder groups can be fundamentally distinctive and therefore demand to ensure harmonization of their interests in the future. The issue of the relationship between CSR and stakeholder theory is debatable. On the one hand, these concepts are rather competitive and totally different (Brown and Forster, 2013). On the other hand, some scholars suggest that CSR is a part of company responsibilities of all stakeholders (Garriga and Mele, 2004; Freeman and Dmytriyev, 2017). Consequently, in this paper we focus on the identification of stakeholders for tourist enterprises in order to measure their impact on CSR performance.

We consider stakeholders in CSR implementation for tourist enterprises participants, directly or indirectly related to the activity of the enterprise, achieving common interests, planning to benefit from such cooperation in order to reach their goals. The choice of stakeholder groups is performed through their initial identification in accordance with the purpose of the enterprise and the expectations of each stakeholder group.

Therefore, in the research, we take into account the tourism business features. Consequently, the stakeholders in the CSR sphere for tourist enterprises can be classified into four main groups:

1. Consumers. The implementation of CSR principles in the policy of tourist enterprises allows building up trust relationships between consumers and businesses. According to a recent survey (CSRS, 2018), 90% of consumers are ready to refuse a company’s services if they find out about irresponsible practices of tourist enterprises, while 92% are ready to buy the services of companies which provide social and environmental benefits.

2. Business community. Tourism business belongs to the sphere of services, which is an inseparable part of consumers and which also depends on business partners. Therefore, the role of the business community is extremely important in implementing the corporate social strategy of tourist enterprises. A group of stakeholders in the tourism business includes: tourist operators from other countries, establishments of hotel and restaurant economy, airlines, logistic organizations, excursion enterprises. Thus, socially responsible business decisions give a good opportunity to gain long-term economic results for the company.

3. Employees. Tourist enterprises try to ensure the high quality of intangible services through the knowledge and experience of the personnel. Scientists (Štriteska and Kubizňakova, 2010, p. 279) point out that “companies with a well-developed

strategy of human resources management based on CSR initiatives can reduce the fluctuating staff number and increase the number of employees with higher motivation and better work performance". Fair working conditions for employees and appropriate employee diversity policies are becoming more and more important. Thus, we assume that there is a direct relationship between this group of stakeholders and CSR performance.

4. Society. The key issues of tourist companies' strategies are environmental protection, trust to the company through transparency of the business and contribution to the welfare of local communities. As tourism has many relations with different parts of society, it also has a strong influence on the social and economic development of regions in Ukraine. In order to operate successfully in the future, it is necessary for tourism businesses to continuously implement and successfully establish prospective CSR strategies. The relevance of identification of this stakeholders' group was proved by the study of scientists (Porter and Kramer, 2011). In accordance with their findings, companies must deeply integrate society into their strategy and operations. Moreover, the enterprises that succeed in building profit recognize that generating long-term value for shareholders is obtained through delivering value to society.

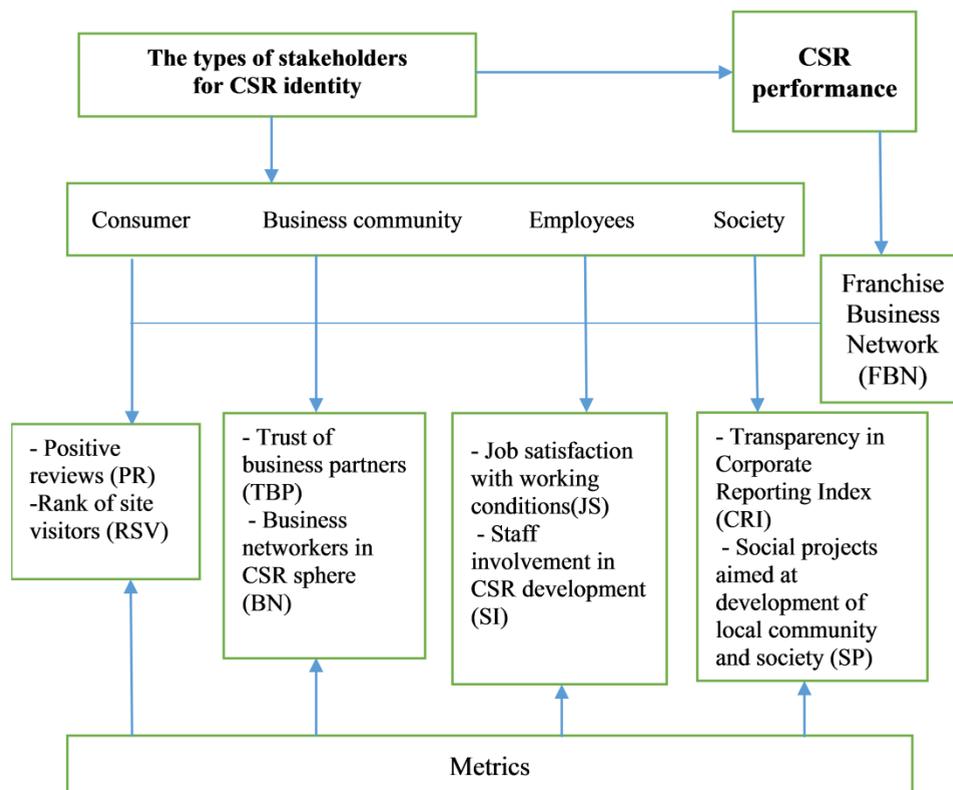
According to Wong (2015), in order to assess the level of CSR activity, the most appropriate method is Balanced Scorecard (BSC). This approach allows taking into account different strategic directions of company development as well as interests of key stakeholders in the process of CSR formation.

This study proposes the following hypothesis:

H1: In order to understand the impact of CSR implementation into the practice of Ukrainian tourist enterprises, it is important to assess the level of CSR development for both tour operators-franchisers and travel agencies-franchisees.

We suggest a system of metrics based on the BSC approach (Kaplan and Norton, 1992), which characterizes all proposed groups of CSR stakeholders in tourist business (see Figure 1).

Assessment is one of the most important stages of CSR formation and development. Studies have reported that there is a positive relationship between CSR and financial performance. According to research (Margolis and Walsh, 2003), corporate social performance, which is a part of CSR performance, is seen as an independent variable, predicting financial performance in 80 of the 95 studies. In this study, the majority of results (53%) prove a positive relationship between corporate social performance and financial performance. It has been suggested that socially responsible activities (positive CSR) enhance a firm's financial performance when the firm's competitive-action level is high, whereas socially irresponsible activities (negative CSR) actually improve a firm's financial performance when the competitive-action level is low (Kim *et al.*, 2015).

Figure 1. The proposed framework of research study

Source: own representation.

The above-mentioned authors point out the meaningful results of social responsibility and claim that its development in the company is closely linked to the economic efficiency of the business. However, the impact of CSR on a company's business performance of Ukrainian tourist enterprises is not sufficiently investigated. CSR focus has mostly been on the intangible benefits from CSR and on its indirect impact on business performance (Saprykina, 2016; Zinchenko and Saprykina, 2010) for tourist enterprises in Ukraine. According to these approaches, the main reasons for applying CSR are moral considerations, internal motivations and capabilities to produce social benefits (to increase the business reputation and develop the brand of the company). This study highlighted the need to improve the focus on the economic results of CSR implementation for Ukrainian tourist enterprises.

We consider the franchise business network as the key metric of CSR performance for tourist enterprises. The research studies (Smit *et al.*, 2015; Shevchuk, 2017; Tkachuk, 2017) significantly influenced our justification of the choice of a franchise business network as a result of CSR performance. These

findings state that the competitiveness of Ukrainian tourist franchising enterprises is high, and that there is a close relationship between tourism market leaders and the level of franchising business networks development. In tourism business, the franchising business network is a key indicator not only of the current enterprise efficiency, but also of its prosperity in the long run.

By extending the examination of the indirect impact of CSR on business performance, we came up with the following hypotheses:

- H2: CSR initiatives have a positive effect on CSR performance for Ukrainian tourist enterprises.
- H2a: there is a strong impact of the set of stakeholder's group "consumers" on a franchise business network.
- H2b: there is a strong impact of the set of metrics of stakeholders' group "business community" on a franchise business network.
- H2c: there is a strong impact of the set of metrics of stakeholders' group "employees" on a franchise business network.
- H2d: there is a strong impact of the set of metrics of stakeholders' group "society" on a franchise business network.

In fact, Ukrainian franchising companies continue to work 72% more efficiently than those companies that do not use franchising (Smit, 2015), after 10 years of operation. Using franchising in tourism can minimize costs for both franchisers and franchisees, while they are maximizing the economic effect. Thus, increasing the franchise number leads to increasing franchisers' profit respectively. Consequently, the franchisors try to expand the network of franchising agencies in tourism. Therefore, it can be deduced that franchise business network is a resulting indirect indicator of CSR performance for tourist enterprises from a strategic perspective.

4. Data and methods

The important issue for data analysis is the formation of research criteria for identification of tourist enterprises. It enabled us to select enterprises among their large number in Ukraine and to get reliable information and validate results (see Table 2).

The survey was conducted in January 2018. The State Statistic Service of Ukraine as well as web sites of tourist enterprises provided the sources of the information we used. Our data covers 10 key tour operator-leaders of Ukrainian tourist business (group 1) and 169 travel agencies from 17 regions of Ukraine (group 2). The general response rate was 28%, which equals to 169 enterprises of the total number of franchisees (603 travel agencies-franchisees). Therefore, to compare the results of the CSR's development level, we calculated the average level for each group of travel companies-franchisees, divided 169 enterprises (group 2) into 10 subgroups in accordance with their franchise agreement.

Table 2. Description of the Sampled Enterprises Data

Criteria	Group 1	Group 2
Participant of franchise	Franchiser	Franchisee
Number of regions of Ukraine	1	17
Gross sample	10	603
Market experience, years	More 15	Less 15
Type of tourist enterprise	Tour operator	Tour (Travel) agency
Number of staff	More 20	Less 20
Response rate, %	100	28
Final sample	10	169

Source: own representation.

Detailed information about the metrics used in the research is presented in Table 3.

Table 3. List of metrics

Metric	Description	Data source
PR	The number of tourists' positive reviews in 2017	Rating of tour operators under tourists' feedbacks
RSV	This metric is calculated using a combination of the number of average daily visitors to this site and the number of page viewers on this site over the last month of 2017	Own computation using research and analytical sites as Alexa ² and Serpsat
TBP	The level of trust of business partners (travel agencies) in tourist enterprises, %	Rating level of trust to tour enterprises
BN	The number of concluded deals with hotels and air carriers that adhere to the principles of CSR	Own computation based on official information from web sites of tourist enterprises
JS	The research instrument was the questionnaire comprising questions about the level of job satisfaction of employees with working conditions based on Likert 5-item scale, %	Own computation based on the questionnaire on a sample of 20 employees (2 employees in 10 tourist enterprises).
SI	The number of CSR development programs with staff participation	Own computation based on official information from web sites of tourist enterprises
CRI	Transparency Corporate Reporting Index, %	Own computation based on methodology of the company "Beyond business" ³ (Israel)

² Alexa's Marketing Stack (2017), *Rating of tour operators in response to tourists* (retrieved from <https://www.alexa.com/>).

³ Beyond Business Corporate Social Environmental Responsibility (2018), *Transparency Index* (retrieved from <http://www.b-yond.biz/>).

SP	The number of social projects aimed at development of local community and society in 2017	Own computation based on official information from web sites of tourist enterprises
FBN	The number of franchises	State Statistics Service of Ukraine and own computation

Source: own representation based on SSSU, (2018); AMS, (2017); MP, (2017); UMG, (2017); BBCSER, (2017).

Each selected metric was calculated in quantitative terms according to each company's data analysis. Furthermore, we carried out the transfer of quantitative results to qualitative one by ranking the indicators and taking into account the importance of each item. All metrics were evaluated in the 5-grades system, where 5 points is the highest value of metrics and 1 point is the lowest one. For assessing the average value, the average level of CSR development for the second group of enterprises was used (Mylashko, 2010).

The BSC approach (Kaplan and Norton, 1992) and the leaner-regression model were applied to assess CSR performance. Their application makes it possible to both analyse the investigated metrics and to build a mathematical model based on the data obtained. Moreover, the regression model enables us to reveal the influence of each factor on the resulting indicator, to estimate the degree of correlation between them and to check the reliability of the results obtained during the research process.

Excel, SPSS Statistics 23 and several dedicated packages were used to analyze the data.

5. Results and discussions

Considered the topic of debate in our theoretical findings, the issue of CSR standards implementation is extremely relevant to Ukrainian tourist enterprises. In order to identify the strengths and weaknesses, opportunities and threats of the social responsibility development for tourist enterprises, we suggest using SWOT-analysis strategic method (see Table 4).

Currently, for tourist enterprises, it is not enough to provide high-quality services. Consumers demand companies to be socially-oriented in business. Consequently, the development and implementation of CSR principles is a crucial issue. Social responsibility in tourism is an essential step to key stakeholders due to its social position and to the general desire to be responsible for the service provided. Hence, the main principles of CSR are voluntariness, reliability, timeliness and value creation for all levels of company environment.

Table 4. SWOT-characteristics of the prerequisites for CSR development in Ukrainian tourist enterprises

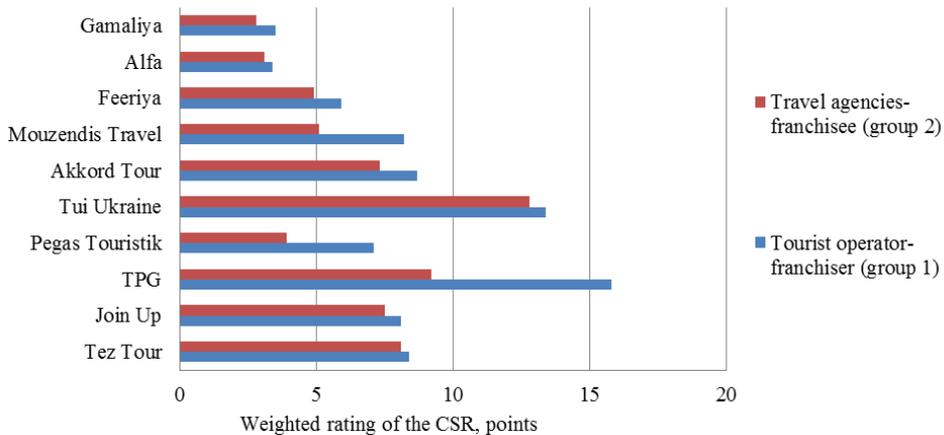
Strengths	Weakness
<ul style="list-style-type: none"> - Ukraine has virtually all resort resources; - travel companies have the potential to generate up to 10-12% of GDP; - tourism is a powerful base for the development of services; - an increase in the number of international and domestic tourists; - understanding of the strategic importance and value of social orientation in most tourist enterprises 	<ul style="list-style-type: none"> - low level of transparency of tourism business; - lack of financial resources; - low level of efficiency of social communications
Opportunities	Threats
<ul style="list-style-type: none"> - strengthening the corporate reputation in the tourist services market; - compliance with the Code of Corporate Conduct and Business Ethics; - enhancing the social activity of the company, growth of tourist loyalty; - increasing investment attractiveness, participation in international business, etc. - establishing partnership agreements with a network of travel agents and leading hotels in the world. 	<ul style="list-style-type: none"> - undeveloped market for investment in Ukraine; - monopolization of the Ukrainian economy - decline in the purchasing power of consumers

Source: performed by authors on the base of State Statistics Service of Ukraine⁴

One of the most important stages in the formation and implementation of CSR strategy is the diagnosis of the level of CSR development. Based on the proposed system and list of metrics (Figure 1, Table 3), we assessed the level of CSR development in tourist enterprises (see Figure 2).

Figure 2 confirms hypothesis 1 according to which the level of CSR development of Ukrainian tourist enterprises depends on their type: tour operator or travel agency. Travel agencies were grouped according to their franchise agreement with 10 key tour operators of Kyiv: Gamaliya, Alfa, Feeriya, Mouzendis Travel, Tez Tour, Join Up, TPG, Pegas Touristik, Tui Ukraine, Akkord Tour. Figure 2 shows the empirical results that confirm the assumption that the level of CSR development for tour operators-franchisers (group 1) is significantly higher than the travel agencies-franchisees (group 2). For instance, for TPG tour-operator, the rating is 15.8 points and for TPG travel agencies, the rating is 9.2 points.

⁴ State Statistics Service of Ukraine (2018), *Ekonomichna statystyka 2011-2018* (retrieved from <http://www.ukrstat.gov.ua/>).

Figure 2. The level of CSR development in tourist enterprises

Source: own computation

As shown in figure 2, the highest level of CSR development is demonstrated by TPG (15.8 points) and TUI (13.4 points), which are actively involved in the CSR principles implementation. Our results are consistent with earlier findings that suggest a high level of CSR development in top 5 Ukrainian tourist operators (Saprykina, 2016; Rozmetova, 2011). We can claim that the more tour operators realize the importance of CSR standards, the higher the level of CSR development within a travel agency. In particular, in implementing CSR principles, there is a strong correlation between group 1 and group 2 supported by the deviation of Pearson coefficient correlation (r) from 0.56 to 0.96.

However, tourist operators-franchisers follow the principles of CSR, while they do not require a direct performance from the tourist enterprises-franchisee. This has been illustrated by the high correlation coefficient ranking for group 1 ($r = 0.96$) and by the low correlation coefficient ranking for group 2 ($r = 0.56$). Tourist operators (group 1) continuously improve their services considering CSR principles. The lower level of CSR development in group 2 can be explained by the fact that these companies are not pioneers in tourism and provide their activity by means of franchise. This view is supported by Shevchuk (2017, p. 835), who emphasizes tourist operators as the main business units which make decisions independently and choose their CSR strategy.

In this research, metrics were identified considering their crucial meaning for the implementation of CSR by tourist enterprises. The set of metrics selected for the analysis is taken as the main metrics through stakeholder groups by most of the empirical studies (Boyko and Babenko, 2014; Grebeshkova, 2016; Carrol, 1991; Pascariu and Frunzã, 2012; Porter and Kramer, 2011; Rozmetova, 2011). Moreover, it is necessary to determine the factors which influence franchising business

networks as a key indicator of the CSR performance. Therefore, to justify the choice of metrics among a large number of them (8 metrics in the study), it is necessary to use multiple correlation-regression analysis in order to indicate the direction as well as the strength of the relationship among the variables.

Thus, the results of the correlation-regression analysis can be used to improve tourism industry efficiency as well as the short- and long-term forecast. The correlation coefficients between the standardized variables provide the direction and strength of the direct linear relationships between all variables used in the study (see table 5).

Table 5. Correlation matrix

	PR	RSV	BN	JS	SI	CRI	SP	FBN
PR	1							
RSV	-0,2147	1						
BN	-0,4055	0,3586	1					
JS	0,2708	0,0866	0,3409	1				
SI	-0,0248	-0,3808	0,3768	0,6744	1			
CRI	-0,1471	-0,2062	0,5710	0,2537	0,7829	1		
SP	0,1658	-0,2087	0,6539	0,4101	0,7560	0,8091	1	
FBN	-0,065	-0,262	0,5044	0,3274	0,783	0,9081	0,8561	1

Source: own computation

Hypothesis H2a, which predicts that there is a strong impact of the set of metrics of stakeholders' group "consumer" on a franchise business network is not supported ($r(\text{PR}) = -0.2147$; $r(\text{RSV}) = 0.3586$). Unexpectedly, stakeholders' group "consumer" was identified as a factor, which has a weak ($r < 0.5$) or negative influence on CSR performance. However, the previous study, cited in Section 1.3, has demonstrated that consumers play a vital role in the decisions of a tourist company in terms of CSR standards (SCRS, 2018). It could be an effect of the ethical consumerism theory (Agarwal, 2013), according to which the link between CSR and consumer behavior can be indirect and not evident.

Unlike previous results (Boyko and Babenko, 2014), according to our analysis, hypothesis H2b is not supported. The correlation coefficient for BN metric is below 0.5 ($r(\text{BN}) = 0.3409$). In the absence of open information for some tourist operators, the TBP metric was not included in the matrix correlation.

This research suggests that a franchise business network as a resulting indicator positively contributes to job satisfaction with working conditions ($r(\text{JS}) = 0.6744$) and staff involvement in CSR development ($r(\text{SI}) = 0.7829$). Therefore, our H2c is proved. This situation is in line with the earlier study (Štriteska and Kubizňakova, 2010) that points out the importance of human resource management in CSR development. However, the regression coefficient JS metric

showed a high propensity followed by fluctuations. Thus, the actual value is lower than the critical one according to the Student's coefficient. Thus, the relationship between JS and FBN is completely unimportant. That fact allows us not to include this metric in the following linear-regression model.

Our findings support the general idea that the set of metrics of the stakeholders' group "society" has a significant and positive effect on a franchise business network (r (CRI) = 0.8091; r (SP) = 0.8561). Therefore, H2d is supported. In particular, recent studies have also highlighted the need for enterprises to integrate society into their SCR strategy (Porter and Kramer, 2011) and report its responsible business practice (Cooney, 2016).

The second stage of this model consists in establishing a metric which is determined (depending on the factors) for building a linear regression equation. Pearson coefficient (correlation) shows the dependence between the selected metrics, gaining values from -1 to 1 and indicating the level of correlation (-1 – the strong negative relationship, +1 – the strong positive relationship). Respectively, we were interested in those metrics with the highest degree of correlation. These factors are:

- The level of staff involvement in CSR development (Variable X_1);
- Transparency in Corporate Reporting Index (Variable X_2);
- Social projects aimed at development of local community and society (Variable X_3).

Accordingly, defined factors are included as independent variables in a 3-factor linear model. Its construction is presented in Table 6.

The results of the model application show that the correlation between Franchise Business Network and the three selected metrics is strong. The variability of the dependent variable (R-squared) in this model equals 86.9%, which is determined by the variability of the chosen factors.

In analysing the linear regression model, it is advisable to explain the results obtained in detail. In particular, the value of the coefficient must be greater than 0, subsequently the chosen indicator is significant. According to that, all the metrics that we have selected show a positive impact (6.49; 3.43; 19.01).

To estimate the statistical significance of the regression coefficient, a null hypothesis, when regression coefficients are equal to zero, is suggested. P-value must be more than zero to confirm the true hypothesis for the corresponding coefficient:

- if the P-value is <5%, then the coefficient is statistically significant with a reliability of 95%, and is included in the model;
- if P-value is > 5%, then the coefficient is statistically insignificant with a reliability of 95%.

Table 6. The results of the 3-factor linear-regression mode

<i>Regression statistics</i>	
Multiple R	0,9326
R-squared	0,8697
Standard R-squared	0,8045
Standard error	38,5995
Experimental observation	179,0000

Analysis of variance					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3,0000	59644,5714	19881,52	13,344	0,0046
Excess	6,0000	8939,5286	1489,921	4	
Total	9,0000	68584,1000			

Estimated parameters								
	<i>Coefficients</i>	<i>Standard error</i>	<i>t-statistics</i>	<i>P-Value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95,0%</i>	<i>Upper 95,0%</i>
Y-intersection	31,1065	24,7352	-1,2576	0,2553	-91,6313	29,4182	-91,6313	29,4182
Variable X 1	6,4926	19,3354	0,3358	0,7485	-40,8195	53,8047	-40,8195	53,8047
Variable X 2	3,4372	165,4991	2,0769	0,0831	-61,2378	748,6859	-61,2378	748,6859
Variable X 3	19,0179	15,7503	1,2075	0,2727	-19,5218	57,5576	-19,5218	57,5576

Source: own computation

Analysing all variables, they are statistically significant and have a positive relationship.

To sum up the results of the model the mathematical form of the model can be suggested as follows:

$$y = 31.11 + 6.49x_1 + 3.44x_2 + 19.02x_3$$

The third stage of this model is to test the model for adequacy. The adequacy of the model is confirmed by the high value of the correlation coefficient (determination coefficient $R^2 = 0.87$) and Fischer test. As seen in figure 4, the value of the Fisher criterion obtained in the process of constructing a model is:

$$F = 13,34$$

The critical value of Fisher's criterion at a certain level of significance and the number of degrees freedom is equal $F_{\text{critical}} = 4.75$ ($\alpha = 0.05$; $k_1 = 3$; $k_2 = 6$). Thus, $F > F_{\text{critical}}$ indicates that the constructed model is adequate. Therefore, based on the construction of the model, we reach the following conclusions:

- for each increasing unit of the number of CSR development programs with staff participation, the number of franchises will increase by 6;

- with an increase in the transparency index of a tourist enterprise by 1%, the number of franchises will go up by 3;
- for each increasing unit of the number of social projects aimed at development of local community and society, the number of franchises will show an increase by 19.

Our findings reveal the differences in the importance of identified groups of stakeholders for tourist enterprises. In particular, the “society” and “employees” groups have a significant impact on CSR performance. Meanwhile, the “consumers” and “business community” groups have a subsequent meaning in CSR performance.

Overall, the implementation of CSR initiatives into practices of Ukrainian tourist enterprises, which are mostly medium size enterprises (Tkachuk, 2017), is confirmed. Researchers (Shevchuk, 2017; CCSRD, 2017) mainly pay attention to Ukrainian large companies in surveys concerning CSR development. Therefore, it turns out to be a controversial issue. In particular, the study of Mitrocostas and Apostolakis (2013) reported that, in terms of tourism, SMEs are rather confused about which dimension to focus on in the process of implementing CSR. Based on this discussion, we suggest considering the CSR concept as multi-dimensional with an emphasis on CSR performance from a strategic perspective.

Conclusions

In this research, we have developed a theoretical and methodical approach to CSR implementation and conducted the assessment of CSR performance for tourist enterprises. Our definition of CSR highlights several issues such as orientation, stakeholders’ engagement, sustainable development and enhancement of business performance. The investigation outlines the stages, content and appropriate tools for CSR strategy in order to improve its management. Thus, we continue the development of strategic management in the CSR sphere (Ansoff, 1965, Carroll, 1991, Cooney, 2016, Fatkhutdinov, 2002, Nalyvayko, 2001, Rangan *et al.*, 2012) and the extension of CSR evaluation studies (Kaplan and Norton, 1992, Wong, 2015). Moreover, the research continues and develops the Ukrainian school of enterprise strategy (Nalyvayko, 2001) by suggesting a strategic approach to achieving CSR.

As a part of strategic CSR, we use the assessment system of metrics based on the identification of four stakeholder groups for tourist enterprises. The first research hypothesis states that it is important to assess the level of CSR development for both tour operators-franchisers and travel agencies-franchisees. We empirically examine the level of CSR development tour operator-franchiser and their travel agency-franchisees. The application of theoretical approaches has helped to understand that tour operators, which develop their franchising network, show a higher level of CSR development than their partners-franchisee.

By using the correlation regression model, it is confirmed that key stakeholders have a significant influence on the resulting indicator franchise business network through their participations in CSR development. In terms of empirical results, we came up with the idea that the impact of selected metrics of each group of stakeholders on CSR performance is different. Based on our research, it can be stated that the metrics of two stakeholders' groups: "society" (CRI metric, SP metric) and "employees" (SI metric) have a significant influence on the number of franchises while the influence of the metrics of groups "business community" and "consumer" has not been proved. It guides managers to direct their efforts towards effective CSR development. CSR practices development in tourism should be focused on the following aspects: transparency, social projects and staff involvement.

Finally, the consideration of CSR issues in Ukrainian tourist business contributes to the development of CSR principles and achievement of SDG goals in Ukraine within the frames of international collaboration with the EU.

Our paper has several limitations. First, due to the low response rate (28%), we managed to analyse limited numbers of tourist enterprises that could have impacted the results. Second, another limitation was given by the use of the franchise business network as a single metric of CSR performance. It allowed us to measure the business performance of tourist enterprises in the long-term perspective. Moreover, commonly used indicators such as net income or ROA could not demonstrate the benefits of CSR implementation. The third limitation relates to the variables included in the research. TBP metric was not taken into account in the linear regression model. The main reason was the lack of complete information on the websites of tourist enterprises. A future research opportunity will be based on expanding the system of metrics used to measure the level of CSR development and assessment.

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