Saving Spanish tourism before it's too late

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Spain has built its tourism industry on shaky foundations, where the high growth achieved has been at the expense of environmental, aesthetic, social and human concerns.

The tourism industry in Spain continues to run on the momentum of previous decades of high growth. But the dip in tourism revenues in 2009 may be the signal that the model that has served the industry in the past will not hold for the future. Decades of unchecked overdevelopment have led to environmental and aesthetic degradation, along with social costs for local communities. Considered alongside inherent policy problems, Spain?s tourism industry may be headed for a long downward slide.

In "Corporate Social Responsibility in the Tourism Industry: Some Lessons from the Spanish Experience," IESE Prof. Antonio Argandoña states the case for the potential of CSR to create a more sustainable future for the industry.

The original model was based on three premises:

- large European market;
- high potential to attract international tourism based on the three S's of sun, sand and sea;
- accessibility through an abundant supply of low-cost accommodation and good infrastructure.

These, in turn, guided all subsequent policies and incentives to make mass tourism possible. The government offered subsidies for foreign promotion and stimulated the private sector through tax benefits and cheap loans for the construction of tourist accommodation and

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infrastructure. Thus, Spain's image was transformed from a European backwater to a cheerful holiday destination.

Eyesores in Benidorm

Few can deny that Spain has benefited from tourism. Despite increased competition and even taking into account the 2009 slump, Spain remains a strong contender as a leading holiday destination.

But as much as the model has yielded positive results, the very advantages that transformed Spain into a tourist mecca have at the same time become a curse.

- Visitors remain highly concentrated from one region (93.5 percent from Europe in 2008).
- The sun, sand and sea formula means that tourism is dependent on the summer season.
- Infrastructure is based along the coasts.

This shortsighted policy means that, ironically, eventually no one may be able to enjoy holidays in Spain in the long run, if the industry sticks to its current path. An overabundance of high-rises has led to overcrowding on the beaches and, in turn, to the degradation of natural resources and diminishing quality of life for visitors and residents alike.

But what can be done? Unfortunately, the industry's future is shackled with the past model.

- *Unaccommodating physical capital*. Little else can be done with high-rise developments once they are built.
- *Lack of incentives to change*. The economic benefits of mass tourism fill government coffers and secure the votes of constituents who all want a piece of the pie.
- *Polarized discourse*. The financial interests of real-estate developers, not to mention the families whose livelihoods depend on tourism, are pitted against the interests of environmental advocates.

These are significant burdens that make moving forward more difficult. All the actors that make up Spanish tourism — tourist companies, local and regional governments, communities — are held hostage to these factors.

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Charting a new course

The author argues that CSR — that is, a company understanding its social role and the wider consequences of its actions — can slowly bring new direction to the industry.

If each and every company made a conscious effort to live up to its social responsibilities, this could yield important results. Granted, their impact would be proportional to the size and constraints of each enterprise and operator. But even if the company is just one link in the chain, this serves an important role in building a sense of collective responsibility.

It starts with personal responsibility — for the owner, manager or employee — and spreads upward to the whole company, a sector and eventually the entire industry.

On a company level, the author recommends instilling a culture of responsibility through training, collaborating with stakeholders and setting a long-term vision.

The author acknowledges that there may be instances in which the forces holding companies hostage to the old model may be stronger than their attempts to act responsibly. In these situations, the collective action of the industry is required.

On the industry level, CSR can bridge the gap between the government's policy attempts — until now more reactive than proactive — and bring about more resolute responses to the exhaustion of the Spanish model. The key to transformation is stakeholder dialogue that takes into account the wider economic landscape, and a clear demonstration of leadership.

If Spain does not take a step back and evaluate the course it has been on, then its tourism industry runs the very real risk of playing out the so-called "tragedy of the commons" — a perverse phenomenon in which multiple actors, each pursuing his own self-interest, eventually deplete a shared resource, even when it clearly goes against everyone's long-term interests to do so.

CSR points a brighter way forward for the long-term sustainability of Spain's environment and heritage, and with it, Spain's continued status as a vacation paradise.

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