# COMMUNITY STAKEHOLDER INFLUENCE ON CORPORATE ENVIRONMENTAL STRATEGY AT WHISTLER, B.C.

by

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# ABSTRACT

The tourism industry, like other traditional industries, is exposed to increasing competition resulting from the effects of globalization. To remain competitive tourism companies are forming alliances and partnerships with other organizations in order that they might gain additional resources. One resource that the tourism industry depends upon is the natural environment. Tourism requires infrastructure, consumes scarce resources, and generates waste in ways that generate adverse environmental and social affects. Since tourism companies frequently depend on high quality natural and cultural environments for their attractiveness it might be expected that these firms would actively promote sustainable forms of development.

This research examines the influence of community stakeholders on the environmental strategies of a tourism corporation. In doing so, it identifies key characteristics of the relationship and then indicates the management implications of stakeholder inclusion. A case study of Intrawest Corporation: Whistler/Blackcomb (W/B) and its relationship with community stakeholders is used to illustrate the influences of stakeholders on corporate environmental actions.

The findings suggest that although community stakeholders have significantly influenced the environmental strategies of W/B, the company is moving towards a more corporately driven environmental approach to business. Currently, environmental and social stewardship goals provide a common bond between W/B and its stakeholders. As the environmental and social values and objectives of W/B and its community stakeholders become more aligned the need for environmental groups and community members to act as regulators will lessen. As the relationship between stakeholder groups and W/B strengthens the challenge will be to maintain the individuality of each organization and to ensure that Whistler maintains its unique sense of place.

# DEDICATION

*To my children, Brittany and Liam for their love, patience and understanding during these last two years of study.*

# ACKNOWLEDGEMENTS

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AWARE:      Association of Whistler Area Residents for the Environment

NGO:        Non-Governmental Agency

RMOW:       Resort Municipality of Whistler

TNS:        The Natural Step

W/B:        Whistler Blackcomb

# 1   INTRODUCTION

## 1.1   Research Rationale

Corporations and business entities within tourism destinations are striving for competitive advantage.  For destinations to remain unique and profitable they must develop integrated products and activities that are linked to the economic vitality of local communities.   For some destinations this uniqueness is embedded within the natural environment that surrounds the attraction.  The success of the products and services offered are dependent upon the quality of the natural environment.  However, as destinations develop, pressure on the environment increases and natural features that attracted visitors in the first place become more vulnerable.  If tourism is properly managed, incentives can be created to preserve natural areas for low-impact use.  Increasing environmental awareness and concern about environmental degradation has contributed to a growing interest in environmentally compatible tourism amongst businesses.  Global tourism industry leaders are realizing that the conservation of nature and the preservation of indigenous culture are critical to sustained value creation (Hassan, 2000).  To support conservation objectives, tourism agencies, corporations and organizations are responding to the need for sustainable resource development by consulting with host communities and resource management agencies while entering into partnerships with non-government agencies.

Gill and Williams (forthcoming) propose that consolidation and corporate environmentalism are two strategies by which resort destination corporations seek to gain competitive advantage.  In some cases these strategies lead to increased leverage and power over the use of destination resources.  Rothman (1998) suggests that some tourist destinations will experience a "corporatization" of place due to such strategies.  As a result, host communities and resorts may risk losing their sense of place (Hall and Jenkins, 1995).

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The influence of resort corporations and a changing sense of place have inspired an overarching research program at Simon Fraser University titled "Corporatization and Environmentalism of Places". Two questions guide this research. Firstly, *"with respect to place and local environments, what forces are driving the strategic decisions of mountain corporations?"* And secondly, *"what influence do these decisions have on the character of the destination?"* The research focuses on the resort sector, specifically mountain resort destinations.

This author's study is nested in the aforementioned research program. The research seeks to understand, from the firm's perspective, the influence of community stakeholders on the environmental and social strategies of mountain resort corporations. Additionally, the study examines the firm's response to these influences and the management implications for the corporation.

For the purpose of this research, Intrawest Corporation and its 'flagship' resort W/B are used as a case study. Intrawest is one corporation that is considering, and realizing the value of stakeholder relations. Founded in 1976, Intrawest Corporation began as a residential and urban real-estate firm. Now, the Corporation is the leading developer and operator of village centered resorts across North America (Intrawest, 2003). Intrawest: W/B operates a world renowned four season resort in Whistler, British Columbia. The company depends upon the area's natural resources to remain competitive. Corporations such as Intrawest can, if not conservation minded, degrade the very environment that their business depends upon. In order to remain competitive and meet consumer expectations, W/B is exploring ways to lessen their environmental and ecological impacts. While strategically interacting with many stakeholders is critical for W/B to achieve its goals, the responsibility and opportunity to contribute creative environmental solutions is becoming essential (Marsden, 2000).

A key resource in moving towards greater sustainability, with respect to environmental management initiatives involves including and partnering with

the stakeholders in the community that the corporation affects or is affected by. In the case of Intrawest: W/B, the degree to which community stakeholders have influenced the corporations' environmental strategies is relatively unknown.

## 1.2  Research Objective and Questions

Primarily, the objective of this research is to investigate how community stakeholder inclusion and the process for inclusion shape the environmental management strategies of mountain resort corporations.   Specifically, the proposed research explores the management of community stakeholder relationships from the perspectives of Intrawest Corporation and Intrawest: Whistler-Blackcomb Resort.

Six specific research questions guide the study:

1. What are the environmental management strategies of Intrawest: W/B?

2. What are the motivating factors for W/B to include stakeholders and how are these motivating factors related to the triple bottom line?

3. Who are the community stakeholders that W/B interacts with regarding its environmental and social strategies?

4. How does community stakeholder engagement occur, and how does W/B decide whom to engage?

5. What are the characteristics of the relationship between W/B and its community stakeholders?

6. What lessons have been learned from the inclusion of stakeholders that have been incorporated into the environmental strategies of W/B?

To achieve the research objective, in-depth, qualitatively focussed questions are derived from the study's literature review and used as a basis for interviewing management personnel of W/B and key members of the Whistler

community. The findings emanating from these interviews are then used as the basis for describing a series of potential management implications.


## 1.3 Research Significance

This research project is relevant in several ways. Firstly, it expands the literature on corporate-community stakeholder relationships. Secondly, it provides the Whistler community and Intrawest: W/B with additional insight into, and management recommendations for, furthering the success of their environmental relationships. Lastly, the management implications and conclusions derived from the case study may be of relevance for other mountain corporations and communities who share similar environmental, economic and social issues.


## 1.4 Report Organization

Chapter 2 describes areas of literature that are relevant to this study: corporate environmentalism, stakeholder theory, corporate social responsibility, competitive advantage and the resource-based view of the firm. A variety of literature explores who the stakeholders of a corporation are as well as the benefits and challenges of engagement with such groups. The importance of developing such relationships is also examined. The corporate environmentalism and corporate social responsibility review depicts the forces driving the inclusion of environmental and social values in everyday business practices. These benefits are described from consumer, financial and human resource perspectives. The competitive advantage literature review summarizes prerequisites for achieving sustainability. The resource-based view of the firm literature discussion provides a framework for understanding the importance and relevance of the natural environment as a resource for mountain resort corporations and communities. Chapter 3 outlines research methods associated specifically with understanding the relationship between a resort corporation and its community stakeholders. Chapter Four describes the

context and findings of the W/B case study. Chapter 5 presents potential key management implications that may be helpful in enhancing the relationship between W/B and the Whistler community. Additionally, this chapter explores potential stakeholder participation in the development of future environmental strategies for W/B. Finally, Chapter 6 issues the conclusion of the study, discusses study limitations and presents recommendations for future research.

# 2  LITERATURE REVIEW

## 2.1  Introduction

Tourism is a complex and dynamic industry that is experiencing considerable worldwide economic growth.  High-cost technological advances are facilitating increased exchanges between developed and emerging economies. "Globalized markets, the concentration of economic power, a highly competitive marketplace and the increasingly sophisticated needs of tourists are defining new parameters for tourism businesses" (WTOBC, 2000, p.79).  Consumers are taking advantage of increased price transparency and the standardization of comfort and quality worldwide.  Consequently, tourism is becoming more internationalised; providing visitors an opportunity to experience life-enhancing adventures based on authentic attractions.  However, even with increased tourist demand and expansion of tourism services, destinations are experiencing significant competition as more and more travel opportunities become available.

In order to achieve and sustain competitive advantage, destinations must consider the effects and influences of an expanding world economy.  The inference is that tourism businesses and corporations should explore new and innovative ways of doing business.  This literature review demonstrates how the driving forces of globalization are influencing management strategies as corporations struggle to maximize profit and increase shareholder wealth. Corporate philosophies are beginning to acknowledge societal demands for an ethics based approach to management -one that considers the natural environment within which the corporation operates.  A growing range of tourists disregard resorts that are not making conscious efforts to protect the natural environment within which they (WTOBC, 2000, p.60).

The literature review establishes linkages between the philosophy of corporate environmentalism and three potential management strategies used by

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corporations as a source of advantage: resource-based view of the firm, stakeholder theory and strategic alliances, mergers and acquisitions. For the purpose of this study, the strategic management of a destination is considered to be synonymous with the strategic management of a corporation. Therefore the term destination, firm and corporation will be used interchangeably. The research culminates with a series of questions that can be used to investigate how community stakeholder inclusion and the process of inclusion shape the environmental strategies of mountain resort destinations.

## 2.2 Influence of Globalization

Globalization is not a new phenomenon. According to economic historians, the world economy has been increasing in scale since before World War I. The combined impact of fundamental, political, economic and technological changes, all occurring more or less simultaneously, are accelerating and spreading the process of globalization (Keller, 2000). At the same time, the political trend of a more liberal world order supports the movement of planned and emerging economies towards gradual participation in the larger world market. As such, more and more of the world's economies are open to competition and free trade. Consequently, an increasing interdependence in the production and trade of goods and services is occurring. This interdependence is a consequence of cross border flows of capital, international alliances, marketplace deregulation and technology exchange (Smeral, 1998). Through partnerships, that sometimes take the form of consolidations and mergers, corporations are able to take advantage of more favourable economic conditions, minimizing costs through lower priced labour and production as well as increasing efficiency. Goods and services that were once produced domestically can now be supplied more cost-effectively by developing or emerging countries. Traditional sources of competitive advantage are no longer effective because they can be easily duplicated or overcome.

Even though some industries are struggling to compete in this era of globalization, tourism is one economy that is benefiting from the growth of the world market. Technological advances are resulting in enhanced transportation and communication systems, providing travellers with an opportunity to expand their destination preferences. Increasing reliance on technology improves price and quality transparency, encouraging competition as consumers become more informed and discerning regarding their destination choice (Keller, 2000). The growth of the global economy has not only "led to the development of new economic centres, encouraging the movement of capital and creating certain business opportunities"; it has also opened up new regions to tourism, creating increased competition among the developed countries (Archambault, 2002, p.71). Traditional tourism countries have historically maintained a large portion of the market because of their level of development and emphasis on tourism. However, for reasons Archambault (2002) points out, developing and emerging countries are starting to gain an increasing level of market share. Consequently, tourism growth has been greatest in the emerging economies of Eastern Asia, Latin America, China and India (World Bank, 1988). However, even with the internationalization of demand, tourists are still travelling the most within their own and neighbouring countries. Therefore, the effects of globalization on the tourism industry will continue to be an ongoing dynamic process.

## 2.3 Competitive Advantage

In pursuit of profit maximization and increased shareholder wealth, corporations are being compelled to examine current management strategies in order to gain market share. With the establishment of institutions such as the World Trade Organization (WTO) and the General Agreement on Tariffs and Trades (GATT), worldwide competition has become the ethic of free trade (Keller, 2000). Of more relevance to the tourism industry, is an agreement concerning trade and services, GATS: General Agreement on Trade and Services. This agreement furthers the development of travel and tourism internationally, easing the restrictions for the flow of people, information and capital across

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borders. Consequently, nations are gaining greater access to each other's markets for services (Davidson and Maitland, 1997).

Competitiveness is perceived as the "capacity of a destination to compete successfully against its main rivals in the world, to generate above average levels of wealth, and to sustain this over time at the lowest social and environmental cost" (WTOBC, 2000, p.66). In the area of international tourism, the focus of competition occurs between countries that have reached a high level of development. However, with new competitors entering the tourism market, developed countries have been losing market share, particularly in European destinations. Even the increased demand from tourists, resulting in overcapacity, is not allaying the competitive pressure on tourism destinations, corporations or small to medium sized enterprises. In many traditional tourism countries and destinations, small to medium enterprises suffer from low productivity, out-of-date and unattractive infrastructures, being limited by their lack of: capital, "critical mass" and size (Keller, 2000). Strategic partnerships can overcome these disadvantages through the careful planning of destination management.

Hypercompetition emerges in an industry when firms cannot assume that the bases of competition will remain stable or predictable (Barney, 2002, p.127). Touristic hypercompetition forces individual destinations to differentiate themselves through price, quality and unique products, while repositioning with the help of new management strategies (Keller, 2000; Smeral, 1998). Differentiation and repositioning can influence brand loyalty and establish a positive reputation, thereby facilitating premium pricing. Destinations will only be able to take full advantage of their intrinsic advantages if they are built up, managed and promoted in the same way as corporate product brands, only then can one ensure that location or region will never "go out of fashion" (Keller, 2000, p.294).

Porter (1985) argues that focusing on external factors of competition such as salary costs and interest rates do not provide sufficient knowledge from which to establish competitive advantage. He notes that there are five competitive tourism forces that affect the future of any destination. These are

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the "threat of new competitors and substitutes into the market, changes in the balance of negotiating power with suppliers and buyers, and the rivalry that exists between other existing competing destinations" (WTOBC, 2000, p.66). The collective power of these five forces determines a destinations ability to position itself well in the market and sustain growth. Porter (1985) states that competitive advantages in the tourism industry result from providing more value for less effort as well as the ability to provide services differently than other competing destinations.
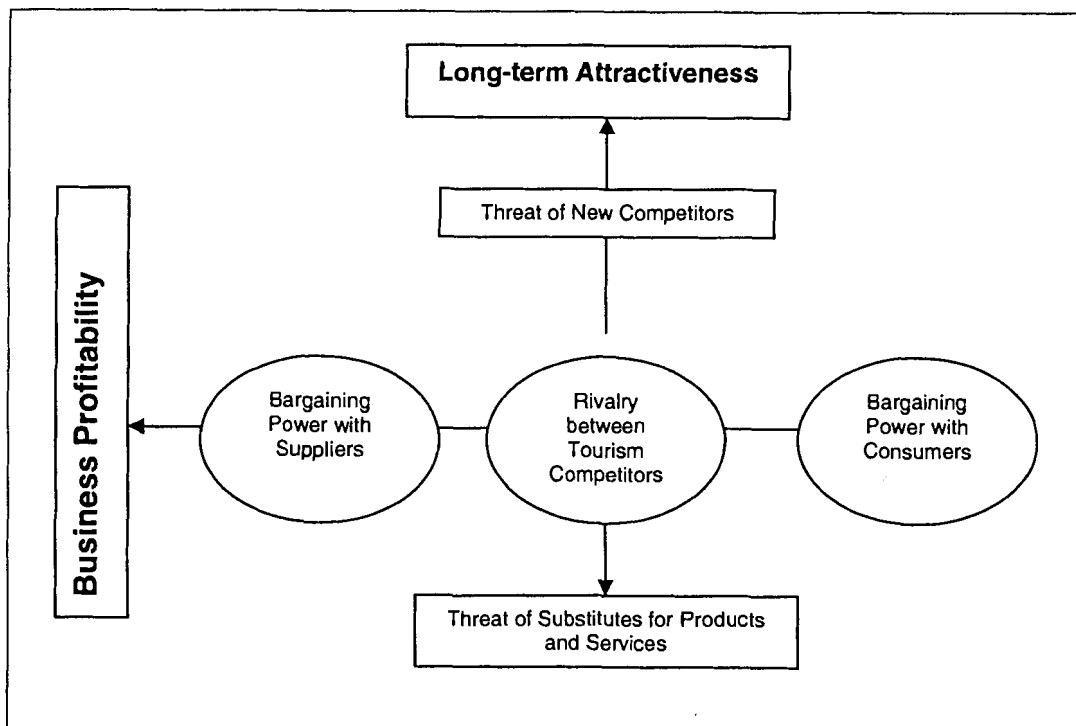
Figure 1: Competitive Forces Driving Competition (adapted from Porter, 1995)

Tourism consumers as well as corporations benefit from the many international opportunities the market provides. Leisure related activities are being increasingly commodified, reflecting a global culture of consumption, with places, as well as destinations, being marketed as desirable products for tourists (Smeral, 1998). As such, the overall economic conditions of a given place play an increasingly more prominent role as the competition for prospective visitors increases. Developing countries that are able to provide new attractions and installations designed to meet most consumer preferences definitely benefit from soft currencies and low-cost factors of production (WTOBC, 2000). Destinations must become more sophisticated and more focused on which clientele they are attracting. Value creation through tourism and recreation is strongly linked with social, cultural and natural environments (Williams, 1996). Management and sustainability of these resources, with the purpose of maintaining and increasing their value, as support functions, is closely related to, and a condition for, strategic success. Sustained value can lead to superior marketplace performance (market share, customer satisfaction) and financial performance (shareholder wealth), but only if there is a benefit to consumers (Barney, 1991). A "business strategy should be viewed less as a quest for the returns to market power and more for the returns to the resources which confer competitive advantage over and above the real costs of these resources" (Barney, 1991).

## 2.4  Corporate Destinations

Globalization and its resulting competitive forces have changed the way in which tourist destinations operate. In some destinations such as Whistler, Canada, Mammoth, U.S.A. and Les Arcs, France, large corporations such as Intrawest and the American Ski Company, are shaping the planning, development and operation of mountain destinations. The movement of North American businesses away from small-medium sized enterprises to destinations that are identified not only by place, but also by a single corporation, are forcing European destinations to consider consolidating and integrating business processes in order to remain competitive in the global marketplace (WTOBC,

2000). Larger corporations are able to acquire more capital, providing opportunities for greater services and product quality. Two cases in point are the ski destinations of Mont Tremblant and Whistler, both in Canada. When Intrawest Corporation invested in both destinations it created an influx of capital, generating economic leverage that attracted other large hotel chains such as Canadian Pacific, Westin Resort and Marriott Residence Inn. Hotel groups help create new business opportunities for smaller companies that can offer products that complement hotel activities: restaurants, tour operations and rental agencies. The financial assets that a hotel provides can encourage the development of an upscale industry that might otherwise have difficulty getting started (Archambault, 2002, p.73).

Due to the influence of corporations, destinations are increasingly viewed as a single commercial entity that is integrally linked with the community within which it operates. Research literature acknowledges both the influences of corporations on destinations and the perception of destinations as a corporation. From Penrose's (1959) definition of the firm, a destination can be viewed as a "bundle of resources", as well as a "collection of interrelated economic activities (Porter, 1985). Therefore, both destinations and firms can be considered strategic business units related to a competitive market for the purpose of value creation (Flagestead and Hope, 2001, p.450). The organizational framework of a destination consists of business units (service providers) operating in a decentralized way where no unit has any overriding administrative power or dominant ownership within the area. Major business units, in mountain resorts, are centered on the ski products of the destination: schools, rentals, food and beverages. Research suggests that ski corporations, due to their provision of capital, employment, housing and facilities have strong political power that could be a dominant influence affecting the development and operation of the destination and its associated community (Flagestead and Hope, 2001).

Flagestead and Hope (2001) point out the similarities and differences between applying the resource-based perspective to a corporation and a resort destination. The differences occur when considering the boundaries and efficiency goals of a firm and destination. A firm has clearly defined boundaries through ownership or control structures whereas the boundaries of a destination are vague and often fluid. Within a firm efficiency goals must be related to a set of individuals and options. It is more difficult to apply efficiency goals to a destination because it differs from a firm in the types of ownership of assets, social structures, community involvement and stakeholder relations. Strategic success in a destination implies that the market performance oriented term, sustainable competitive advantage, needs to be viewed in a wider context connected to efficiency and vague boundaries. To this end, Flagestead and Hope (2001) suggest the term "sustained value creation" to reflect community, stakeholder and business goals related to strategic success in a destination. For the purpose of this review sustained value creation will be used to reflect sustained competitive advantage, implying sustainability of resources for the destination in the long-term.

## 2.5  Sustainable Destinations

Sustainable tourism is a relatively new concept referring to tourism that minimizes negative environmental impacts and socio-cultural changes, while at the same time, prolonging the lifetime of a destination by creating unique economic opportunities for local residents and businesses (Holliday, Schmidheiny and Watts, 2002). Sustainable development is defined by the World Commission on Environment and Development (1989) as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Pigram (2000) notes that sustainability implies a fresh approach to planning for the future as well as a renewed commitment to use resources in ways that sustain such use. Although healthy natural environments are very important elements of a sustainable destination, sustainability is more than nature alone (Global Environment Facility, 1998).

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For destinations to remain unique and competitive they must develop integrated products and activities, which are linked to the economic vitality of local communities. Their attributes range from culture/nature education and heritage/history orientation to outdoor adventure sports and wildlife viewing (Hassan, 2000). As destinations develop, pressure on the region's environment increases and the natural areas that attracted visitors in the first place become more vulnerable. Global tourism leaders are realizing that sustained value creation is critical to the conservation of nature and the preservation of indigenous culture (Hassan, 2000).

Achieving sustainability requires sophisticated planning and development strategies that attract tourists and yet have little negative impact on the host environment and culture. Sustainability only occurs when the quality of the environment and community are protected. In proactive situations, the tourism industry has responded to the need for sustainable resource development by entering into partnerships with environmental groups, consulting effectively with host communities and resource management agencies to support conservation objectives. In the most successful of these cases, ecological imperatives are adhered to, the social and cultural integrity of hosts and guests is maintained and the experiential aspirations of tourists are satisfied (Hassan, 2000).

Overall, sound environmental performance is fostered by enlightened management practices, marked by new cleaner technologies with an emphasis on resource conservation, recycling and reuse. It presents a cleaner, greener image, to a more discerning market, with clear potential to enhance economic vitality of businesses (Hart, 1997). Additionally, sustaining the longevity of a given destination is dependent upon the "ability of the corporation to turn the comparative advantages into competitive advantages and competitive market position" (Hassan, 2000, p.239). Success hinges on the company's perception of what tourists want and the ability to adapt to constant changes in perceived need. Flagestead and Hope (2001) add to Hassan's definition by identifying

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competitive advantage as not only economic prosperity, but also the level of well being of the host population and the optimum satisfaction of customer requirements with no concomitant damage to the cultural and natural environment. Therefore, sustained value creation and competitive advantage are a blend of customer satisfaction, product diversification, sustainable resources and responsibility towards the community within which the firm operates.

The following model (Figure 2) of competitiveness relates specifically to the tourism industry. It identifies the key factors associated with the promotion of environmentally sustainable tourism that can help meet the challenges of globalization. This strategy involves committing resources in such a way that the destination is able to closely follow market demands (Hassan, 2000, p.241).

The model utilizes the following terminology to describe the key factors that are associated with destination competitiveness:

- Demand orientation: a destination's ability to respond to changing market conditions,

- Comparative advantage: includes factors associated with both macro and micro environments that are critical to market competitiveness,

- Industry structure: the existence or absence of an organized tourism-related industry structure, and

- Environmental commitment: a destination's commitment to the environment will influence the potential for sustained market competitiveness.

**Demand Orientation**

- Who are the target tourists?
- What motivates them?
- Environmental awareness
- Levels of travel experience
- Demographic profile
- Acceptance of local customs
- Novelty seeking

**Comparative Advantage**

- Climate/Location
- Culture/Heritage/History/Artefacts
- Tourist oriented service
- Safety and health
- Nature
- Access to information
- Infrastructure
- Environmental quality
- Leisure activities
- Global information network
- Stakeholders
  -NGO's, shareholders, local citizens

**Destination Competitiveness**

*Tourism Industry Structure*

- Industry Suppliers
- Core Service providers
- Environmentalists
- Global/regional alliances

*Environmental Commitment*

- Tourist-oriented culture
- Stable political climate
- Environmental regulations
- Tourism policy
- National image
- Environment-friendly investment policy
- Destination-marketing campaign
- Facility/land use requirements
- Carrying capacity constraints
- Environmental promotion programs

Figure 2: Determinants of Destination Competitiveness (adapted from: Hassan, 2000).

Within the context of this research study industry structure and environmental commitment will be examined to determine how stakeholder inclusion has shaped the environmental strategies of a resort corporation.

## 2.6  Corporate Alliances

Globalization is criticized for undermining the coherence, wholeness and unity of individual societies (Urry, 1989). Worldwide suppliers, with global distribution systems, put pressure on small to medium sized enterprises (SME's) that are competing against companies who are gaining significant economies of scale from integrating and consolidating business processes (Urry, 1989). In emerging economies, there is a trend for new competitor companies to cooperate vertically and horizontally through firms and organizations that are larger and more profitable.

An alliance is often a transactional, short-term, cooperative agreement that gives a firm time to restructure and respond to market competition and globalization. Sixty percent of alliances do not last more than four years and fewer than ten percent lasted ten years. Alliances are believed to fall apart because strategic goals are not clearly defined at the outset (Archambault, 2002, p.53).

Firms have an incentive to participate in alliances when the value of resources combined is greater then the value of resources and assets separately (Barney 2002). For example, alliances facilitate the ability to respond successfully to competitive threats because those firms that have access to diverse internal resources can meet new challenges directly. Each partner uses its strengths to compensate for the others' weaknesses or to share the increased costs and risks related to certain activities (Archambault, 2002, p.3).

In order for an alliance to be beneficial it must be advantageous to all members, reflecting complementary goals and abilities. The primary goal is to expand a firm's market presence. The stability of an alliance increases with the amount of resources (time, money, personnel) invested. The most successful alliances are where members are most involved in all areas of operations, including customer service (Archambault, 2002). The most common alliances in the tourism industry are between airline, hotels and distribution networks (travel agencies and tour operators). One of the benefits to travel consumers is that partnerships can create a seamless experience, reflecting the efficient operation of the destination and promoting a positive image.

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Strategic alliances can be used to learn important skills from competitors and allow for cross-fertilization of thinking. Managers must consider if the value of learning is greater than the competitive threat that may be created through this form of cooperation. Barney (2002) suggests that strategic alliances are often based on socially complex relationships. Therefore, successful strategic alliances often go well beyond legal contracts and are characterized by trusting relationships, friendships and, in some cases, a willingness to suspend narrow self-interest for the longer term good of the relationship (Barney, 2002, p.385). Trust is the most common cause of failure for alliances, being complicated by a strong need for interpersonal communication and tolerance for cultural differences.

## 2.7 Corporate Environmentalism

Corporate environmentalism is an ethics based approach to management. It governs all business processes, specifically acknowledging the vulnerability of the environment (Piasecki, 1995, Banerjee, 2001). The adoption of a corporate environmental philosophy or management strategy reflects a firms' understanding of the importance of its relationship with the biophysical environment and its relationship with stakeholders such as regulatory agencies and environmental organizations (Hart, 1995). Banerjee (2001) and Lyon (2003) suggest three explanations for the trend towards corporate environmentalism. Firstly, companies are becoming more knowledgeable about the workings of the political system and are taking proactive steps to avert conflict and increased regulation. Secondly, firms are responding to 'green' consumers who are willing to pay higher prices for clean products. And thirdly, firms are recognizing the positive relationship between pollution reduction and cost reduction.

Many companies assert that government has been too interventionist and prescriptive in telling industry how to run its business (Gibson, 1999). Regulations were thought to hinder the profitability and global competitiveness

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of businesses due to costs associated with assessing, understanding and complying with them. As a result, industries have lobbied intensively for a shift towards more market-based approaches that would eliminate inefficiencies and allow the industry more freedom to self-regulate with little or no government involvement (Delmas and Terlaak, 2001, Parker, 2002). The downsizing of government and deregulation has caused environmentalists significant concern. Without regulation, responsibility for environmental protection lies within the control of corporations whose first priority is profit. Consequently, in recent years, there has been a trend towards increased public participation in decision-making, which has led to demands that corporations and governments become more accountable.

Within the context of corporate strategy, environmentalism implies not only a respect for the natural environment, within which a firm operates, but also corporate longevity and survival (Gibson and Peck, 2000). Good business practices and good environmental behaviour are two principles that need not be at odds. In fact, they can be reinforcing. They can encourage corporations to be more responsive to society's needs while at the same time remaining attentive to profitability (Piasecki, 1995). A growing number of investors now perceive economic, environmental and social sustainability as a catalyst for enlightened and disciplined management (Gibson and Peck, 2000). The demands of consumers, regulators and societies that businesses be environmentally responsible are escalating. The marketplace and some regulators are demanding that firms control their operation and manage "upstream" and "downstream" resource and environmental effects associated with their materials, products and services (Gibson and Peck, 2000). In order to successfully meet these demands, there are situations where firms will vertically integrate or consolidate "upstream and "downstream" with suppliers or distributors in order to control quality and meet the expectations of stakeholders. However, corporate environmentalism involves more than cost and risk reduction. This management strategy should be linked with new market opportunities.

Two critical problems often impede companies in their ability to improve their environmental management performance. The first is a "lack of integration between environmental and business priorities in the company". The second is a "failure to convince management that environment is an important business issue" (Shelton and Shopley, 1997, p119). A lack of adequate resources can also confound these problems. Shelton and Shopley (1997) use the term the 'Green Wall' to describe the factors that threaten the success of environmental management programs. In addition to the problems just mentioned companies have difficulty implementing new environmental strategies when:

1. The corporation is downsizing.

2. There are tight financial controls.

3. There are new management paradigms that redirect priorities.

4. There is overly aggressive cheerleading of the benefits of environmental strategies, raising false expectations.

5. There is a creation of an environmental culture incongruent with the business culture of the company.

6. There is poor communication between the environmental team and other business entities regarding competitive advantage.

Corporations that can overcome these factors and successfully adopt an environmental management philosophy are often flexible and innovative in their approaches to sustained value creation. As such they are more able to create brand loyalty and enhance customer satisfaction (Banerjee, 2001). The success of corporate environmentalism depends on the characteristics of the industry structure and the organizational capabilities that determine corporate success. Shelton and Shopley (1997) suggest the adoption of a common business framework and language to overcome limiting factors and to facilitate communication and understanding regarding the business benefits of sustainability and environmental management strategies. One such framework is called The Natural Step (Natural Step Canada). It offers companies sustainability guidelines based on scientific principles related to conservation and management of resources.

## 2.8   The Natural Step Framework

Founded in 1989 by Dr. Karl-Henrik Robert, the Natural Step Framework was developed to help companies and communities integrate principles of sustainable development into their operations (Hutchinson, 1995).

A significant benefit to the framework is that it provides a common language to help groups and organizations develop and articulate goals for a sustainable future.   It helps participants understand natural systems and assess their current way of thinking without being overwhelmed by ecological complexities (Holmberg, 1998).  Four steps are used to guide the development of goals for sustainability:

1. Perceiving the urgency of currently unsustainable directions,
2. Understanding sustainability principles
3. Strategic visioning through back-casting from a sustainable future; and
4. Identifying strategic steps to move in this direction (Nattrass 1999, p.58).


These steps are supported by three framework components: a 'resource funnel', four science-based rules for sustainability (System Conditions) and a planning strategy based on back-casting (ABCD Strategy).  These components provide a framework that makes it possible to link small scale with large scale, upstream with downstream, ecology with economy as it relates to sustainable resource use (Robert, 2000).


### 2.8.1   Sustainability Framework

*The Resource Funnel*

The resource funnel is a metaphor for the awareness of the overall problem of non-sustainability - the decline of the ecosphere's capacity to support present day economies and life itself.  The TNS emphasizes that attention must be focused upstream on the "cause-effect chains" because safe

concentrations for accumulating substances are difficult to foresee due to the upstream causal mechanisms in society and the downstream symptoms in nature (Holmberg, 1998).

There are three strategies to avoid decreasing resources and decreasing capacity for resource renewal -represented by the walls of the funnel which are becoming higher and higher:

- **Step by step approach:**

  This approach requires companies to ask themselves questions reflective of the system conditions regarding upstream activities and resources. For example, "Do we systematically decrease our demand for fossil fuels and dissipative use of metals?" (Holmberg, 1998, p.246).

- **Flexible platforms:**

  Investments can be undertaken that comply with system conditions in the short and long term. Ideally, each investment should provide technologically feasible stepping-stones, or "flexible platforms" to link to future investments. These platforms can then help companies avoid costly errors such as investing heavily in the development of more energy efficient engines while neglecting the opportunity to prepare new technology for energy carriers other than fossil fuels (Holmberg, 1998).

- **Low hanging fruit:**

  In order to economically link short term costs with long term profit, activities that can save resources, identify a growing need in the market or utilize a structure that already exists should be focussed upon (Robert, 2000).

Holmberg (1998) argues that corporations need to examine the services they provide and use that as the starting point for analysis of environmental and social responsibility. Some economists contend that because people purchase services and not products, companies can focus on providing this benefit with fewer, or perhaps, quite different materials (Bradbury and Clair, 1999). Therefore, less material used of and disposed of can result in less environmental waste.

## 2.8.2 System Conditions

Four science-based, non-negotiable system principles operationalize the goal of sustainability. The Natural Step framework maintains that nature's functions and diversity *must not* be systematically subject to:

1. Increasing concentrations of substances extracted from the earth's crust.

2. Over-harvesting or other forms of eco-system manipulation that can cause physical impoverishment, and

3. Unfair and inefficient use of resources that are used to meet basic human needs.

These first three conditions address ecological sustainability. The fourth condition addresses social sustainability regarding society's internal use of resources. This condition refers to the necessity to meet human needs around the globe such as the requirement for food and shelter. The success of the three ecological conditions is premised on the ability to meet this fourth condition (Robert and Schmidt-Bleek et al. 2002).

## 2.8.3 Planning for Sustainability

The third component of the TNS framework is a tool for strategic planning, based on backcasting. It is referred to as the ABCD strategy. In backcasting, the path to a desirable future is imagined. It is essentially the opposite of forecasting where the vision of the future is created from the current situation. In forecasting, TNS supporters believe there is a risk that the causes of underlying problems will be carried forward (Holmberg, 1998). The steps of the ABCD process involves:

A. Developing an awareness of why the current socio-economic system is unsustainable.

B. Understanding what the minimum success factors are for a sustainable relationship between the global socio-economic system and the global

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ecological systems and assessing the current reality of each
organization or community with respect to those success factors.

C. Imagining future scenarios in which both the success factors for
sustainability and the success factors for the organization and or
community are being met.

D. Using a planning method called backcasting, which enables the
organization or community to identify the most effective investments,
strategies, and actions to meet its sustainability and business or
community objectives (Robert and Schmidt-Bleek et al. 2002).

The Natural Step framework does not offer specific direction for moving
towards sustainability nor does it replace other existing decision-support tools
for reduced environmental impact such as life-cycle analysis, design for
environment, ecological footprint, factor X or environmental management
systems. Instead, the framework highlights the need for tools, which can be
helpful in the transition towards sustainability. Holmberg, (1998) points out
that the preceding tools often fail to cover all the essential components of
sustainability. He argues that quantitative tools should be guided by a
hierarchical set of questions that are structured on the TNS principles
presented earlier. TNS has motivated some managers and communities to
experience bring about organizational change and adopt new business
practices. This research study will identify the tools that some tourism
corporations are utilizing to establish an organizational culture and achieve
sustainability.

## 2.9   Resources as a source of competitive advantage

Resource-Based View (RBV) of the firm is a management strategy that focuses on the resources that a firm has access to or ownership over. This approach demonstrates in clear managerial terms, how to put the idea of 'core competence'[1] into practice and develop diversification strategies that make sense; while clarifying why some competitors are more profitable than others (Prahalad and Hamel, 1980). Proponents of the resource-based view contend that a firm's ability to perform better than the competition depends on unique interplays of human, organizational and physical resources (Amit and Schoemaker, 1993; Barney, 1991; Dierickx and Cool, 1989; Lippman and Rumelt, 1982; Wernerfelt, 1984). A firm's resources can be all assets, capabilities, organizational processes, attributes, information and knowledge it controls that can be used to conceive and implement strategies needed to improve efficiency and effectiveness (Daft, 1983). Resources can be human (e.g. training, experience, judgement, and intelligence), physical (e.g. plant and equipment), and organizational capital (e.g. formal and informal planning, reporting structure and informal relations among groups within a firm and between the firm and those in the environment (Barney, 1991).


The resource-based perspective combines the internal assets of organization and production with the external assets of industry and the competitive environment (Collis and Montgomery, 1995). Hart states that sustained value creation "depends upon the match between distinctive internal (organizational) capabilities and changing external (environmental) circumstances" (1995, p.2). The question of whether internal or external assets are responsible for sustained value creation is highly debated. However, literature suggests that both factors are crucial to competitive success (Barney, 1991; Collis and Montgomery, 1995; Wernerfelt 1984).

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[1] Human or technical capabilities that allow an organization to design and produce products and services that permit an advantage in the marketplace (Prahalad and Hamel, 1980).

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The strategic significance of a firm's resources and capabilities has been heightened because those corporations that are better able to identify, manage, nurture, understand and leverage core competencies outperform those that are more occupied with conventional approaches to strategic business planning (Prahalad and Hamel, 1990; Ulrich and Lake, 1991). 'Competing for the future' is emphasized as a neglected dimension of competitive advantage. In Prahalad and Hamel's view (1990), a firm must be concerned with its future position and source of competitive advantage as well as its short and medium term profitability. Pre-emptive commitments enable firms to gain a strong focus and dominate a particular niche because of an early or large-scale move, whereby a firm gains preferred access to critical raw materials, locations, production capacity or customers.

The resource-based view of management focuses on two characteristics of resources that permit competitive advantage: heterogeneity and immobility. Firms within an industry may be heterogeneous with respect to the distinctive competencies or capabilities they control. Secondly, resources may not be perfectly mobile across firms, allowing heterogeneity to be long lasting (Collis and Montgomery, 1995). In other words, not all firms have the same resources, nor are they able to attain or imitate those resources believed to be responsible for sustained value creation. Whether or not a resource or skill will be a source of sustained value creation depends upon the degree of value, rareness, inimitability, and substitutability of the resource (Barney, 1991, p.112).

## *Value*

Valuable resources exploit opportunities and neutralize threats within a firm's environment. Hart (1997) notes that resource value is determined through the interplay of market forces. A resource that is valuable in a particular industry, at a particular time, might not have the same value within another industry. Additionally, if certain resources or skills are possessed, or are obtainable, by a large number of present or potential competitors they cannot be a source of sustained value creation nor can they be considered rare

(Hart, 1997). On the other hand, as long as the number of firms with a valuable resource is less than the number of firms needed to form a perfectly competitive industry then a resource has the potential to create sustained value for the destination. Competitive advantage can result from implementing a value-creating strategy, not simultaneously being implemented by current or potential competitors, or through superior execution of the same strategy as competitors (Barney, 1991). For example within the resort industry, corporations that offer unique adventure experiences or are 'seamless' in their operations can gain a greater share of the resort market.

### *Rareness and Inimitabilty*

Resources that are rare and valuable can only create sustained value if they are not easily replicated (Hart, 1997; Barney, 1986). Researchers refer to this as inimitability. This characteristic may be reflected in the firm's founding, or original location; or occur as a result of causal ambiguity and social complexity. Causal ambiguity may make it difficult for other firms to duplicate a successful corporation's strategies because of a lack of understanding of what the link is between the resource and the advantage. In the case of social complexity, factors such as reputation, corporate culture and customer relations are beyond the imitating firm's ability to manage and influence and are therefore not subject to easy duplication. Barney (1991), describes socially complex resources as those that depend upon a large number of people or teams engaged in coordinated action such that few individuals if any have sufficient breadth of knowledge to grasp the overall phenomenon.

Within this research study stakeholders are viewed as a valuable resource for the firm. Quality relationships established between the tourism corporation and its community stakeholders are unique and not easily replicated due to the complexity of the interactions.

## *Nonsubsitutability*

The last resource-based view criterion, nonsubsitutability, refers to the ability/inability of a competing firm to substitute similar resources that would enable it to formulate and implement identical competitive strategies. If a competing firm successfully uses very different resources or skills as strategic substitutes, then a leading firm's resource or skill cannot be viewed as a source of sustained value creation. In other words, two valuable firm resources are strategically equivalent when they can be exploited to implement the same strategies, even if in a different way. For example, in the ski industry one mountain corporation may be able to provide the infrastructure for the resort whereas another ski area company may utilize partnerships to supply the resources needed. Unique resources (assets) and distinctive skills (capabilities) provide an opportunity for a firm to leverage its skills and resources to achieve competitive cost and, or, differentiation advantages. Intangible and difficult to replicate resources must be the bases of business processes if a firm is to outperform its rivals and create value for shareholders over the long term (Atkinson, Waterhouse and Wells, 1997; Barney, 1991; Teece, 1998; Grant, 1991).

In the case of destination planning and development the focus should be on a systematic examination of the resource-based attributes of the destination that provide a unique and inimitable comparative advantage. Resource-based attributes may include climate, location, natural resources, tourism awareness among local citizens, indigenous culture and stakeholders (Eccles, 1995; Wight, 1993). Other comparative advantages may include accessibility, facility/land requirements environmental and carrying capacity constraints, infrastructure and labour availability.

## 2.10 Sustainability and Resources

Sustained value is achieved when the advantage gained resists erosion by competitor behaviour (Porter, 1985). Therefore, the sustainability of a competitive advantage is dependent on barriers to duplication and imitation of a firm's unique skills and resources (Rumelt, 1984). However, those resources that place a firm at an advantage are likely to depreciate over time due to changing consumer preferences and a dynamic market environment (Bharadwaj et al., 1993). Once resources depreciate, become obsolete, or are replicated the profits earned tend to disappear. The speed of erosion depends upon resource characteristics and capabilities (Grant, 1991). Companies are constantly trying to bridge the resource and skill gaps that place them at a disadvantage relative to competitors. To sustain value, managers must consistently maintain pressure at the frontiers, preparing for the next round of competition, through continuous investment in and upgrade of firm resources (Hart, 1997). Consequently, firms have to focus on creating a newer and higher order competitive advantage.

### 2.10.1 Natural Resources

The trend towards sustainable development of natural resources reflects a growing concern for maintenance of environmental quality. Such concern is of direct relevance to tourism where protection and enhancement of the natural resource base, as well as the social and cultural environment are fundamental considerations for lasting profitability. Hart (1997) argues that the resource-based view ignores the constraints imposed by the biophysical (natural) environment. Management theories have, in the past, used a narrow and parochial concept of environment that emphasizes political, social and technological aspects to the virtual exclusion of the natural environment. The "natural resource based view" makes the connection between the environmental challenge and a firm's resources (Hart, 1997). This connection is operationalized through three strategic capabilities: pollution prevention, environmental stewardship and sustainable development (Hart, 1997). Product

stewardship entails integrating "the voice of the environment', (external stakeholder perspectives), into product design and development processes (Allenby, 1999; Fiksel, 1993). As firms are driven to minimize product life-cycle and environmental costs, product-stewardship can create a base from which to build reputation and differentiate products by establishing the firm as an early mover in new (green) product domains.

A natural resource based view has implications for all facets of tourism - policy makers, the industry itself, tourists, affected communities and tourism globally. Policy makers need to provide more explicit support, from all levels of government, for sustainable tourism and the environmental processes that contribute to it. The implication for the tourism industry is that a more environmentally aware clientele can be expected to be more discerning and critical in its selection of accommodation and tourist facilities, with some preferences being based on demonstrated environmental credentials. Tourism corporations operating in residential communities that are exposed to an influx of visitors can expect the community to be more demanding in their insistence on adherence to environmental principles and regulations governing the type, location, design and operation of tourism developments. Through political processes most communities can demand higher standards of tourism development, operation, maintenance and regulation. At the same time the attitudes of local residents may have to change from one of indifference or intolerance to one of welcoming visitors to share the environment that they as stewards, value and enjoy (Pigram, 2000).

## 2.11 Stakeholders as a Resource

Increasingly, corporations are searching for ways to meet the challenges of a weakening traditional management hierarchy. The inclusion of individuals and groups into the decision-making of firms is a response to the emergence of boundaryless companies, where customer's perceptions of their needs and company visions are becoming identical (Harrison and St John, 1996).

Stakeholder theory attempts to provide a framework for understanding the challenge and implications of including these individuals or groups (stakeholders) in corporate decision-making. The key principle of stakeholder theory is that a corporation is given the license to operate by virtue of its social contract with stakeholders (Robson and Robson, 1996). Application of stakeholder theory to any corporation or destination is based on the premise that moral questions, varying from providing equal opportunities to addressing environmental issues, can be answered by business organizations (Robson and Robson, 1996). This being the case, stakeholders can be seen as collectively managing the tourism system. As long as society perceives a benefit to the corporation's existence, it will support its ongoing operation.


Tourism may be perceived as a proactive force that can provide positive returns to the community, while minimizing the costs to the environment and culture. Flagestead and Hope (2000) describe two possible organizational models of community tourism: the corporate model and the community model. Within the corporate model, the destination is strategically corporate driven due to a dominant corporate player. Contrastingly, the community model of organizational structure suggests that local destination management, for political and structural reasons, is mainly concerned with promoting co-operation and the widest possible harmonization of objectives within a destination (Kaspar, 1995). But some researchers believe that stakeholder theory is capable of nurturing a more favourable organizational culture by providing a lens for viewing and interpreting important trends (Harrison and St. John, 1996, Robson and Robson, 1996). Therefore, in the context of this research the inclusion of community stakeholders in corporate operations may

bridge the two organizational models of tourism allowing for a 'harmonization of objectives' in a seemingly 'corporate driven' destination.


## 2.12 Social Capital

Researchers describe social capital as an asset embedded in relationships of individuals, communities, networks or societies that facilitates coordination and cooperation for mutual benefit" (Putnam, 1995, p.67). This asset is defined as the "glue of connectivity that holds relationships together" (Andriof and Waddock, 2002, p.27). Citizens need to identify with the society within which they live and require the freedom to engage in its development. Consequently, business in society can be referred to as investing in social capital (Habisch and Schmidpeter, 2001). Since community problems often affect the efficiency and effectiveness of business activities, corporations must engage in the development of the society in which they want to operate. Meister and Leuth (2001) argue that investing in social capital should become a corporate strategy.

When economic and political negotiation is embedded in dense networks of social interaction, incentives for opportunism are reduced. Dense networks of interaction broaden an individual's sense of self, moving from "I" to "we" while enhancing the participants "taste" for collective benefits (Putnam, 1995). In the case of tourism destinations, those communities who experience a high degree of civic participation and relatively high levels of trust are rich in social capital.


Social capital is a resource that may benefit many members of the community. This resource enables communities to organize and participate in shared problem solving, manage scarce environmental resources and tackle uncomfortable problems that challenge values and beliefs (Putnam, 2000). It includes the characteristics and consequences of interactions. Social capital is concerned with how interaction leads to trust, and ultimately effective collective action.

Often the power dimensions of interactions are neglected. It is important to understand the nature of the interactions taking place and how those

involved feel about them. It is the power dimension that impacts trust and impedes the effective use of social capital (Rohe, 2004). For example, resort corporations who offer the primary source of employment in destination communities are perceived to have a great deal of influence. Community members may perceive environmental and social initiatives as an attempt to co-opt smaller enterprises and community residents.

In some communities there may be a great deal of interaction but little trust. This occurs when community groups and individuals are engaged but perceive their involvement as not influencing the organization or economic system. In this situation, engagement may lead to apathy, cynicism and distrust. Researchers suggest that many corporations and organizations need to do a better job of engaging communities and creating additional opportunities for members once engagement occurs. Rohe (2004) asserts that active group involvement techniques, such as community visioning strategies, role-playing exercises, trust-building and negotiation exercises are more likely to involve community individuals and organizations and maintain their level of commitment.

## 2.13 Stakeholder Theory of the Firm

Stakeholder theory is an organizational framework that can "potentially explain and guide the structure and operations of the established corporation" (Donaldson and Preston, 1995, p.70). The premise of the theory is that 'holders' who have 'stakes' interact with the firm and thus make its operation possible (Blair, 1998). Stakeholder research has primarily focused on identifying who a firm's stakeholders are and the influence they exert. Each firm has a different set of stakeholders that result in unique patterns of persuasion. Therefore, firms respond to the interaction of multiple influences from the entire stakeholder group.

Harrison and St. John (1996) coin the term "web of interdependencies" to describe the complex relationships that reflect increasingly uncertain and competitive environments. In such economic circumstances, bridging

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techniques are needed to build on interdependencies rather than buffer them. Bridging allows for:

- Working closely with customers

- Earlier more complete information about the direction of the marketplace,

- Increasing anticipation of the types of improvements and new products that customers seek from the firm,

- Increasing improvements in the likelihood of success and speed of new product introductions,

- Increasing trust and respect between customers and the firm (Harrison and St. John, 1996).

From the definitions and descriptions reviewed, a destination's organization can be viewed as a set of interdependent relationships among primary stakeholders (Chakravarthy, 1986; Donaldson and Preston, 1995; Evan and Freeman, 1988; Greenley and Foxall, 1996; Hill and Jones, 1992; Jones, 1995, Kotter and Heskett, 1992). From a tourism perspective these interdependent relationships suggest that if a resort corporation's operational decisions affect one stakeholder group then other primary stakeholders will also be impacted due to the synergy that exists between individuals and groups within resort destinations.

## 2.13.1 Corporate Stakeholders

In a competitive marketplace, accurately identifying stakeholders and responding efficiently, effectively and imaginatively to their needs is a key to success in terms of developing a supportive relationship (Cragg, 1996). The most commonly accepted definition of a stakeholder is that of Freeman (1984), where stakeholders are "groups or individuals that can effect or are significantly affected by an organization's activities". Under this definition, a group qualifies as a stakeholder if it has a legitimate interest, (moral, ethical or legal claim) in aspects of the organization's activities, and has the level of power and urgency of claim necessary to effect, or has a stake in, a firm's performance (Donaldson and Preston, 1995; Svendsen, Boutilier, Abbott and Wheeler, 2002).

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Clarkson (1994, p.5) defines primary stakeholders as those who "bear some form of risk as a result of having invested in some form of capital, human or financial; something of value to the firm". From this perspective stakeholders could include customers, suppliers, employees, investors and possibly the environment (Post, Frederick, Lawrence and Weber, 1996). Although, Starik (1995) points out that the ecological environment seems to be given little weight as a stakeholder. In some industries this lack of weight may be related to the relevance, or lack thereof, of environmental issues to the corporate world. As the environment and natural resources become a clearer part of corporate or societal consciousness they take on greater stakeholder prominence. For tourism businesses and destinations the environment is already of major concern since tourism services are either largely, or entirely comprised of physical and cultural resources gained from the environment in which they operate. Tourism companies or organizations are not only held responsible for pollution, as a result of increased visitor numbers, but also for a number of other negative impacts such as increasing housing prices, cultural imperialism and pressures on local services such as water and waste management (Robson and Robson, 1996).

Critics of the stakeholder approach to management argue that the definition of a stakeholder is too broad to be of any practical use to organizations (Banerjee, 2001). However, within tourism destinations, recent literature argues that there is a need to more collaboratively involve all persons affected by proposed developments (Jamal and Getz, 1995; Hunt, 1991; Marsh and Henshall, 1987). Additionally, Clarkson (1995) cautions that failure to retain participation of even a single primary stakeholder group will result in the failure of the organization. Therefore, it is important to consider the interests and perspectives of different stakeholders as defined by the roles that they serve, with regard to the particular initiative at stake. Developing long-term relationships with stakeholders involves a significant amount of time and energy by all parties involved. The goal of achieving sustained value creation implies being able to sustain development through sophisticated planning and

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development strategies combined with the "involvement of all stakeholders, including public/private sector authorities, environmental groups and local communities" (Hassan, 2000, p.240). In addition, relationships must be nurtured to ensure that concerns, goals, values and responsibilities are understood and incorporated into the corporation's strategic framework (Goodpaster, 1991). The stakeholder approach to management provides a theoretical foundation from which to explore the extent of the relationship between community stakeholders and a mountain resort corporation. If the corporation has invested resources to build relations then the literature asserts that the company will create sustained business benefits.

## 2.13.2 Engagement

Stakeholder engagements and partnerships are defined as "trust-based collaborations between individuals and/or social institutions with some common objectives that can only be achieved together" (Andriof and Waddock, 2002, p.42). A firm's critical resources extend beyond firm boundaries to include the network of relationships in which the firm is embedded. Therefore, as Dyer and Singh (1998) suggest a pair or network of organizations can develop collaborative relationships and strategies that result in a sustainable competitive advantage.

However, such collaborative strategies depend on the establishment and maintenance of social capital (Andriof and Waddock, 2002, Nahapiet and Ghoshal, 1998). Tourism destinations reflect a network of businesses, residents and community groups. Destinations and tourism corporations that develop collaborative relationships, based on trust and integrity, will achieve common goals related to competitive advantage.

### 2.13.3 Power and Influence

A stakeholder theory of the firm requires an understanding of the nature of stakeholder influence and the ways in which firms respond to those influences. Stakeholders are no longer perceived from a corporate-centric perspective as subjects to be managed. Instead, through the process of engagement, stakeholder interests, interdependence and power are legitimised (Andriof and Waddock, 2002). Ambler and Wilson (1995) demonstrate that firms do not just respond to each stakeholder individually, rather the response is to the interaction of multiple influences from all stakeholders.

Power is generally defined as the ability to impose or advance one's will or personal interest. Pfeffer and Salanciek (1978) comment that "power may be tricky to define, but not difficult to recognize: [it is] the ability of those who possess power to bring about the outcomes they desire" (1974, p.3). Other researchers characterize power as the ability of a stakeholder to absorb the impact of uncertainty from the organization (Clements and Gallagher, 2002). This ability is influenced by the incentives an organization offers to balance the contributions of their stakeholders (Hill and Jones, 1992).

Power has two dimensions: the reciprocal nature of power over and responsibility for, and an actual ability to translate proposals into concrete action (Ryan, 2002). These are related. The power to deliver action implies that the subordinate accept the primacy of the dominant, but for this to happen a mutual advantage must exist (Ap, 1992). Where power imbalances exist, they can be overcome through the involvement of all stakeholders in a collaborative process that presents the best chance of meeting everyone's needs. In Reed (1997) and Jamal and Getz (1995) the argument is made that power relations may alter the outcome of collaborative efforts and can even preclude collaborative action. Attempts to disperse or balance power differences among stakeholders can lead to conflict, as those who traditionally hold power resist its redistribution. However, power relations that favour tourism will gain recognition as the nature and structure of the community itself changes through alterations in demographic composition, economic base and policies at higher levels of government (Reed, 1997, p.567).

Jamal and Getz suggest, "power imbalances and legitimacy issues related to stakeholders can inhibit both the initiation and the success of collaboration" (1995, pp.190-91). Mitchell, Bradley and Wood (1997), explore the implications of legitimacy and power from a resource dependency perspective. In their view, power accrues to those who own or control access to the resources needed by an organization. Accrual creates power differences among parties and confirms the fact that possession of resource power makes a stakeholder important to managers. In the case of a resort destination, resources that may be needed by an organization to achieve its goals are labour, housing and accommodation, rental agencies and tour operators.

Therefore, a power perspective suggests it is important to assess the relative power balance between stakeholders and the company so that the firm can gain legitimacy from their stakeholders and so that interaction can be mutual (Andriof and Waddock, 2002). This concept lends credibility to the rationale for stakeholder theory (Figure 5). The interview questions for this research study will attempt to determine the power balance between a mountain resort corporation and its community stakeholders. If the balance of power lies within the corporation then the firm will struggle to gain legitimacy from its stakeholders. Environmental and social management strategies implemented by the company will be perceived as an attempt to co-opt community stakeholders.
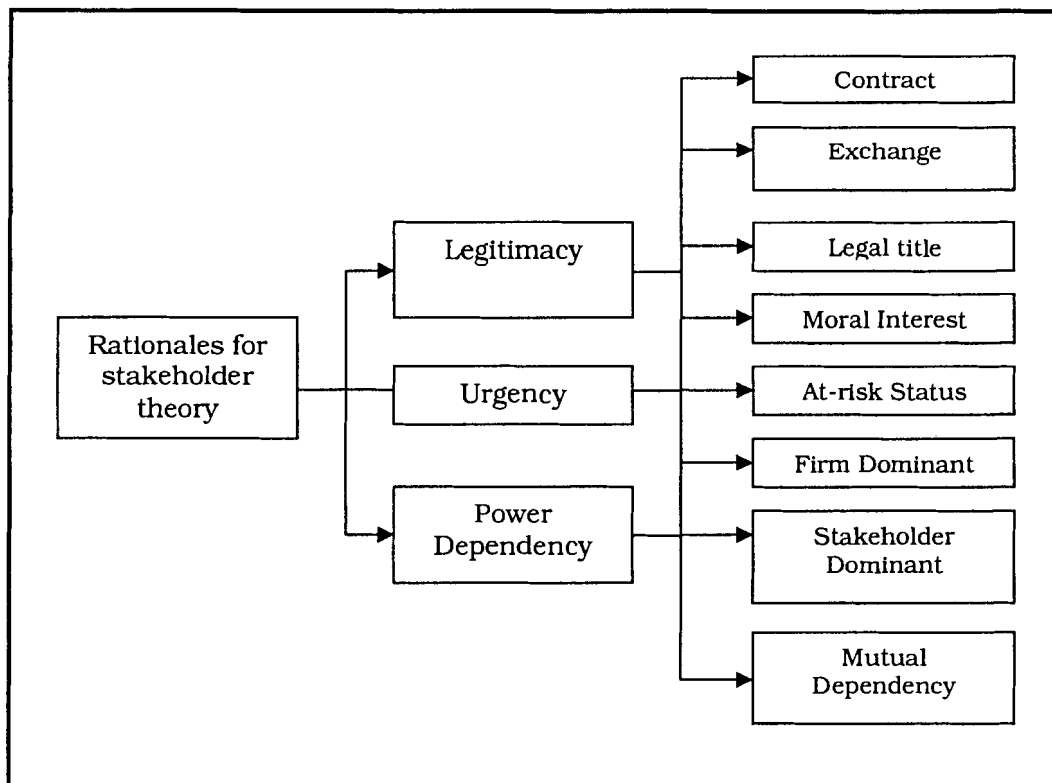
Figure 3: Rationale for Stakeholder Theory (adapted from Andriof and Waddock, 2002).

## *Power, Legitimacy, Urgency and Durability*

The question of who gets priority as a stakeholder has not yet been thoroughly explored in the literature. There is no agreement on what Freeman (1984) calls 'The Principle of Who or What Really Counts'. However, Mitchell et al. (1997) argue that the level of salience a stakeholder holds depends on managerial perceptions of whether the stakeholder possesses certain attributes: power (the stakeholder's power to influence the corporation), legitimacy (relationship with the corporation) and urgency (the extent to which stakeholder demands require immediate attention). Power is transitory and can easily be lost, especially if the activities that a stakeholder is engaged in are seen by society as being illegitimate. If a stakeholder has power and legitimacy then it also has authority. It is possible for a stakeholder to be given legitimacy but no power. Therefore, unless the stakeholder can force its will in the relationship it does not have any authority. The third attribute of urgency promotes access to

decision-making channels. In combination with legitimacy and power, urgency can trigger reciprocal acknowledgement and action between stakeholders and managers. However, a stakeholder can only have salience for an organization if it recognizes its power and is willing to exercise it (Mitchell, Bradley and Wood, 1997). Clements and Gallagher (2002) introduce a fourth stakeholder attribute, durability. In the context of stakeholder attributes, durability represents the ability and likelihood of the stakeholder to continue to demand inducements from the organization. This attribute is a temporal dimension of stakeholder interaction and helps to address long-term stakeholder management issues. Durability provides a framework for explaining the continued dominance of shareholders as stakeholders. It "highlights the stakeholders that managers must continually confront" (Gioia 1999, p.228). Attributes are viewed as being more representative of reality if they are described on a continuum rather than being simply absent or present.

Manager's perceptions of stakeholders form the critical variable in determining organizational resource allocation in response to stakeholder claims. Research suggests that companies engage most directly with those stakeholders that exert significant pressures rather than simply for the sake of engagement or out of a values-based orientation (Andriof and Waddock, 2002).

Fully understanding the power and significance of a single company-stakeholder link requires knowing the structure of the larger network in which the link is embedded (Svendsen, Boutilier, Abbott and Wheeler, 2002). Rowley (1997) describes how a stakeholder group that has a single link with a company has more influence on the company if it also has links with multiple other stakeholders. Linkages among stakeholders themselves can prevent any use of divide and conquer strategies attempted by the firm. For example, in the case of Whistler, British Columbia a strong community stakeholder group that is linked to government and non-governmental regulatory agencies, local residents and businesses, and political councils reduces the influence Intrawest Corporation could have on development projects.

Within a destination community, environmental or resident groups are mostly concerned with quality of life issues. Conversely, local entrepreneurs

often voice concerns related to balance of power issues -opportunities for corporate versus local investment (Reed, 1997). In emergent and developing tourism settings, it is possible that the lack of institutions supporting tourism may allow conventional power holders in the community to retain their influence. However, if the tourism system is highly fragmented as Shaw and Williams (1994) suggest, the implication is that no one organization or individual can have direct control over a destination's development process (Jamal and Getz 1995).

## 2.13.4 Stakeholders and Performance

Andriof and Marsden (1999), as well as Preston and Post (1975), contend that firms have a ripple effect on society. All firms have economic, environmental and social impacts, which Elkington (1997) refers to as "triple bottom line" effects. An adaptation of Svendsen's (1998) stakeholder model of business value creation (Figure 6) considers financial, environmental and social performance in an integrated fashion, demonstrating how a company can adapt its strategy to improve corporate performance and maximize stakeholder benefits. This model provided the basis for some of the assessment questions regarding the influence of community stakeholders on a firm's environmental strategy.

Businesses that can establish a culture of trust and integrity (social capital) with stakeholders, may experience customer or supplier loyalty, increased brand loyalty, reduced turnover among employees, reduced shareholder risk and improved firm reputation (Svendsen, 1998). In addition, there are often more benefits for the community in the form of better services, increased job opportunities and richer networks for both citizens and the community (Zadek, 2000).

Figure 4: Business Value Creation Strategy (adapted from Svendsen, 1998).
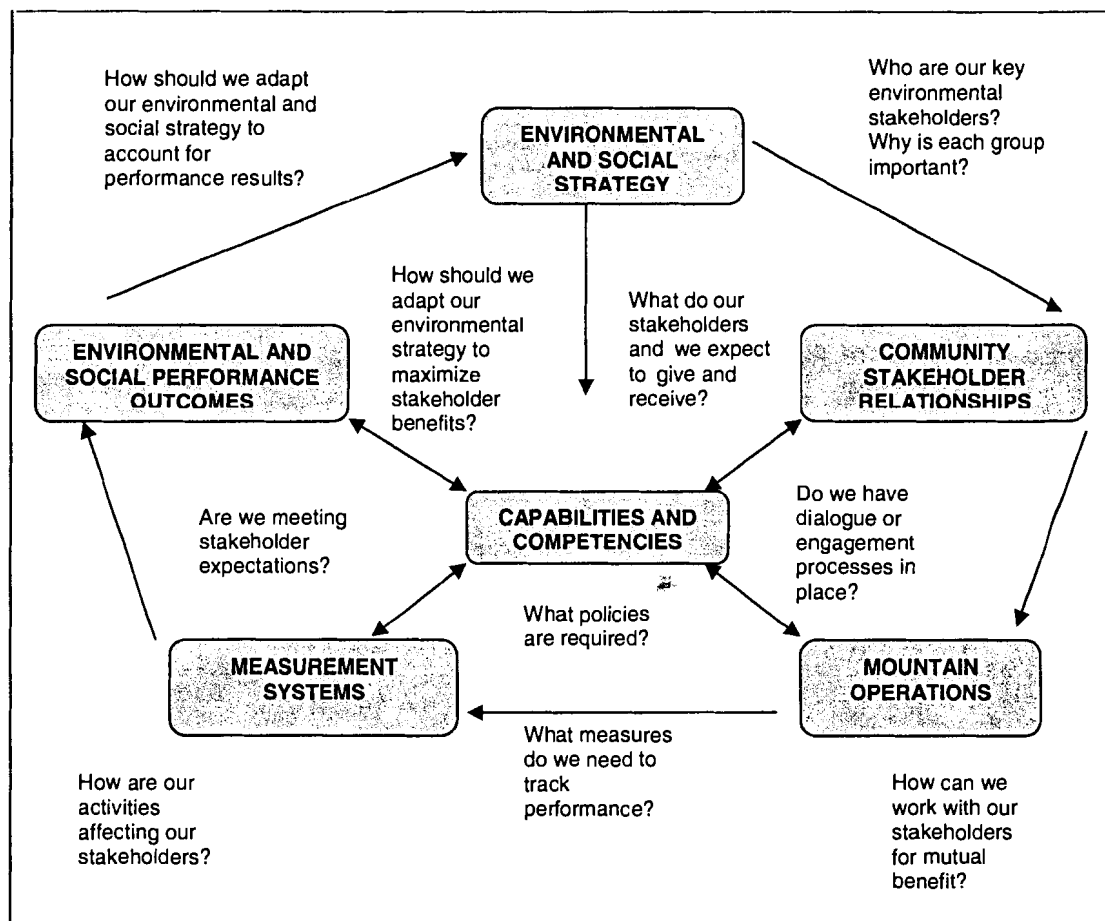
Reflecting on the importance of relationships Smeral (1998), notes that when products become commodities, economic factors become more or less equal across competitors. Price, quality and service can no longer be viewed as differentiators or drivers of advantage. Instead, advantage is gained from leveraging intangible assets such as brand awareness, reputation and relationships. Hassan (2000) suggests that relationships and alliances strengthen the capacities of local communities and transform local economies in a sustainable way that is beneficial for the environment. He proposes a relationship-based paradigm of sustainable tourism that incorporates ecological protection, cultural/heritage preservation and economic development. Stakeholders from non-government agencies, the public sector and the private sector are invited to participate with community members.

Effective stakeholder management, as measured by the reciprocal benefits received from the firm to the stakeholders and the stakeholders to the firm, leads to an increase in shareholder wealth and improved financial performance (Hillman and Keim, 2001). To date, most of the support for stakeholder inclusion leading to increased financial performance is anecdotal. The relationship has yet to be substantiated by strong empirical evidence. Researchers such as Kaplan and Norton, (1996); Legnick and Hall, (1996); and Atkinson *et al.* (1997) argue that the drivers of financial performance are the loyal relationships that a firm develops with its customers that shape customer relations and impact customer service. Successful partnerships with stakeholders create value added benefits of increased manufacturing efficiency, increased product success rates, reduced litigation and negative publicity, as well as favourable regulatory policies. Additionally, stakeholder inclusion improves a firm's ability to predict changes in the external environment, leading to enhanced efficiency and, or, reduced costs, improved profitability and increased firm value (Svendsen, 1998).

In recognition of the debate concerning the cause and effect relationship between stakeholder inclusion and financial performance, Waddock and Graves (1997) suggest that perhaps the wrong research question is being asked. Past research has focused on the question "Is financial performance related to social performance? Waddock and Graves (1997) view financial performance as a measure of the way in which stakeholders are treated. The quality of key stakeholder relationships is related to the overall quality of the management of the firm. As such, these researchers focus on the proposition that social performance leads to improved financial performance, and that better financial performance leads to social performance.

Social performance reflects the ability of the corporation to 'do good'. In the early 1990's the concept of social responsibility or corporate citizenship was a response to legal requirements. Now the concepts are integrated and interactive. Logan et al (1997) describe corporate citizenship as a multifaceted concept that brings together the self-interest of business and its stakeholders

with the interests of society more generally. Therefore, if a resort corporation engages in operational activities that reflect the interests and values of its community stakeholders the company's social performance will increase, which will lead to better financial performance.

## 2.14 Corporate Social Responsibility

The forces driving corporate citizenship or corporate social responsibility are globalization and competition, increased size and influence of companies, the repositioning or retrenchment of government and its roles, the rise of activism around global issues, the war for talent and the increased importance of intangibles to business success (Zadek, 2000). Corporate citizenship can also act as an indicator of a firm's commitment to the management strategy of corporate environmentalism. Within the corporate citizenship framework, corporate responsibility provides an opportunity for the firm to focus on improving the quality of life within the corporate community and beyond (Banerjee, 1998). Therefore, the firm could be perceived as a social institution, implying a social contract between the firm and its stakeholders. Bowen (1953, p.6) argues "businessmen have an obligation to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society".

Corporate social responsibility incorporates the interaction between principles of social responsibility, the processes of social responsiveness and the policies and programs designed by corporations to address social issues (Wartwick and Cochran, 1985). Participating in social issues not related to the firm's direct relationship with primary stakeholders might not create value for shareholders. Although important to some, when social issues are not linked directly to stakeholders, there is no basis for value creation. Implementing a social issue participation strategy should be considered within the corporate strategy as it can come at the cost of foregone opportunities to increase shareholder value (Hillman and Keim, 2001).

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### Components of CSR

Corporate social responsibility has four components: economic responsibility to investors and consumers, legal responsibility to the government and the law, ethical and discretionary responsibility to society (Caroll, 1979). Socially responsible corporations seek to balance their obligations to shareholders with obligations to other stakeholders (Cragg, 1996). This balancing often requires management to make decisions that seem to be in conflict with wealth maximization. However, the indirect benefits of positive impact on morale and less costly mistakes are in keeping with the goal of maximizing profits. Additionally, those companies that use an ethics based approach to management are more attractive to motivated and well-qualified employees (Willard, 2003).

Emerging corporate citizenship or social responsibility practices offer new and more effective ways of solving and preventing environmental problems through collaboration and resilient partnerships that benefit both businesses and the communities. This perspective is becoming increasingly evident within the tourism industry. Resort corporations are forming partnerships with non-government agencies to address environmental challenges within the resort destination. These partnerships allow for a cross-fertilization of thinking, leading to more creative resource management strategies.

Corporate citizenship involves (Banerjee, 1998; Hart, 1995):

1. Managing an organization's relationships with society so as to minimize negative impacts and maximize positive benefits,

2. The operation of business in a way that meets or exceeds societies ethical, legal, commercial and public expectations and

3. Practices that meet a company's responsibilities to its stakeholders, including employees, shareholder's customers and suppliers as well as to the community in which it is located.

The concept of social performance is separated into two components: stakeholder management and social issue participation (Waddock and Graves, 1997; Clarkson, 1995; Swanson, 1995; Wood, 1991). The distinction between the two pertains to their roles in the firm's value creation process. Building better relations with primary stakeholders like employees, customers, suppliers, and communities can lead to increased financial returns by helping firms develop intangible but valuable assets which can be sources of competitive advantage (Waddock and Graves, 1997). Examples of such intangible assets are the execution and quality of corporate strategy, credibility, innovativeness, management experience, research leadership and quality of business processes. The attempt to link socially responsible behaviours to either market or accounting based measures of firm performance have been mixed. Clarkson asserts that the "survival and continuous profitability of the corporation depends upon its ability to fulfil its economic and social purpose, create and distribute wealth or value, sufficient enough to ensure that each primary stakeholder group continues as part of the corporations stakeholder system (1995, p.107).

Waddock and Graves (1997), make the argument that corporate social responsibility reflects the relationship between a firm and its primary and possibly, its secondary stakeholders. Firms operate on a routine basis with, and through, their primary stakeholders to affect their strategies. The normative view of stakeholder management supports the idea that corporations have responsibilities towards their stakeholders. Each stakeholder group has a right to be treated as an end in itself and not a means to an end. Also, it is the responsibility of management to obtain optimal benefits for all identified stakeholders, without giving priority to one stakeholder. Ideally, consideration should be given to each stakeholder regardless of the relative power or interest held by each (Hillman and Keim, 2001). Firms are responsible to a variety of stakeholders who not only have a vested interest in the performance of the firm, but also are also dependent on the activities of the firm (Freeman, 1984; Evan and Freeman, 1988).

Focus is shifting away from discretionary activities (philanthropy, volunteer activities) toward a range of critical stakeholder relationships with employees, customers, communities and the environment as well as shareholders or owners (Waddock and Graves, 1997; Wood and Jones, 1995). For example, in the tourism industry firms are building relationships with environmental non-government agencies who are putting pressure on the organization to engage in environmentally sound business practices.

Rondinelli and Berry (2000) outline eight environmental citizenship activities that once understood, assist stakeholders to work more effectively to disseminate and expand successful social responsibility approaches that contribute to sustainable development (*Figure 6*). Social responsibility can be pursued by both external and internal means. However, corporations commit far more resources to internal management practices that generate financial returns and produce beneficial environmental results (Rondinelli and Berry, 2000).

In the case of a resort corporation, unless the business advantages as well as the social values of sustainable environmental practices are perceived, and the values are internalized, the company is unlikely to integrate proactive environmental management practices into their overall business strategy (Rondinelli and Berry, 2000, p.81). Therefore, within the parameters of this research, it will be important to assess whether or not the business benefits of sustainable practices are recognized and social values internalized.

| Activities | Programs | Impacts | Results |
|---|---|---|---|

**Activities:**
- Employee incentives for participation
- Voluntary Support
- Stakeholder Relationships
- Alliances and partnerships

→ **Externally Oriented** →

Impacts (Externally Oriented):
-Employee investment and participation in community environmental projects.
-In-kind support to environmental groups
-Educational programs on environmental issues.
-Preservation and conservation of natural habitats, wetlands and forests.
-Protection of endangered species
-Preservation of bio-diversity
-Remediation of environmental degradation.

**Activities:**
- Enhanced regulatory compliance
- Pollution Prevention
- Materials reduction, reuse, recycling
- Technological Innovation
- Resource Conservation

→ **Internally Oriented** →

Impacts (Internally Oriented):
-Regulatory compliance
-Reduction of emissions
-Development cleaner technologies
-Waste management initiatives
-Use of environmentally friendly products
-Conservation of energy, water and land resources.

**Results:** Sustainable Development Goals

Figure 5: Environmental Citizenship Activities (Adapted from: Rondinelli and Berry, 2000).

## 2.15 Benefits of Social Responsibility

Proactive environmental management allows for lower costs, fewer liabilities and risks, more efficient operations and increased reputation and brand loyalty (Willard, 2003). With the shrinking role of government in community activities, expectations of corporations, from both the public and the shareholders, to deal with complex social and economic issues in the community, where businesses operate, have risen dramatically over the past decade. Corporations are learning that many consumers and business customers often seek to align themselves with firms that have a reputation for social responsibility

The threat of tougher legislation and rising costs of environmental compliance are possible motivating factors for firms to incorporate environmental concerns within their management strategies. Because corporations are liable for present and future damage to the environment and are obligated to disclose all potentially significant environmental risks (Banerjee, 1998), the cost of compliance can be prohibitive in the short-term, making it more beneficial to be proactive and preventative.

Increasingly, social responsibility for the environment is making good business sense. In the resort industry, those firms who commit to environmental conservation often observe a decrease in costs associated with risk management and development approvals. Capon, Farley and Hoenig (1990) suggest that social responsibility leads to a better performance. Additionally, they provide empirical evidence to demonstrate support for the positive relationship that emerges between environment and performance (Hart, 1995, p.8). Environmental responsibility can provide indispensable goodwill among employees, customers, clients, suppliers, shareholder, community regulators and other stakeholders. If an environmental group is an ally of a firm they can champion a firm's enviropreneurial strategies, acting as an advocate and cost-efficient marketer.

Developing green alliances (collaborative partnerships between businesses and ecological groups to pursue mutually beneficial goals) can present many opportunities for businesses, environmentalists and government. Alliances can facilitate corporate negotiations with regulators and government concerning natural resources, offering opportunities for self-regulation (Hartman and Stafford, 1998). Another advantage of green alliances is that they can help with compliance and address green problems before rigid and more costly government mandates threaten market position. However, for alliances to be effective, an intensive commitment is required on the part of all players as a significant investment of time, energy and emotion is required (Hartman and Stafford, 1998). For example, many firms within the tourism industry are

developing alliances with environmental action groups in order to benefit from a cross-fertilization of thinking. This alliance helps the company understand the steps it needs to take in order to address environmental problems as, or before, they occur rather than the NGO's seeking government intervention.

Porter (1995) suggests that environmental programs, such as waste management and life-cycle management, can improve corporate operational efficiencies. But in order to do so, companies need to practice corporate stewardship.

Corporate stewardship is a form of responsibility where a firm's production processes are refashioned to consume fewer environmentally harmful or resource-depleting raw materials and products (Gibson and Peck, 2000). Wastes are reused and reengineered for easy disassembly, reuse and recycling. The emergence of the 'life-cycle perspective' is starting to have a profound impact on how the environmental performance of companies is judged by a variety of stakeholders (Gibson and Peck, 2000). The environmental record of a firm bears strongly on its desirability of stock and access to credit (Hartman and Stafford, 1998). There is a growing conviction in the financial community that companies with strong environmental management systems tend to be better managed than most perhaps because they are more aware of and responsive to the business and environmental climate in which they operate (Gibson and Peck, 2000, Waddock and Graves, 1997). Life cycle management is an integrated systems approach to minimizing the environmental burdens, risks and costs associated with a product or service over its lifecycle. This approach can involve major changes in corporate culture, relationships among key suppliers, producers, retailers and consumers in order to achieve a more comprehensive and integrated redesign of products and processes (Gibson and Peck, 2000). Through the use of environmental practices businesses are able to increase their reputation with consumers, suppliers and investors. Those businesses that engage in "green-washing" without making genuine changes to business practices and philosophies could experience long-term damage to their performance. This research study will explore the changes in business

practices of a mountain resort corporation as they pertain to on-mountain operations. The extent of the corporation's environmental and social initiatives will assist in determining the degree to which environmentalism is a business priority.

## 2.16 Assessment Framework

The following table provides a framework for assessing the nature of community stakeholder relations with corporations and the influence of these relationships on the environmental strategies of resort corporations. This framework is derived from key research findings described in the literature review and guides the qualitative interview questions presented in Appendix E.

**Table 1: Assessment Framework**

|  | Themes | Assessment Criteria |
|---|---|---|
| **Competitive Strategies** | Destination Competitiveness | • What is the purpose of your organization? |
|  | Destination Competitiveness | • What are the effects of increasing competition on this destination? |
|  | Corporate Alliances, Destination Competitiveness | • What alliances or partnerships has this corporation formed with other business entities in order to streamline services and gain market share? |
|  | Corporate Alliances | • How are these alliances being maintained? |
|  | Corporate Social Responsibility | • What are some societal demands on this destination? |
|  | Corporate Environmentalism | • In what ways is the environment integral to the success of this destination? |
|  | Corporate Environmentalism | • What are the environmental and social strategies of this resort corporation? |

| | Power and Influence | • Who had, and has, the most influence on development and culture of this destination? |
|---|---|---|
| **Corporate Resources** | Destination Competitiveness | • How is the corporation/destination addressing increasing competition from other world-class destinations? |
| | Resources as a Source of Competitive Advantage: Valuable, rare, non-substitutable, inimitable. | • What human, physical and natural resources does this corporation/destination possess that could provide long-term competitive advantage? |
| | Resource-Based View of the Firm | • How do the corporation's resources and capabilities enable the firm to respond to environmental threats and opportunities? |
| | Sustainability of Resources | • How does the corporation enhance and maintain these resources? |
| | Resources as a source of competitive advantage | • What environmental resources does the corporation exploit in order to remain competitive? |
| | Corporate Environmentalism | • How would your resources be utilized differently if the corporation were more environmentally focused? |
| | Sustainability of Resources | • How quickly is the corporation or destination's resources depreciating? |
| | Resources as a Source of Competitive Advantage | • Who captures the value the resources and capabilities create? |
| | Resources as a source of competitive advantage | • What are the challenges of integrating the firm's available resources? |

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| | Corporate Environmentalism | • In what ways is the corporation: compliance based and prevention based in determining business practices and policies? |
|---|---|---|
| **Corporate Relationships** | Stakeholder Theory of the Firm | • Who are the stakeholders that this corporation/destination presently considers? |
| | Stakeholder Theory of the Firm | • How do the expectations of stakeholders fit with the firm's mission? Are there any conflicts of interest? If so, how are they resolved? |
| | Stakeholder Theory of the Firm, Business value Creation | • Does the firm have a stakeholder strategy that is a major component of the overall corporate strategic plan? |
| | Corporate Social Responsibility, Stakeholder Theory of the Firm | • What do your stakeholders request of the firm/destination? And how, and in what ways, does the corporation/ destination respond efficiently and creatively to these needs? |
| | Business Value Creation Strategy | • What are the short-term and long-term value-added benefits of stakeholder involvement? |
| | Stakeholder Theory of the Firm Resource-Based View of the Firm | • What qualities and assets must the stakeholder group possess in order to be perceived as integral to the workings of this corporation? |
| | Power and Influence | • Which group or individual has the most impact on the performance of the corporation? |
| | Power and Influence | • Do you give priority to one stakeholder more than another? Why? |
| | Commitment, Responsiveness, Transparency | • What would be needed to build a stronger, more collaborative relationship? |
| | Power and Influence | • Which stakeholders does the corporation affect the most? |

| | | |
|---|---|---|
| | Commitment, Responsiveness, Transparency | • How does the firm demonstrate that it is committed to building and maintaining relationships with stakeholders? |
| | Stakeholder Perception | • What do your stakeholders think and expect of you? How is this communicated? |
| | Commitment, Responsiveness, Transparency<br><br>Corporate Social Responsibility | • What would you need to change in order to more fully meet the needs of your stakeholders? |
| **Corporate Performance** | Stakeholders and Performance | • Give examples of where the firm has changed negative organizational and environmental perceptions, due to good relations with stakeholders? |
| | Benefits of Inclusion | • How do the relationships that this corporation has nurtured assist in efficiently meeting changing consumer demands? |
| | Stakeholders and Performance | • Do the relationships offer large, moderate or limited opportunities for competitive advantage? Describe the possible opportunities. |
| | Stakeholders and Performance | • Does the corporation quantify benefits of stakeholder inclusion? |
| | Resources as a Source of Competitive Advantage | • Give examples of how you and your stakeholders have uniquely combined resources to realize an advantage? |

## 2.17 Conclusion

The process of globalization is dynamic and complex. Destinations are responding to increasing levels of competition, changing consumer demands and increasing environmental awareness and regulation through adoption of corporate strategies that allow for sustained value creation. The most common strategies that are being employed by corporations within the tourism industry are the formation of alliances and partnerships, with not only suppliers but also with competitors; leveraging of resources and capabilities and the development of relationships with those groups or individuals that have impact on, or are impacted by, the corporations activities. Those tourism corporations that adopt a corporate environmental approach to operations will have a greater opportunity for creating value and ensuring longevity of the natural physical and social environment within which they operate.

# 3 RESEARCH METHODS

This chapter describes the research design and methods used to conduct this study. Two qualitative research methods were used to examine the influence of community stakeholders on the corporate environmental strategies of a mountain resort destination. A literature review and a case study of Intrawest: W/B. The study was conducted from the perspective of the corporation. The following sections describe the literature review, the rationale behind the selection of a single case study, the reasoning behind the selection of Whistler and W/B (Intrawest) as the participants, the interview methods, the data analysis and the strengths and weaknesses of the study design.

## 3.1 Research Objective and Questions

This research qualitatively investigated how community stakeholder inclusion and the process for inclusion shape the environmental management strategies of a mountain resort corporation. Specifically, the research explored the management implications of community stakeholder relationships from the perspectives of Intrawest Corporation and Intrawest: Whistler-Blackcomb Resort.

Six more applied research questions guided the study within the context of W/B:

1. What are the environmental management strategies of Intrawest: W/B?

2. What are the motivating factors for W/B to include stakeholders and how are these motivating factors related to the triple bottom line?

3. Who are the community stakeholders that W/B interacts with regarding its environmental and social strategies?

4. How does community stakeholder's engagement occur, and how does W/B decide whom to engage?

5. What are the characteristics of the relationship between W/B and its community stakeholders?

6. What lessons have been learned from the inclusion of stakeholders that have been incorporated into the broader environmental strategies of W/B?

## 3.2 Research Method:

This research qualitatively examined the influence of community stakeholder inclusion on the environmental management strategies of a mountain resort corporation. Community stakeholder inclusion was analysed from the perspectives of Intrawest: Whistler- Blackcomb. Using a single case study approach, the data collection methods included a secondary document review and in-depth interviews with management personnel from both W/B Resort and the community of Whistler.

### 3.2.1 Qualitative Approach

In this study qualitative research techniques were used to capture data on the perception of local actors "from the inside". The approach is known as interpretative research where the "main task is to explicate the ways [in which] people in particular settings come to understand, account for, take action and otherwise manage their day-day situations" (Miles and Huberman, 1994, p.7). The study explored complex, in-depth information concerning the reasons for, and process of, stakeholder inclusion as well as the influences of such on corporate environmental strategies. This approach to qualitative inquiry permitted the researcher to legitimately report on perceptions, experiences, and insights. Judgement and persuasion by reason were deeply involved in the analysis. "In qualitative research the facts never speak for themselves" (Shaw, 1999, p.15). In this case study the researcher interpreted the intentions,

meanings and actions of the study participants in the context of the research constructs established in chapter two.

### 3.2.2 Case Study Approach

The research also utilized a case study to address its research questions. A case study approach is an appropriate research method when the researcher is trying to attribute a causal relationship. Yin (1993, p.59) describes the case study method as "investigating a contemporary phenomenon within its real life context, [while addressing] a situation in which the boundaries between the phenomenon and the context are not clearly evident". A case study investigates an "individual, institution, community or group to answer specific research questions and which seeks a range of different kinds of evidence that is abstracted and collated to get the best possible answers to the research questions" (Gillham, 2000, p.1)

For the purpose of this research an in-depth case study was conducted at Intrawest Corporation: W/B between July 2003 and March 2004. A single case study was deemed appropriate given the resource and time constraints of the research. While richness of study and depth of interpretation are advantages of case study research, a potential limitation is that of transferability of findings. However, because the literature from corporate environmentalism and stakeholder relations was drawn upon for interpretation and guidance certain lessons from this case are supported by existing knowledge. Therefore, the literature lends validity to the research findings and this case may increase the learning opportunities of other resort organizations.

## 3.3  Case Study

### 3.3.1  Rationale of Site

Intrawest's W/B resort operations was chosen for the case study due to its convenience and the recognition that the company has received over the past five years for the development of its environmental strategies, as well as its efforts to build stakeholder relations. The corporation's environmental management team was receptive and supportive of the research and W/B's senior management were interested in exploring the subject. They were particularly interested in the research findings and their potential implications for the parent Intrawest Corporation and it's Resort Operations Group. Lastly, Intrawest is one of the top ski companies in North America and may share some similarities in regards to resort setting, operations and environmental activities with other resort corporations in North America. The corporate environmental strategies of other mountain resort organizations will be examined in future research by Gill and Williams (forthcoming) as part of a larger research project – Corporatization and Environmentalism of Places, building on the W/B case study findings.

### 3.3.2  Context and Background

Whistler and Blackcomb mountains are located just over 100 kilometres northeast of Vancouver, British Columbia in the Coastal mountain range. Prior to March 1997, Whistler Mountain and Blackcomb Mountain were separately owned ski areas. In 1997 Whistler Mountain Ski Corporation, which owned Whistler, and Intrawest, which owned Blackcomb, merged to become one of the biggest mountain resort complexes in the world. After the merger, the ski area covered over 7000 hectares making it the largest in North America.

Intrawest Corporation, W/B's parent organization, claims that its ability to combine expertise in the planning, design, construction, operation and marketing of facilities on mountains with villages at their base is unique in North America (Intrawest, 2003). Intrawest owns, or is involved in, "a network

of resorts ranging from the tops of towering mountains to championship golf courses and pristine beaches. Intrawest "playgrounds" offer the allure and beauty of nature, with the promises of experiences to last a lifetime" (Intrawest, 2003).

Included in Intrawest's network of resorts are 14 mountain destinations located throughout North America and Europe, as well as two warm weather resorts in the United States. A key component to Intrawest's success is the six, four-season, resort villages owned by the corporation. One of these village complexes is managed by W/B.

W/B resort is idyllic in its setting and has received more accolades for conducting sound sustainable practices and building positive stakeholder relations than any of the other Intrawest resorts. In the early 1990's W/B began implementing environmental and social initiatives in the hopes that they could convince the government and the public that the most urgent problems within their resort were being addressed and that regulatory efforts required to address remaining concerns were not needed. At that time, the most significant environmental accomplishment was the development of an environmental management system (Todd, 1994) and the adoption of the National Ski Areas Association Sustainable Slopes Framework. In 2000 W/B participated in a successful and award-winning community-wide pilot project called *Whistler Its our Nature.* The project was conducted by Natural Step Canada and was initiated by key stakeholders within the Whistler community who were interested in working together to create a vision and plan for a more sustainable Whistler. This study's research was conducted during the time that Intrawest Corporation was initiating the development of its own corporate sustainability policy. Therefore, the researcher was able to gain further insight into the organizational culture and business priorities of Intrawest with respect to its corporate environmental initiatives.

## 3.4  Researcher Role and Biases

In qualitative research the researcher's role is to gain a holistic overview of the culture and context under study (Shaw, 1999).  Miles and Huberman (1994) note that a qualitative researcher does not have to attempt to keep objective distance between oneself and the subject because the researcher is the primary instrument of data collection.  In this case study, the researcher's personal experiences and values may have shaped the interpretation of the research findings and the way in which these were presented.  Additionally, the researcher's education in resource and environmental management provided her with opportunity to embrace a broader definition of corporate environmentalism and social responsibility that extends beyond that of profit motivation.  This researcher's willingness to volunteer for community and corporate environmental initiatives also provided her with more in-depth access and openness to the opinions of study participants.  In combination, these factors shaped the findings reported.

Finally, the researcher participated in the development of a corporate sustainability policy for the Resort Operations Group of Intrawest.  This participation occurred after the interviews and research findings were completed.  The policy development provided valuable insight for offering recommendations to W/B and Intrawest with respect to furthering corporate environmentalism and stakeholder inclusion.

## 3.5  Study Ethics

This research study involved ethical issues pertaining to the consent, right of privacy and protection from harm of subjects who were interviewed. Several measures were used to protect the rights of the organization and those interviewed.  Firstly, the university ethics committee approved the research study and interview questions (Appendix A).  Secondly, the research objectives and use of the data were articulated verbally and in written format to all interviewees prior to the start of the interview (Appendix B).  In addition, it was emphasized that participation was voluntary and identifying data would only be

utilized with the permission of the interviewee. When finalizing the report, permission was requested, in writing, to cite responses and to identify the speaker. Throughout Chapter 4 interview responses are written in italics and interviewees are identified for those comments that were specific to the individual. In cases were the respondent is not identified it is either because the comment was reiterated by more than one respondent or the interviewee prefers not to be identified.

Informants were asked whether interviews might be recorded (all agreed) and their wishes concerning confidentiality were honoured in the reporting of information (Appendix C). Finally, all interviewees were provided with the contact details of the academic research supervisors (Appendix D).

## 3.6  Data Collection

### 3.6.1  Secondary Information Sources

*Literature Review*

A review of existing literature on stakeholder theory, sustainability and corporate environmental strategies provided the framework from which the research questions were developed and the case study findings were assessed. In addition, a content analysis of local Whistler newspapers provided a history of development, key events and controversial issues within the community.

*Secondary Documents*

Secondary documents specific to W/B were also examined. These included the corporate policies of Intrawest: W/B, operational documents and award submissions.

### 3.6.2 Primary Information Sources

#### 3.6.2.1 Participant Observation

Participant observation offers the researcher an opportunity to gain an "inside' perspective of the social group under study. Yin (1994) suggests that spending time at a case study site is often useful in providing additional information about a topic of study. This researcher participated in community activities as a member of W/B's HIT team. As an active participant during these environmental stewardship activities, the researcher was afforded access to information, opinions and other tacit knowledge that would otherwise not have been available. Observing the views of community residents and NGO representatives towards W/B and its environmental strategies and stakeholder relations provided a valuable perspective of the company's image within the community.

At the conclusion of the research project the researcher was employed by Intrawest to develop a corporate sustainability policy for the Resort Operations Group. This process offered valuable insights into offering recommendations for sustainability to the corporation (Chapter 5). Observations gained from active participation allowed the researcher to contextualize and triangulate the responses from formal interviews, creating a greater understanding of the dynamics between W/B and its community stakeholders.

#### 3.6.2.2 In-depth Interviews

The literature review established key characteristics and implications of successful corporate-stakeholder relations. These attributes provided a frame of reference for analyzing the relationship between the community stakeholders of Whistler and the W/B Resort Operations Group. The purpose of the interviews conducted for this research was to gain an understanding of the influence and impact of community stakeholder inclusion on the environmental strategies of a resort corporation. The case study was examined from the perspective of W/B, from the 'inside out'. The aim was to understand the processes leading to the

environmental strategies of the resort, as they exist today, rather than the significance of the strategies themselves.

*Interview Selection*

According to Kvale (1996), the number of subjects required in interviews is simply enough to find out what one needs to learn. A purposive sampling process was used to select participants (Babbie, 1999). Key informants were selected based on their availability, experiences, knowledge and position. A total of eight interviews were conducted.

Interviewees were comprised of two groups, personnel for the resort operations group of W/B and representatives of the Resort Municipality of Whistler. Efforts were made to expand the total number of interviewees wherever possible and appropriate. However, given that this research was conducted from the perspective of the corporation, personnel availability, overall knowledge and the level of involvement in environmental strategies limited the number respondents from the corporation. In addition, the researcher was unable to interview management executives from Intrawest's corporate office due to the lack of response and unavailability of potential interviewees.

*Interview Structure*

Interviews were semi-structured and directed by open-ended questions. Core questions relating to stakeholder relations, the environmental strategies of W/B, and perceptions of power remained the same in all interviews. More specific questions were asked of each interviewee regarding their opinions and perceptions depending upon their responsibilities within the resort and the municipality. Interviews lasted between one-two hours and were conducted on a face-face basis. This duration provided the researcher with the opportunity to observe the non-verbal behaviour of the respondents and helped to gain additional insight. In addition, to the semi-structured interviews, many informal conversations concerning the relationship between W/B and its community stakeholders were carried out over the term of the research. These conversations provided a broader perspective and complemented the findings of

the semi-structured interviews by clarifying the level of community stakeholder influence and the integrity of W/B's environmental strategies.

### Interview Process

Stakeholder theory and resource-based view of the firm theory provided the theoretical constructs and a frame of reference for the interview questions. All interviews took place during the summer and fall of 2003 at the W/B resort and within the Resort Municipality of Whistler.

Interviews were tape-recorded and key responses were transcribed. Interviewees were asked to review the transcription and their comments for accuracy. Follow-up conversations and/or interviews were conducted with members of the environmental team to clarify W/B's progression towards an environmental business ethic.

## 3.7 Research Design Strengths and Limitations

Critics assert that case studies, unless numerous, offer no grounds for establishing reliability and generality of findings (Yin, 1993). However, within the objectives of this research the case study approach allowed the researcher to understand a complex issue. Cross-examination and a review of the current literature ensured external validity.

### Limitations

The results of this research are affected by the assumptions related to qualitative research and case study approaches. As such, there are three limitations of significance. Firstly, the findings may not be generalizable beyond the immediate case of W/B. Any attempt to transfer the findings to other contexts should be approached cautiously, considering social culture and norms.

Secondly, in-depth, semi-structured interviews do not always provide reliable data. This can lead to problems with validity (Yin, 1994). Relying on

one or a few subjects as a basis for cognitive extrapolations runs the risk of inferring too much from what might be circumstantial (Shaw, 2001). Therefore, findings from a single case study may make it difficult to confirm results. However, with the performance of cross-examination and within case examination techniques, as well as the guidance of a relevant literature review, the identified limitations can be ameliorated.

The third limitation, as mentioned before, includes the researcher's role as the primary source of data collection. The personal integrity, sensitivity, and possible prejudices and/or biases of the researcher need to be taken into consideration (Yin, 1993). Personal biases can affect how the research is conducted, alternative research methods used, and the preparation of questionnaires. This researcher attempted to identify biases prior to writing the questions so as to provide a check for objectivity. This was done by soliciting the views of other researchers at the University during the questionnaire design process.

### *Strengths*

The strength of the case study design lies in the significance of its findings. First, it extends and adds strength to academic knowledge regarding the impact of community stakeholder relationships on corporate environmental strategies. Specifically, the research provides new knowledge regarding the extent to which community stakeholder inclusion impacts the environmental strategies of a mountain resort corporation. Secondly, the research offers insights and recommendations regarding the development of valuable stakeholder relationships to Intrawest Corporation, Intrawest: W/B and the community stakeholders of Whistler. Finally, the results and conclusions of this study offer useful insights to other corporations and resort destinations that are interested in the influence of community stakeholder inclusion on corporate environmental strategies.

## 3.8  Summary

This study utilizes a qualitative research approach.  An in-depth literature review of stakeholder theory and resource dependency theory provide an assessment framework for the research and a case study offers the opportunity to examine a unique phenomenon and establish a causal attribute. The following chapter presents the case study findings and demonstrates the extent to which this study was able to answer the research questions.

# 4    CASE STUDY

## 4.1  Introduction

The purpose of this case study was to examine stakeholder relations and the influence of community stakeholders on the environmental strategies of a mountain resort corporation. The study focused on the perspectives of the corporation. The following sections outline the research findings emanating from this case study research. Beginning with a brief history of the community of Whistler, Intrawest and Whistler/Blackcomb (W/B) the findings first set the context of the research. Then they examine W/B's Mountain Operations environmental strategies. Then the findings identify the community stakeholders of W/B and explore its process for inclusion. The experiences of W/B offer insight into the importance of quality relationships and the influence of community stakeholders. Finally, the findings conclude with a description of the benefits and challenges for W/B in developing community stakeholder relations in this resort community.

## 4.2  Whistler, British Columbia

Since 1914 Whistler has been a popular resort destination. Today, it is recognized as one of the top ski destinations in the world. Whistler Mountain and Blackcomb Mountain provide the backdrop to a well-designed pedestrian village, multi-million dollar vacation homes and resident community. Pristine backcountry, challenging terrain and glacial lakes provide the opportunity for both winter and summer activities.

Over the past decade and a half, the resort has been consistently ranked among the top mountain destinations in the world. Most recently, in 2003, Ski Magazine ranked Whistler the Number One Ski Resort in North America" (Vancouver Coast and Mountains, 2004). To top their accomplishments the

Resort Municipality of Whistler and its partners won the bid to host the Olympic and Paralympic Winter Games in 2010.

The population of the Resort Municipality of Whistler consists of approximately 10,000 permanent residents, of whom 80% find work servicing the town, small businesses and Intrawest, the largest corporation in the community. Because W/B is the largest employer, many residents perceive Whistler to be a company town.

As a result of a decade of high population growth (7.8% per year) and development from 1990 to 2000, residents and businesses have become aware of, and concerned about, the environmental and social impact of further residential and on-mountain expansion (RMOW, 2002). Due to this concern, the RMOW undertook a process to plan for the future direction of Whistler. Through an extensive visioning process, residents imagined a future where Whistler would be a

> "...premier mountain resort community...offering first class service and world class recreational opportunities in a rugged mountain environment..." (Whistler 2002, p.11).

In order to develop long-term growth management programs that reflected this vision and moved the community towards economic, environmental and social sustainability, the Resort Municipality of Whistler (RMOW), along with W/B, Whistler Foto Source, Tourism Whistler, the Association of Whistler Area Residents for the Environment (AWARE) and Chateau Whistler (Fairmont) partnered to become early adopters of The Natural Step sustainability framework. This framework provided the context for a community sustainability project called *Whistler. It's our Nature.* September 2001 marked the official beginning of Whistler's drive towards sustainability and the hope of improving environmental and social practices in all areas of the resort (W/B, 2003).

## 4.3 Intrawest Corporation

Founded in 1976, Intrawest Corporation is the principal developer and operator of village-centered resorts across North America (Intrawest, 2003). Intrawest owns, develops or manages 14 mountain resorts in North America and Europe as well as two warm weather resorts in the United States. Based in Vancouver, British Columbia, Intrawest is a public company whose shares are listed on the New York (IDR) and Toronto (ITW) stock exchanges.

The corporate mission, which is, to *"Create memories for our guests and staff as the best mountain, beach and resort experience...again and again"* reflects Intrawest's goal to develop *"playgrounds that offer the allure and beauty of nature, with the promise of experiences that will last a lifetime"* (Intrawest, 2003).

Intrawest attributes its success and competitive advantage in the resort business to product diversification, quality facilities and service as well its ability to create an animated four-season experiences. The corporation has three business entities: the Resort Operations Group, the Resort Development Group and Club Intrawest. Intrawest, W/B is a member of the resort operations group.

## 4.4 Intrawest: Whistler/Blackcomb

*History*

Prior to March 1997, Whistler Mountain and Blackcomb Mountain were separately owned ski destinations. In 1997, Whistler Mountain Ski Corporation, which owned the ski operations of Whistler Mountain, and Intrawest, which owned Blackcomb Mountain's ski operations, merged, within the Intrawest Corporation. This ski area, Whistler/Blackcomb (W/B), became one of the largest mountain resort operations in the world. In 1999, skier visits exceeded two million, more than any other ski resort on the continent (Intrawest, 2003). These tourists and visitors provide the impetus for the employment of approximately 13,800 people in Whistler and 30,000 people in the region (Whistler 2002).

W/B management recognizes that the success of their operations is dependent upon their ability to sustain the area's natural environment. To this end, one of W/B's key objectives is to *"continue to improve our commitment to sustainability and environmental excellence"* (Intrawest, 2003).

Due to its high number of skier visits and consistent ranking as one of the top ski destinations, W/B is perceived to be the *"flagship"* of Intrawest's mountain resorts (Environmental Resource Manager, W/B). The resort is idyllic in its setting and has received more accolades for conducting sound sustainable practices and building positive stakeholder relations than any of the other Intrawest resorts.

## 4.5  Catalyst for Environmental Approach

In 1992 Intrawest Blackcomb incorporated into its management activities, *"due diligence towards guest and staff safety, but no due diligence to environmental safety"* (Environmental Resource Manager, W/B). At that time, Blackcomb Mountain was responsible for a fuel spill that could have placed the company (Intrawest Blackcomb) in a *"public relations disaster and liability predicament"*. Consequently, the managers of Blackcomb Mountain realized that education about the care of hazardous materials, clean up of spills and environmental protection should be *"paramount"*. Most significant, was the acknowledgement that *"regulatory compliance was not a sufficient"* enough measure to prevent accidents that could result in environmental damage.

Another key lesson learned from this incident was the *"importance of honesty and transparency"* as well as the *"benefit of humility"*. In Whistler, the media play a key role in shaping community perception and reactions. Knowing this, Blackcomb Mountain immediately contacted the media after the spill and acknowledged their responsibility, *"committing to do everything possible to mediate the spill's effects and put standards in place so that such an environmental disaster did not happen again"* (Environmental Resource Manager, W/B). The media's portrayal of the incident was influential in

allowing Intrawest: Blackcomb[2] to maintain the respect and trust of their community stakeholders. Management learned that critics are not as "*disparaging and judgmental*" if mistakes are addressed in a forthright manner. In essence, the company learned how to "*disarm*" their critics so that they would not be judged unfairly.

Not only did the oil spill provide a lesson in public relations, it also demonstrated to W/B the need for an environmental approach to business operations.

"If W/B does a good job with the environment they will be seen as a steward, and this reflects good business sense. If they do not do a good job then they could have serious business consequences" (Senior Planner, RMOW).

## 4.6 W/B's Environmental Strategies

In 1994 W/B initiated an Environmental Management System (EMS) to guide mountain operations towards economic, environmental and social sustainability (Todd, 1994). This EMS gradually evolved and now incorporates the principles and guidelines of sustainability from the National Ski Area Association's Sustainable Slopes Charter and the Natural Step Framework for sustainability (W/B Respondent). Core aspects of the Natural Step and Sustainable Slopes Charter that specifically guide W/B are in the design, construction, operations, planning, education and outreach arenas. The later two areas reflect the social component of sustainability. W/B's EMS suggests that social needs of the community must be met in order to achieve environmental sustainability. "*People who live in fear or want are not in a position to focus on the environmental needs of future generations*" (Environmental Resource Manager, W/B).

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[2] Whistler Mountain and Blackcomb Mountain were separate ski operations until 1997, when they merged to become W/B.

*Vision Statement*

W/B has an environmental vision and a number of environmental strategies and targets that serve as pathways to achieving its goals. Both the vision and its associated strategies are localized initiatives that are reflective of a neighbourhood community and mountain operations culture. W/B's environmental vision is:

> " To contribute to the goal of sustainability by developing, through its Environmental Management System, the highest level of environmental stewardship in the North American mountain resort industry. It is our belief that environmental stewardship is a cornerstone to becoming the best mountain resort in the world" (Environmental Resource Manager, W/B).

This vision statement guides the environmental strategies of W/B and provides a focus for future operational priorities. Although Intrawest's corporate office has not yet defined an environmental policy or vision, W/B management believe that a corporate environmental policy will be forthcoming in 2004.

## i. The Natural Step Framework

In 2000 W/B participated in a successful and award-winning community-wide pilot program called *Whistler. Its our Nature.* In this program, the Natural Step Framework was used as a "sustainability compass", promoting and supporting the concept of a sustainable Whistler community and resort (Whistler Its Our Nature, 2003). The program was conducted by Natural Step Canada[3] and initiated by key stakeholders within the Whistler community, one of which was W/B. The program continues to encourage businesses,

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[3] The role of The Natural Step (Canada) is to educate and support the growing network of individuals, organizations and corporations who are interested in learning about and using The Natural Step framework in their work and lives to create a more sustainable society (www.naturalstep.ca).

households and other organizations to practice sustainability. The *Whistler. Its Our Nature* program implemented two main components:

### 1. Strategic Planning Framework and Implementation Process:

'Early adopters' in the community created a common definition and vision for sustainability. In addition, step-by-step actions related to the framework principles and system conditions were identified and implemented in each of the early adopters' organizations.

### 2. Education and Awareness Program:

Experience and knowledge gained from the early adopter organizations was disseminated to the greater community in the form of town meetings, toolkits and media articles. For instance in the case of W/B, employees transferred their knowledge of sustainability back to the community through dissemination of toolkits, which discussed such topics as waste management, water conservation for households, schools and businesses.

Individuals in early adopter organizations received common training regarding the Natural Step principles and system conditions, applied their training within their respective organizations, shared experiences with each other and identified common group actions and cross-sectoral synergies which supported sustainability goals. They aligned their individual and combined actions towards a common set of principles and moved towards a shared sustainability goal. For example, in the case of W/B this included revising its EMS and educating sectors of its on-mountain operations.

> "The Natural Step has given us a sustainability framework to subscribe to, to refer to, and to guide us. I think people can all understand the theory and logic of the Natural Step Framework" (Doug Forseth, Vice-President Operations, W/B).

W/B utilizes the Natural Step framework to guide its activities. Where appropriate, linkages are made to the company's existing EMS. For instance, TNS' system conditions of not subjecting the earth to increasing resource

extraction and physical impoverishment is linked to conservation and habitat restoration in the EMS. TNS, by itself, does not drive W/B's approach to environmental and social responsibility.

Sometimes, there is a tendency for supporters of TNS to believe that the environmental strategies of W/B would not, or could not, have successfully been implemented without the sustainability framework offered by that organization. In reality, many of the strategies that W/B's environmental team has implemented were in place, or planned for, before TNS was adopted. TNS is a philosophy or way of thinking about sustainability. It requires an organizational culture that supports all four-system conditions and utilizes TNS strategies for reaching sustainability goals. In W/B there are some employees who have a very strong belief in the TNS framework and see the process as more than *just another tool for sustainability*.

### 4.6.2  Environmental and Social Stewardship

Since the inception of its EMS W/B has initiated a diverse set of environmental and social management strategies. These strategies were developed from an understanding of key environmental and social concerns both on the mountain and in the community. Additionally, W/B has actively engaged in and sought out partnership programs in an attempt to mitigate, and/or prevent, environmental degradation and the deterioration of local community social infrastructure and values. Proactive environmental and social responsibility initiatives and accomplishments that have been motivated by W/B's EMS framework are noted in Table 2. These initiatives have been adopted over a five-year period.

### *Initiatives and Programs*

Specific sustainability programs, highlighted by W/B, that have contributed to their reputation for environmental and social stewardship include the W/B Environmental Fund, the Habitat Improvement Team (HIT), Energy Quest and the Bear Family Sponsorship Program. All of these initiatives

have helped community stakeholders to perceive the company as taking action and doing more than just 'green washing'.

## *W/B Environmental Fund*

The W/B Environmental Fund is an environmental and social responsibility initiative that was established in January 2001 to help finance community projects in Whistler. The Environmental Fund is managed by a volunteer board of staff members who identify, and oversee the implementation of key projects in the Whistler Valley. Staff contribute to the fund through paycheck deductions, that are matched by W/B. Staff members not wishing to contribute finanacially can still be involved through *"active participation in the projects".*

### *Habitat Improvement Team*

The Habitat Improvement Team (HIT) is an action-oriented group of volunteers, headed up by W/B's environmental team. This environmental team is a component of W/B's Mountain Planning Department and consists of the Mountain Planning and Environmental Resource Manager, the Environmental Coordinator and the Project Coordinator. The HIT team provides assistance with environmental stewardship projects to non-governmental organizations in Whistler. W/B supplies the tools, transportation and refreshments while the volunteers provide the labour. This assistance represents about $20-25,000 in indirect costs per year for W/B, with 20 volunteers donating their time. Although W/B is sometimes criticized for 'bribing' the volunteers with refreshments, the opportunity for social interaction with environmentally minded people and the ability to make a difference appear to outweigh the benefits of a free beverage.

**Table 2: Environmental and Social Initiatives of W/B**

| Environmental and Social Management Areas | Initiatives | Outcomes |
|---|---|---|
| Fish and wildlife management | • Developing and supporting the Habitat Improvement Team.<br>• Protecting bear habitat through seeding.<br>• Establishing fish conservation group (Streamkeepers).<br>• Initiating marmot habitat restoration project. | • HIT completed 8 restoration projects in 2003. |
| Forest, soil and watershed management | • Supporting enhancement and restoration projects.<br>• Ensuring mandatory employee participation in watershed best practices training.<br>• Developing gladed runs.<br>• Transplanting juvenile or smaller trees into riparian zones.<br>• Developing narrower trails.<br>• Avoiding wetlands and riparian zones when developing.<br>• Applying planting and seeding strategies with | ■ $1.5 million spent to improve 5 watersheds within the ski area.<br>■ 65% of W/B's forests conserved. |

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|---|---|---|
| | | • native species to enhance wildlife and visual appeal.<br>• Protecting streams. |
| Low impact land use decisions | • Utilizing low impact design.<br>• Minimizing development around ski area boundaries. | |
| Water and energy conservation | • Supporting research for "Run of the River" project.<br>• Partnering with BC Hydro for PowerSmart. | • Installation of boiler system that will save 266,400 kWh per year.<br>• Implemented several capital initiatives in 2003 that resulted in 11% reduction in overall consumption.<br>• Purchased 16 snowmobiles that will produce 50% less emissions.<br>• Established employee carpooling program reduced travel by 830,700 kilometres and emissions by 585,856 pounds in 2003.<br>• Installed new fuel injection systems, grooming fleets are consuming 18% less fuel per hour.<br>• Modified heat tracing, heating and lighting systems. A 2,500,000 kWh of electricity saved. |
| Solid waste management | • Participating in Reduce, Reuse, Rethink and Recycle | • Recycled more than 25 materials. |

| | Initiatives | |
|---|---|---|
| | • Supporting the Mountain Materials Exchange, waste from one department becomes resources for another.<br>• Participating in composting.<br>• Sponsoring Mountain Clean-Up Day<br>• Inclusion of recycling performance in employee performance reviews.<br>• Ensuring recycling and reusing of deconstruction materials. | • Reduced waste to landfill by 420 tonnes (29%) between 2000 and 2001.<br>• Reduced garbage fees from $240,000 per year to $100,000 per year.<br>• Exceeded goal of recycling 3,000,000 beverage containers per year.<br>• Conducted waste audits. |
| Community outreach | • Sponsoring activities for Fire-fighter's Burn Fund Camp.<br>• Establishing community youth outreach initiatives.<br>• Establishing a BusRide for Youth from Vancouver to W/B.<br>• Sponsoring the Vancouver 24 hour relay.<br>• Providing aid to Romania. | • Raised $100,000 in aid for Romania in 2003.<br>• Sponsored ski programs for Romanian orphans.<br>• Established career development with First Nations.<br>• Committed to bringng 400 youth visitors to the resort each summer.<br>• Raised over $3 million by W/B Foundation.<br>• Donated $65,000 to WB Foundation by Employee Environmental Fund.<br>• Donated $58,000 to 24 hour Relay for Disabled Children.<br>• Provided $100,000 annual contribution to Adaptive Skiers Program. |

| Environmental education | • Providing education to employees on Natural Step and environmental best practices.<br>• Providing on-mountain bear and ecology tours.<br>• Supporting the Mountain Rangers Youth Program.<br>• Building a Heritage and wildlife themed children's park.<br>• Building environmental displays and signs.<br>• Hiring of mountain hosts who reinforce cultural, ecological and environmental interpretative displays.<br>• Writing a biweekly newsletter article regarding recycling and new initiatives. | • Established over 45 interpretative sites.<br>• Educated over 16,000 children on bear issues.<br>• Provided energy awareness training for staff each season and in 50% of company newsletters.<br>• Raised $62,000 for bear research centre. |

*Energy Quest*

In 2000 W/B established Energy Quest -an on-mountain energy conservation program that seeks to minimize on-mountain power and fuel consumption. The goal of this program is to *"reduce consumption of fuel and electricity in the amount of 15-20% by 2005"*. Sustainable energy alternatives are being adopted, with the option of partnering with BC Hydro to conduct a comprehensive audit of on-mountain facilities and operations in order to design an effective conservation strategy. As a result, *"capital initiatives in 2003 reduced overall energy consumption by 11% (within that year)"* (Environmental Coordinator, W/B).

In addition, nearly completed modifications to heat tracing, heating and lighting systems, through a Powersmart partnership with BC Hydro, will result in annual savings of 2,500,000 kWh of electricity. Similarly, the replacement of a leaking reservoir liner on Whistler mountain has the potential to save 572,000kWh for pumping energy and a newly installed boiler system, for snow melting, at one of the on-mountain restaurants will result in savings of 266,400 kWh per year (Environmental Coordinator, W/B).

*Bear Family Sponsorship Program*

Finally, W/B's Bear Family Sponsorship Program that involves donations from six operational departments within the organization raised research funds for a local bear researcher (Michael Allen). These funds ($400/department) have been used to purchase a scale that weighs bears without the need for human intervention. Knowing the bears' weights can help determine which habitats in the ski area produce the most nourishment for each bear. In this way, W/B can ensure that these areas are given conservation and protection priority. Through this program W/B was able to raise employee awareness of bear management strategies as it relates to on-mountain operations.

## 4.7  Environmental Awards and Recognition

Corporations that are seen to be environmentally and socially responsible are being recognized as good corporate citizens and role models for their respective industries.  Intrawest's W/B resort is earning respect in the North American and European markets for its environmental and social initiatives. The Environmental team of W/B is striving to make W/B *"a leader in sustainable resort operations"*.

Each year Mountain Sports Media (MSM), the parent company of SKI and SKIING magazines, assesses the environmental and social contributions of all the North American ski resorts.  In 2003 W/B was awarded the Golden Eagle Award for Overall Environmental Excellence.  This award recognized W/B's approach to sustainability and its leadership role in the conservation movement (W/B, 2003).  It is the top environmental award for stewardship and conservation in ski operations.  W/B's Environmental Resource Manager states,

> " We see this [award] as validating our Environmental Management System...It's all about protecting environmental values and promoting environmental sustainability...It's the triple bottom line that society is starting to measure corporations against" (W/B, 2003).

Mountain Sports Media also recognized W/B for its participation in a partnership initiative called *Whistler. Its' our Nature.*  The Resort Municipality of Whistler directed this initiative and invited organizations and businesses in the community, including W/B to become 'early adopters'.  MSM described W/B's participation in the initiative as *"encompassing the attributes of excellent stakeholder relations"*:

> "Whistler [demonstrates] that a for-profit company can be environmentally responsible by being responsive to the concerns and needs of those with an interest in the resort's operations" (W/B, 2003).

Table 2 outlines the primary areas in which W/B has been formally recognized for its environmental achievement. The environmental recognition awarded by Mountain Sports Media is based on submissions by each ski operation that describes their objectives, initiatives/programs and quantifiable accomplishments in each award category.

## Table 3: Environmental Awards

| YEAR | AWARD | SPONSORING ORGANIZATION | CATEGORY |
|------|-------|------------------------|----------|
| 2003 | British Airways Tourism for Tomorrow | British Airways | Highly Commended –Large Scale Tourism |
| 2003 | Golden Eagle | Mountain Sports Media: (MSM) | Overall Environmental Excellence |
| 2002 | Silver Eagle | MSM | Excellence in Stakeholder Relations |
| 2001 | Silver Eagle | MSM | Excellence in Environmental Group Relations |
| 2001 | Oceans Blue Starfish Award | Oceans Blue Foundation | Innovation in efforts to prevent/reduce environmental impacts through planning and design. |
| 1999 | Silver Eagle | MSM | Excellence in Habitat Protection |
| 1999 | Silver Eagle | MSM | Excellence in Environmental Group Relations |
| 1998 | Silver Eagle | MSM | Environmental Education |

## 4.8  Community Stakeholders

The Resort Municipality of Whistler has many stakeholders. Stakeholders are defined as individuals or groups who are affected by, or who affects, the decisions of a corporation (Freeman, 1984). Community stakeholders, as defined by W/B's Resort Operations Group, are *"those individuals or groups who live or work in the municipality of Whistler and who affect, or are affected by, our mountain operation activities"*. This definition includes the residents and businesses of Whistler, non-governmental agencies, the Resort Municipality and Tourism Whistler. The following sections identify the community stakeholders of W/B and describe the way in which W/B's mountain operations group engages in relationship building activities with them.

### 4.8.1  Primary Stakeholders

As described in the literature, primary stakeholders are those who "bear some form of risk as a result of having invested in some form of capital, human or financial; something of value to the firm" Clarkson (1994:5). Often, primary stakeholders have the most influence on the actions of a corporation either through meaningful dialogue, regulatory controls or adverse publicity.

In the case of W/B there are two overarching groups of stakeholders. The first are the environmental organizations of AWARE, the Jennifer Jones Bear Foundation, the Whistler Off-Road Cycling Association (WORCA), the Whistler Area Naturalists and the Whistler Fisheries Stewardship Group. These groups are primary in the sense that they advocate for and invest in the environment, which W/B uses as a foundation for its activities. The natural environment provides W/B with not only a competitive advantage; it is the essence of their resort business. This concept is expressed in their corporate mission statement and 'standards of conduct'. The second group are business and regulatory stakeholders such as the Resort Municipality of Whistler and Tourism Whistler that influence the ongoing development and delivery of W/B products and services. The businesses and municipality provide much of the

institutional and physical infrastructure guidelines for the resort, as well as the legal context for W/B's activities.

Over the years the range of community stakeholder groups has essentially remained relatively constant. However, the environmental mandate of these groups has changed with the shifts in leadership. As a result, the level of commitment and interaction between W/B and the community stakeholder groups has varied depending upon the environmental (e.g. preservationist versus conservationist) orientation and issues of the groups. When the community stakeholders are conservationist oriented W/B managers believe the company's values and interests are more aligned with the community's. Presently the "*majority of community stakeholders have a conservationist approach*" to environmental and social stewardship (W/B Respondent).

## 4.8.2 Engagement

In a competitive marketplace, accurately identifying stakeholders and responding efficiently, effectively and imaginatively to their needs is the key to success (Cragg, 1996). Through transparency, inclusiveness, commitment and responsiveness companies can successfully engage stakeholders and be accountable for their actions. The purpose of engagement is to build relationships with stakeholders to determine what is important to all involved in order to improve overall performance. Some companies have a formalized strategy concerning stakeholder inclusion and collaborative decision-making. W/B does not yet have a stakeholder strategy that provides clear guidelines concerning when and how to include community stakeholders in their environmental decision-making. From an operational perspective, engagement is based on an understanding that when "*issues are solved collaboratively, decisions are improved upon and trust is built*" (Environmental Coordinator, W/B). Overall engagement makes "*good business sense*". W/B asserts that early engagement is more economically efficient "*as you get it right the first time*" and do not have the costs associated with changing plans or designs to accommodate stakeholder interests (VP Operations, W/B).

When W/B is involved in a development that will impact members of the community, it believes that it is "*best to reveal the core issues...and engage the local media and public interest groups*" (W/B Respondent). In specific cases the company's resort operations' environmental and planning teams will hold town hall meetings for interested parties or invite concerned individuals and groups out to the development site to review proposed activities.

For example, a proposed ski development in the Piccolo Flute area on the north face of Whistler Mountain was causing much apprehension amongst local stakeholders due to the pristine nature of the area and emotional attachment of some residents in the area. Rather than try and explain the reasoning for developing the area in an office setting, W/B's mountain planner guided ten trips to view the area and to discuss options for utilizing it in a sustainable fashion. To date, most advocacy groups have agreed to an expansion of the area for backcountry skiing as long as there are no lifts established. Whistler Alpine Club and Sea to Sky Parkwatch are cautiously optimistic about W/B's commitment to the protection of the area. However, they would prefer to see W/B issue a statement that they will never put a lift in that area (Mitchell, 2004)

Administratively, senior managers at W/B have developed consultative relationships with similar key community leaders and/or government representatives. For instance, W/B's Vice President of Operations meets regularly with other leaders of the community, in a group called "One Whistler". The purpose of this group is to solve higher-level conflicts through the assistance of a facilitator. The executives of Whistler's leading organizations use this venue as an opportunity to discuss specific issues linked to the resort. In this forum, questions can be asked regarding actions that might appear contradictory to the values of the resort community. An executive within the RMOW notes,

> "Although organizations are partners this does not mean that you have to agree with their actions. There are occasions where partners need to be held accountable and questioned in regards to their decisions".

The RMOW attempts to offer a *"seamless experience"* to its customers. In doing so, visitors are often unaware of who is responsible for different resort activities, accommodations and services. Therefore a negative experience in one part of the destination's operations reflects on the whole resort. All interviewees in this study felt that it was extremely important that conflicts are worked through in a collaborative manner so that organizations do not *"bash"* each other. Intrawest managers interviewed in this study concurred with this perspective.

### Transparency

Transparency is characterized by honesty, integrity, and openness. It is one of the key indicators of a good relationship between a corporation and its stakeholders. Managers at W/B believe that transparency and inclusion are *"key factors for gaining community support"*.

If W/B was ever in doubt of the importance of transparency, their initial decision to expand ski operations into the Piccolo Flute area of Whistler Mountain without consulting the community was an important lesson. Legally W/B could develop the area for skiing without needing the 'permission' of the community. The mountain operations group of W/B consulted with government agency representatives to meet all development requirements but they did not inform the community of their plans. For many Whistler residents and employees of W/B the Piccolo Flute area of the mountain provides pristine recreational opportunities that allow them to *"escape"* the flow of seasonal visitors. Therefore, when resident stakeholders became aware of the decision to develop the area they were *"angry and resentful"* that W/B had not consulted with them. In response to the company's lack of consultation, community stakeholders wrote letters to the media and contacted management personnel to express their frustration at the lack of consultation in this process. For W/B this incident was a reminder of the integral linkage that the company has with the community. It was also a lesson in the need for openness and honesty in all activities that affect their stakeholders. When consultation did not happen, the level of trust was lowered and community members became sceptical of the

company's intentions. In this situation W/B's stated purpose for developing this area was to *"ensure economic sustainability as snow levels begin to decrease due to global warming processes"*. Once the community understood W/B's reasoning they were more prepared to balance their environmental and recreational priorities with the economic concerns of the company. W/B respondents interviewed in this study place a priority on building trust through transparency with their stakeholders.

## *Inclusiveness*

Stakeholder inclusion refers to the involvement of stakeholders in decisions that affect them or that they can affect. Inclusion does not imply participation in decisions to satisfy individual or group curiosities. Instead, it infers that the participant has a "stake" in the process and outcome.

Establishing inclusive relationships with members of each community stakeholder group is becoming increasingly difficult as Whistler continues to grow. W/B approaches this challenge by trying *"to establish the key influencers [in the community] and win the hearts and minds of an individual who has the ability to sway the group"*. Rather than focus all their resources on one stakeholder group W/B uses a networking approach to creating inclusiveness. This involves recognizing the 'ripple effect' that their operations have on the resort community and knowing the interrelationships and communication patterns between stakeholders. In this way, a number of individuals and groups can be informed of the activities of W/B at one time.

When considering which stakeholders to include in a development or planning process, W/B's Environmental Resource Manager notes that it is important to

> "Take the principles of inclusion and apply them to the case. If it is something simple, like a trail widening where there is some ecological impact, even if I involved the community no-one would show up".

In situations where the community stakeholders feel that they should be involved in a decision-making process, they seek engagement through letter writing, either to the media or to the managers of W/B.

> "If the community wants to engage it's not hard, they just start writing letters. Its organic, its fluid there is not a lot of framework" (Environmental Resource Manager, W/B).

For example, in the Piccolo Flute case W/B realized that the best way to address the views of the critics was to invite them to voice their concerns in an open dialogue. In this way, the concerns at the core of the issue could be resolved between W/B and its stakeholders. At one level, the point was to try and keep contentious issues out of the media and at another level the goal was to solve the concern more directly. The W/B Environmental Resource Manager admits:

> "If I want the best design possible, I would be a fool not to bring in the experienced people and say if you're faced with my reality, socially and economically, how would you change this plan so that your values aren't negatively impacted. That's good planning and good relationship building, not giving false hope and you're getting the benefit from the best input".

### Responsiveness

Responsiveness is another element by which an organization can be accountable and successfully build relationships with its stakeholders. Responsiveness refers to the need to respond to stakeholder's issues and concerns in a timely and genuine manner. The environmental organizations within Whistler have always acted as *"watchdogs"* for the community and the environment, demanding accountability for any activities that may impact the natural environment and the social fabric of the community. W/B believes that as the company has become more transparent and inclusive, the motivation for assertive action by environmental groups has diminished. When community stakeholders have concerns it is W/B's belief that in most cases they are addressed appropriately and action is taken to find a mutually beneficial resolution.

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Community stakeholder responsiveness is not just about responding to areas of concern. It also includes participating in community initiatives and taking an active interest in issues that affect the economic, environmental and social health of the resort. For example, Whistler 2002: Charting a Course for the Future was a strategic planning process that involved all members of the community, with the goal of reaching a consensus about the future direction of the resort. Although W/B may not have *"experienced community-planning processes in the past"* the company was a willing participant (RMOW Respondent). On the one hand, they recognized that in order to be perceived as a good corporate citizen they need to become involved, and on the other W/B management were genuinely interested in the process as they are residents of the community.

> "It is not sufficient for W/B to just consult with the community. They must be willing to be involved and invested in issues that affect the community and its residents" (Senior Planner, RMOW).

There must be a reciprocal relationship between the corporation and the Whistler community. The Piccolo Flute dispute also helped W/B understand the degree to which they were an integral part of the *"social fabric"* of the community. In order to *"win the hearts and souls of the community we must demonstrate an interest in community issues and 'walk the talk'"* with respect to environmental and social issues. As one RMOW Planner suggested,

> "Intrawest is a guest that has to follow the rules of the host. They realize that the only way to move forward is as a partner".

From a legal perspective W/B must seek planning permission from the province if they wish to expand their ski operations on the mountain. However, formal permission is not required from the RMOW or community. Environmental assessment processes require consultation with stakeholders. W/B management states that that while it would be *"highly unusual to not reach an agreed upon solution with other stakeholders"* they would continue with a development plan with or without the support of their community stakeholders *"if we needed to and the stakeholders were opposed"*. This statement may seem contrary to the concepts of commitment and responsiveness. But of those community stakeholders interviewed, many believe that as long as W/B does

not *"make decisions contrary to Whistler's values and they have requested meaningful input from the community"*, then continuing ahead with a development plan would be acceptable.

Other than the Piccolo Flute controversy there does not appear to be any instances where stakeholders have been left out of significant decision-making processes associated with development issues. This is due to two key realities. Firstly, Whistler's stakeholders are very vocal. If members of the community are of the opinion that a development affects them or the environment and their input has not been requested, they will aggressively lobby for inclusion through the media. Secondly, W/B is not willing to jeopardize the good community relations it has worked hard to build. Once the intent to proceed with an operational development has been set stakeholders are invited to meetings where their input is sought and questions are answered.

### Commitment

The success of any relationship depends upon the level of commitment that the participants have to each other. Common goals provide the basis for commitment. Once these goals have been established expectations are placed upon the participants to act in a respectful and trustworthy manner towards the achievement of these milestones. For W/B and its community stakeholders the common goals are environmental conservation and the economic success of the resort.

The nature of the ski industry demands that W/B capitalize on the natural environment within which they operate. As a result, wildlife populations can be impacted and some degradation of habitat and watershed's is quite probable. W/B recognizes that the quality of the region's environment is critical to the corporation's and the community's future. Without sound stewardship practices the entire resort would experience diminished competitive advantage and long-term wealth. Caring for the environment is a value common to both the community and W/B. *"It is the glue to partner us rather than polarize us."* Many community stakeholders reflect that the relationship between W/B and the RMOW, Tourism Whistler and community residents was

not easy in the beginning. But over time and helped by the process of establishing a Comprehensive Community Agreement[4], these groups and individuals have identified common values and built trust. Today both the Resort Municipality of Whistler (RMOW) and W/B clarify information received, before acting on assumptions:

> "Before you say anything to the media you pick up the phone, you validate the information, you make sure it's correct, you get the other person's side of the story and that is just good relationships" (RMOW Respondent).

Community stakeholders agree that W/B is astute and possesses good business sense when it comes to involving the community in decisions that will affect them. *"They intuitively understand the need to protect the environment"* (RMOW Respondent). If the environment is not protected then the quality of the natural assets that are the basis for the resort and its products will diminish. In such situations both the corporation and the community lose their ability to attract visitors.

In 1998, as a further commitment to the environment and stakeholder relations W/B included "Community and Environment" as a core value on every employee's performance evaluation. Employees are recognized for their participation in community environmental and social stewardship activities and for their contributions to the W/B Foundation.

### 4.8.3 Community Stakeholder Influence

The level of influence a stakeholder holds depends on managerial perceptions of whether the stakeholder possesses certain attributes. The stakeholder's power to affect the corporation, his/her relationship with the corporation and the extent to which he/she demands immediate attention all determine their ability to influence corporate action.

In the mid 1980's Intrawest tended to act in isolation of the community. *"The company had their own design panel, their own set of rules and could do*

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[4] The Comprehensive Community Agreement describes the mission, values and commitments that the RMOW is making to sustainability.

*things that others people couldn't. But they were finding out that if they wanted to be successful they had to play by the same rules as everyone else in the resort".*

> "Being treated differently was working less and less well to a point where a deal was made where if they followed the community's values they would be treated fairly" (RMOW Respondent).

W/B's environmental team now views environmental and social stewardship projects as *"an opportunity to build relationships".*

When considering which community stakeholder group receives the most attention from the company, W/B admits that the community stakeholder *"who makes the most noise"* or who is *"visible either through representation or attendance at meetings"* will often appear to have more influence, or have more success in achieving their goals, than others.

Within Whistler, AWARE is the largest of the non-governmental environmentally focused organizations. No matter which environmental philosophy, (e.g. preservationist or conservationist), they have adopted AWARE has always *"acted as an environmental auditor".*

> "When it comes to AWARE, we definitely want to involve them, they are the big watchdog in town" (Environmental Coordinator, W/B).

Both W/B and the municipality interviewees feel that AWARE *"keeps them honest".* However, some senior level staff within the RMOW suggest that AWARE does *"not have much influence"* on the actions of W/B. This perception may be due to the fact that W/B operations personnel are hesitant to address all of AWARE's concerns regarding the environment. Some AWARE members have a strong preservationist approach and are unwilling to consider development or planning alternatives. Therefore, trying to consult with these members is difficult in a setting that they feel is their 'home turf'. W/B's environmental management team believes it is more productive to invite AWARE members to a neutral setting such as a proposed development site for ski lifts or ski runs and request suggestions for dealing with an issue. In this way, a more

constructive dialogue can occur that focuses on the *"real economic and environmental challenges"* that both W/B and the community must address.

W/B believes that in order for Whistler to remain sustainable as a municipality there has to be some trade-offs between environmental and economic objectives. At times AWARE members, due to their mandate, have *"favoured environmental sustainability at the cost of economic or social sustainability"* (RMOW Respondent).

Some critics, within Whistler, perceive W/B as having co-opted AWARE through the company's environmental and social strategies. It could be argued that W/B is only putting such strategies in place to *"keep the community happy"* and to *"take the heat off"* (Volunteer, W/B). However, W/B's environmental team all have strong commitments to environmental conservation and the involvement of community stakeholders in decision-making processes. They are supportive of *"grassroots initiatives"* believing that it is these activities that *"galvanize and connect the community"* (W/B Environmental Resource Manager). W/B's Environmental Coordinator comments, *"All of our programs have been proactive, no-one has pushed us. Although the environment is a concern for our guests they are not yet coming here because of our environmental programs. They don't usually say something until they notice it is wrong"*.

## 4.9  Factors Impacting the Relationship

The relationship between W/B and its community stakeholders is mainly characterized by *"trust and openness"*. However, there does remain a healthy degree of scepticism that keeps not only W/B conscious of the impacts of their operational activities but also those of other larger organizations within the community. This section discusses the factors that contribute to the collaborative nature of the relationship between W/B and its community stakeholders.

### Whistler is our home

One of the keys to success in understanding community stakeholder perceptions about the environment is the fact that most of the employees of W/B live in Whistler and therefore share similar concerns and interests raised by the community, businesses and residents. As such, it is less likely that the managers and employees will make decisions that are contrary to stated community values. Doug Forseth, Senior VP of Operations for W/B notes, *"When you're part of the community, to respect the community goes hand in hand with corporate strategies".*

> "It's a little different in Whistler, because senior managers live here, so they are part of the community. Resort managers must live in the community, join the social club, and send their children to the local school. Otherwise they are the folks from out of town" (Senior planner, RMOW).

### Motivated Employees

One of the triple bottom line benefits associated with sustainability, as a business priority, is its influence on retaining employees. The human resources manager of W/B notes that employees express more job satisfaction because of W/B's commitment to environmental and social stewardship. Their satisfaction translates into greater employee retention. In addition, the ability for employees to participate in the development of community relationships (e.g. Youth Outreach initiatives, Mountain Clean-up Day) adds to the meaningfulness of their work (W/B Respondent).

Community stakeholders note that the level of commitment to stakeholder relations shown by W/B's environmental team is very high (RMOW Respondent, AWARE Respondent). Many community stakeholders within Whistler attribute W/B's environmental success to the personal characteristics and abilities of the Mountain Planning and Environmental Resource Manager and Environmental Coordinator. Vision, persistence and an ability to develop trust have been integral components to relationship building and maintenance within the community. The Environmental team describes W/B and the

community as having a *"symbiotic relationship"*. It is this understanding that allows them to balance economic, environmental and social priorities.

## Community-Corporate Interrelationships

In small communities, the level of connectedness between organizations, businesses and residents is often powerful and complex. Local residents and employees frequently have dual roles within resort communities. This duality can offer *"broad perspectives on environmental and social impacts and the consequences of development"*. Employees and managers of local businesses and governments regularly volunteer to work for environmental groups during their leisure time.

W/B is now involved with nearly every environmental stakeholder in Whistler area, through its employees being members or directors of, and/or participants in community groups and organizations. Although some critics may contend that W/B is co-opting its community stakeholders there are a number of benefits to W/B employees working side by side with community members and local groups. The first is that such involvement *"reflects a genuine interest in environmental and social issues"*, highlighting common interests and values. Secondly it allows W/B managers and employees to *"develop an understanding of the community's concerns"*. And thirdly, participation *"demonstrates a desire and willingness to be part of the community"*. It is the hope of W/B managers that by encouraging staff to participate in community groups, potential issues between W/B and the community will be understood and addressed in the early stages.

For example, the Environmental Coordinator for W/B is also currently one of the Directors for AWARE -the primary environmental, non-governmental agency in Whistler. She suggests there is an advantage for the community and the corporation, in the context of relationship building, when people engage in dual roles related to environmental and social planning. A greater *"understanding of values, increased efficiency and effectiveness in decision-making on contentious issues, a willingness to communicate openly and build relationships based on common interests"* are just some of the noted benefits. A

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dual role can often help *"bridge the difference"* between two seemingly opposed positions. For example, environmentalists may have a more preservationist mandate whereas resort operations describe themselves as conservation oriented.

From an ethical stand point; those individuals who have dual roles within the resort must be willing to distance themselves from decisions where there may be a perceived conflict of interest. In this situation, the Environmental Coordinator of W/B abstains from voting in her role as a Director of AWARE.

A second characteristic of stakeholder interrelationships is the dependence of the resort community on W/B for employment opportunities. W/B employs tour operators and contractors to provide entertainment and activity based adventures for the resort's visitors. As Whistler has expanded, so have the number of operators who provide the on-mountain entertainment and guided adventure activities. At times there are more operators than contracts, leaving some without an income. W/B is conscious of the dependency of the community residents on employment by the company and *"will try and spread the work as much as possible"*. W/B's Environmental Resource Manager comments:

> "In operations I will not just use one consultant; I will use whoever is appropriate for the project. I think we have to become more sensitive to all the players on the front line. You have to include as many people as possible"

### Corporate Influence

Large resort corporations such as W/B can influence the places within which they operate in a number of ways. Firstly, residents of the resort may find their quality of life affected due to the increase in visitors generated by the resort corporation. Secondly, businesses may feel they are competing with the corporation for purchasing power. Due to the dependency of the community on the economic opportunities that the corporations provide, residents and businesses may be forced to accommodate corporate agendas while sacrificing the values and social needs of the community. At various times, residents and

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business in Whistler may have felt uneasy about Whistler becoming a 'company town' and expressed fear concerning the loss of control or power that results from such dependency. Some resident's are still very critical of W/B and its role within the resort community. To reduce the fears of the community, W/B's Environmental Resource Manager believes that the actions taken by W/B "*must reflect the heart and soul of the community*". Only in this way will the "*community become comfortable*" with the corporation. Additionally, the challenge of gaining community acceptance is a continuous one; "*there is always more to be done*".

Residents and community groups have referred to W/B as "*The Borg*" and "*The Evil Empire*". These names reflect the level of power that W/B is perceived to wield within the community. Most often these terms are used when design and planning decisions are made for mountain operations that the community does not completely support. One Whistler resident and NGO member commented that W/B "*would not be involved in environmental issues if they didn't have to be*". This resident believes that W/B is being strategic in its approach. From his perspective consumer expectations, environmental groups and regulatory agencies are 'forcing' W/B to act as a steward for the environment.

Despite this criticism, only one incident was cited where a stakeholder felt that W/B had "*interfered*" inappropriately with community decision making. In that case, the RMOW had surveyed its residents requesting their preference for one of five visions for the future development and management of the community. The visions reflected significant and far-reaching options for the future development in the community. Whistler was approaching its agreed upon build-out ceiling (55,500 bed units) and the community needed to decide whether to change that capacity and allow for more growth or to retain the limit. The five visions ranged from no future growth to various types of new development within and beyond the boundaries of Whistler.

In response to these options W/B sent an email to its employees stating their support for this process but then definitively included the company's preferred vision that reflected their desire to house employees close to the

resort. This additional comment was perceived by community stakeholders as a not so subtle attempt by the corporation to *"influence their employee's decision with respect to the future direction of the resort"*.

## 4.9   Benefits of, and motivation for, inclusion

Current environmental and social responsibility literature outlines many benefits for including stakeholders in corporate decision-making processes. However, some corporations are still reluctant to invest time and money into developing relationships with such interest groups.  Outlined below are some of the benefits the interviewee's report they have gained from developing relationships with their community stakeholders and including them in decision-making processes.  These outcomes are mainly qualitative, but W/B is currently in the process of quantifying the impact of their actions.

**Table 4: Reported Benefits of Stakeholder Inclusion**

| *Benefits of Inclusion* | *Actions Facilitating Benefits* |
|---|---|
| **Improved decision-making in regards to environmental issues.**<br><br>• Generation of alternatives<br>• Willingness to negotiate<br>• Less conflict | • Regular meetings with stakeholder groups.<br><br>• Invitations for input<br><br>• Commitment by the corporation and stakeholders to the collaborative process |
| **Community trust and commitment**<br><br>• Quicker approval process for planning requests related to operational activities.<br><br>• Increased morale in the community with respect to | • Development permits are not examined as closely.  More flexibility in presentation.<br>• Community works together, rather than arguing about issues.<br>• Visitors and community are educated on efforts W/B is |

| | |
|---|---|
| perceptions of the company.<br><br>• Increased reputation with community and visitors with respect to caring for the environment.<br><br>• Increased support from stakeholders regarding W/B's planning decisions. | making towards sustainability. |
| **Common vision and goal**<br><br>• Increased environmental awareness<br><br>• Enhanced opportunities for sustainability with respect to partnerships and alliances for action. | • Education of community and employees.<br>• Employees transfer knowledge of sustainability to their personal lives.<br>• TNS framework, Comprehensive Community agreement, Whistler. It's our Nature. |
| **Positive contribution to the triple bottom line**<br><br>• Reduced costs of hiring, liability and risk containment, development approvals.<br><br>• Increased revenue and shareholder wealth.<br><br>• Reduced environmental risk.<br><br>• Reduced recruitment costs.<br><br>• Increased reputation and visibility of resort with respect to stakeholder relations and environmental responsibility. | • Higher retention of employees<br>• More qualified applicants<br>• Higher levels of employee satisfaction<br><br>• Less time spent *"putting out fires"*<br>• Reduced cost in time spent on development and planning approvals.<br>• Increased company reputation<br>• Increased satisfaction of visitors due to higher employee and community morale. |

## 4.11 Keys to successful relationships

As consumer preferences become more 'green' and community stakeholders demand more involvement in corporate decision-making, W/B has experienced organizational changes that include engaging interested parties and developing relationships with those affected by on-mountain planning decisions. One W/B manager noted:

> "A corporation can grind it out in the short term but there will be retribution. Transparency and money alone will not build a relationship; there is a need for balance".

W/B managers and the company's environmental team believe that this balance can be demonstrated and practiced by taking the following actions:

- Consulting with those individuals or groups affected by your decisions.

- Confirming and clarifying inconsistent messages.

- Investing time into the relationship.

- Understanding each other's values and emphasize commonalities.

- Being sure to tell the media what you are doing.

- Keeping the decision-making within the community, keeping issues local.

- Encouraging grassroots initiatives.

- Involving employees in environmental stewardship.

- Leading conservation efforts so you have a chance of building and controlling your own destiny.

- Practicing integrity, patience and flexibility.

- Developing a Champion and a Communicator for environmental stewardship.

- Wining through action

- Don't take the holistic green spin it may backfire.

- Pushing the areas of least resistance through whatever means as long as it is ethical.

- Making sure there is a common language, then you can move peoples positions through dialogue and research

- Building programs that will run themselves, that don't require funding but rather in kind services

- Encouraging employee volunteerism to assist in developing a culture of sustainability both for the company and the community.


## 4.12 Challenges to a successful relationship

The advantages of a more environmentally and socially responsible business strategy are becoming increasingly evident. Corporations, like Intrawest, are experiencing reduced risk, increased revenue and market share, reduced costs and increased employee productivity and commitment according to respondents.

### *Corporate Culture*

Building relationships is difficult, especially in an organization as large as Intrawest. It is no surprise that W/B's corporate head office has an organizational *"culture that is probably not quite in sync with W/B which has been given a fair amount of leeway"*. One of the challenges for W/B is to persuade its corporate office that environmental strategies contribute to a stronger and more positive triple bottom line and a competitive advantage. Although W/B is supported by corporate office in its decision to involve stakeholders and prioritise environmental considerations when making planning and operational decisions, there is a general perception that should overall revenue decrease the company's environmental arena would be the first to experience cutbacks. One W/B employee comments, *"Head Office is on the train but they are not driving it"*. Should the corporate office decide to *"drive the train"*, W/B staff believe that significant progress could be made towards

building even stronger environmental stewardship and greater corporate social responsibility.

> "Intrawest is best at operations, the issue for us as a community, is for them to come down off the mountain. We need them to connect and care about the community" (Senior Planner, RMOW).

Presently, it appears that corporate headquarter's reluctance to fully embrace the concept of social responsibility and environmental stewardship is impeding W/B's, and Intrawest's, ability to fully maximize not only shareholder value but also environmental and social sustainability. For example, W/B believes that implementing energy efficient alternatives should become a priority. The mountain and the community are concerned about the number of visitors that the 2010 Olympics will bring to Whistler and the implications of this event on transportation and resource requirements. It is felt that Intrawest Corporation should take a key leadership role in advocating for planning and development processes that protect the natural environment. One W/B employee notes, "*we are at first base, but we still need to do more from an ethical standpoint both socially and environmentally*".

### Perception of a Company Town

A second challenge for W/B is the perception of Whistler being a company town. When Whistler and Blackcomb merged in 1997 there was a significant degree of concern and scepticism of how Intrawest would influence the community. Intrawest's business strategy entails generating revenues through real estate development, property management and ski operations. As such W/B is in direct competition with some of the other businesses in town leading to concerns regarding purchasing power. For example, some of the adventure tour operators in Whistler are owned by W/B, while others are private entities. Some private operators may find it more difficult to attract customers due to an inability to market their product in the to the same extent as the W/B owned operations.

Doug Forseth, Senior Vice-President of Operations responds to these concerns by stating "*We need to look at being an equal player. We need to maintain a balance equal to that of the other partners in the community. We need*

*to be a cooperative partner*" (PIQUE News Magazine, 1997, p. 17). Residents and community members believe that W/B has a moral responsibility to support the community with respect to employment opportunities and employee housing (PIQUE News Magazine, 1997).

W/B's Environmental Resource Manager believes *"Dissension occurs because people get a negative attitude towards W/B; they don't see the symbiotic relationship they have. The link between the economic viability of the resort and the ability to live and work in Whistler has to be constantly reinforced"*. Every project is an opportunity to strengthen and increase the *"glue"* between the corporation and community stakeholders.

## Media Relations

Local media agencies can act as barriers, or catalysts, for creating successful stakeholder relations. Keeping the *"media informed and aware of all issues is crucial to building a good relationship"*. If the media feels that W/B has deliberately excluded them from information that should be public knowledge, it will be critical of the way in which the mountain operations group conducts its business. The media's portrayal of W/B's responsiveness to environmental issues and community concerns can influence the perceptions of community stakeholders and thus their level of trust and attitude towards the company.

The media also has the ability to inform and gain support from interested individuals and groups outside the municipality of Whistler. W/B's Environmental Resource Manager considers the *"ability to keep issues local"* to be one of the keys to success. If issues are kept local, they have a greater chance of being solved due to past collaborative efforts and the positive outcomes experienced. Once an issue goes outside of the resort community other players, such as government agencies and international environmental groups may become involved adding complexity and unnecessary control to the issue.

## 5.0 Summary

An environmentally and socially responsible corporation has open and honest dialogue with its stakeholders. Being transparent makes it easier to act as a steward of the environment and the community. "Any company electing to follow a policy of openness will also choose to be as responsible as possible in its social, environmental and legal activities so that transparency does not become a constant embarrassment" (Holliday et al., 2002: 22). W/B leadership understands the need for integrity and transparency, to *"walk the talk"*, with respect to establishing and maintaining good community stakeholder relations. Although W/B may find community stakeholder inclusion time consuming in the short run, they are convinced that *"good relationships are vital"* to providing a strong competitive advantage. From the interviews conducted it appears that W/B does a first rate job of including its stakeholders in controversial issues, seeking input and attempting to find answers that will meet everyone's interests. At this point in time, the environmental and social strategies of W/B appear to be a result of good business sense, a commitment to the values of the community within which most employees live and an understanding of resident's perceptions. Should W/B act contrary to the community's interests there would be many individuals and groups who would quickly hold them accountable.

# 5   MANAGEMENT IMPLICATIONS

This chapter outlines the management implications associated with the findings of the study.  The first section describes themes that were prevalent throughout the research findings.  The second section outlines the management implications of these themes for W/B.

## 5.1  Themes

### Social Capital

Social capital is the glue of connectivity that holds relationships together (Putnam, 1995).  High levels of mutual trust and common values define social capital. The case study demonstrates that W/B recognizes the advantage of fostering social relationships to achieve company objectives.  Within the company, social capital takes the form of shared values, trust and communications all of which helps the organization operate effectively.  External relationships help create a climate of consent and understanding.  The level of social capital between W/B and its community stakeholders is dependent upon the actions of both groups.  The greater the trust that exists between W/B and its community stakeholders, the greater the 'license to operate'.

### Relationships

As W/B's environmental and social management strategies have become more proactive, the strength of its relationship with community stakeholders has increased.  As evidenced by the research W/B perceives its relations with the company's community stakeholders to be a necessary and yet genuinely proactive component of their business strategy.  Many interviewees describe Whistler as a *"family"* noting that you treat *"people as you would your own family"*.  This implies that relations are based on respect, trust and mutuality. W/B acknowledges that good relations with community stakeholders has many benefits such as cross-fertilization of thinking which leads to better decisions

and increased cost efficiency. As with any relationship there must be a willingness on the part of the corporation to invest energy and time and human resources into developing and nurturing relations.

## *Power Relations*

There is an overarching concern from all interviewees regarding the distribution of power within the Whistler community. W/B, due to its corporate resources and ability to provide for the economic needs of the community, is perceived as being the strongest influencer within the resort. This perception creates distrust between some community stakeholder groups and therefore weakens relations. W/B's proactive environmental and social strategies have alleviated the perception of a power imbalance. The company's involvement and financial investment in community projects demonstrates a commitment beyond that of a traditional business agenda. This interest in the well being of the community and integration of environmental values into business strategy has alleviated the pressure from environmental groups and led to a greater acceptance and trust of the corporation. While W/B may exert economic power within the Whistler community, the NGO groups are believed to also have a significant degree of social power. From the perspective of W/B NGO's have a strong ability to influence the beliefs and interests of the community, utilizing the media to bring their interests to the forefront of business agendas. Within the Whistler community there must be a healthy balance of power between W/B and the environmental groups if the resort is to maintain its 'seamless experience'.

## *'Walk the Talk'*

If a resort corporation is to maintain credibility with its community stakeholders, publicized business strategies and actions must be congruent. The corporation must take a leadership role establishing environmental and social strategies that demonstrate a commitment to sustainability and stakeholder interests. In this way, community stakeholders perceive a more genuine approach to environmental and social stewardship and are more

accepting of the corporation within the community. Cynicism towards corporate agendas is difficult to overcome. Only through consistent stewardship action and values can perceptions be changed and relations improved upon.


## 5.2 Recommendations

Increasing numbers of organizations are acknowledging that there is a powerful case for developing relationships with stakeholders. Governments and corporations that are making collaboration and consultation an integral component of environmental and social business strategies add legitimacy to stakeholder inclusion. Many argue that a company's 'license to operate' is conditional upon the businesses' operations being consistent with values and expectations of society. Improved dialogue and relations with stakeholders can provide a valuable means to achieve consensus-based goals for business.

The following recommendations for improving community stakeholder relations are based upon the research findings. Although the suggestions pertain to W/B, there may be some that are relevant for other resort corporations.


### 5.2.1 Improving engagement and inclusion

The findings of this research suggest that transparency, responsiveness and commitment are key prerequisites for successful relations with stakeholders. At a high level, meaningful engagement implies that an organization is accountable. Leadership decisions should be based on an accurate and full understanding of stakeholder aspirations and needs. To achieve this level of engagement W/B could:

1. Recognize stakeholder inclusion as a business priority.
2. Establish a formalized overarching stakeholder policy outlining principles and guidelines for community stakeholder engagement and inclusion.

3. Invite and encourage stakeholders to be a part of the policy formation.

4. Determine the key elements of stakeholder perceptions that will assist the organization in reaching its sustainability objectives.

5. Establish measures to foster a balanced approach to managing stakeholder expectations.

6. Establish performance indicators to measure success in relations.

7. Establish monthly or quarterly meetings with community stakeholders.

An independent stakeholder audit may assist in formalizing who the community stakeholders of W/B are and the potential resources each group possesses. An independent audit will also reduce the skepticism, and increase the legitimacy of W/B's environmental and social strategies. A community stakeholder audit would cover areas such as:

• Basis for identification and selection of major stakeholders.

• Approaches to stakeholder interaction reported in terms of frequency and type of consultation.

• Type of information generated by stakeholder consultations.

• Use of information resulting from stakeholder engagements (GRI, 2002).

## 5.2.2 Improving W/B's image with community stakeholders

The image that a stakeholder holds of a corporation can affect the nature of their relationship. How well a company communicates its motive for stakeholder inclusion and environmental approach to business can impact the willingness of community stakeholders to collaborate. It also determines to what degree stakeholders perceive business strategies as value based or a manipulation on the part of the company. For the most part, W/B is perceived to be collaborating in a transparent, value based manner with its stakeholders (Xu, 2004). However, there are a number of ways that W/B could enhance its

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image with respect to its motivations for stakeholder inclusion and their proactive environmental strategies.

Firstly, implementing an effective communication system between the organization and community stakeholders will assist in clarifying misconceptions regarding the intentions of W/B's environmental strategies. Communications should reflect shared values and objectives in respect to protection of the natural environment and stewardship of the community. The development of mutual understanding and improved communication between W/B and community stakeholders can be raised through:

- Newsletters that independently report on the company's environmental and social progress.
- Networking opportunities.
- Focus groups, workshops and seminars that focus on negotiation and trust-building exercises as well as environmental and social problem solving.
- Facilitating education of community stakeholder organizations and residents about each other –priorities, missions, operational procedures and constraints.
- Participation in community activities.
- Enlist NGO's as environmental and social monitors.
- Communication of results of all audits and reviews to stakeholders.

A second means to improving image is to invite community stakeholders to suggest and review key environmental and social performance indicators, targets and outcomes. Additionally, reporting mechanisms concerning environmental and social performance may greatly enhance the company's reputation for its environmental and social performance. Investors and concerned environmental groups will be reassured that the company is not engaging in "green-washing" behaviour.

Thirdly, the motivation for improving community stakeholder relations should ideally reflect more than "good business sense". A genuine desire to understand stakeholder interests and respond to their concerns will build trust and support for the company at a deeper level than inclusion for business motives. At the present time W/B's environmental management team believes

that it possesses similar values and goals to that of many community groups and individuals. This team and the W/B leadership are responsible for the positive relations that W/B is experiencing with many of its stakeholder groups. Hiring individuals who have values that reflect environmental and social stewardship is a key factor to ensuring the maintenance of strong community relationships.

### 5.2.3 Establishing a Corporate Environmental Organizational Culture

The community stakeholders of W/B sense a discrepancy in organizational culture between W/B and the corporate head office of Intrawest. This discrepancy fosters cynicism with respect to the level of commitment that the company can make to the environment. Community stakeholders of W/B believe that Intrawest corporate office does not recognize the business case for involving stakeholders or for adopting environmental and social responsibility as a corporate priority. W/B has a strong corporate environmental and social strategy, and includes community stakeholders in most operational planning decisions. This divergence creates a lack of confidence in W/B because community stakeholders fear the influence of corporate office will deter W/B from continuing its environmental and social leadership. W/B management can assist in developing an environmental organizational culture by:

- Fostering an environmental ethic and community connectedness within the organization.
- Creating the capacity within W/B to embrace change and to be flexible and innovative.
- Supporting risk taking in respect to environmental initiatives and stakeholder inclusion.
- Investing in sustainability education for all employees.
- Developing a sustainability policy for W/B that commits the company to substantive action.
- Benchmarking best practices.
- Developing a mutually agreed upon definition of successful relationship outcomes.

- Measuring W/B's progress towards sustainability in a rigorous and systematic way.
- Acting as a champion of corporate environmentalism to the Intrawest leadership.

## 5.2.4 Establishing a business case for sustainability

Community stakeholders and the leadership of W/B credit the company's environmental team with ensuring that stakeholder inclusion, as it pertains to environmental and social stewardship, is a company priority. The perceived reluctance of corporate office to develop a stronger commitment to sustainability initiatives is hindering the innovative and forward-thinking abilities of W/B. It is not always possible to demonstrate a direct statistical linkage with financial performance. It may be more helpful to demonstrate how potential opportunities can create value (e.g. generate revenue or improve cost-efficiencies). To secure commitment from corporate office in regards to sustainability strategies W/B, and other Intrawest resorts with similar priorities could take the following actions:

- Identify those areas of current or anticipated business activity that may derive additional benefits from improved environmental or social performance.
- Develop performance indicators, measures and targets.
- Track and independently report on performance outcomes.
- Identify opportunities were W/B can influence organizational culture.
- Form alliances and partnerships with other Intrawest resorts to further strengthen and commit the corporation to sustainable practices.

There are several steps needed to build a business case that focuses on opportunities to create and conserve value form environmental and social initiatives.

Step 1:     Identify significant environmental and social impacts

Step 2:     Identify key issues as perceived internally and externally to W/B

Step 3:     Establish sources of potential threat and opportunity.

Step 4:     Identify and prioritize proposed actions.

Step 5:     Highlight actions with strategic implications.

Step 6:     Determine which actions offer quantifiable business benefits or links with key financial drivers of performance.


For W/B to commit further to corporate environmentalism and sustainability there must be a willingness to commit resources –physical, human and financial. Picking the 'low hanging fruit" offers a company initial rewards and recognition from investors, stakeholders and the resort community. However, over the long-term sustainable practices must become a business priority throughout the corporation and not the sole responsibility of individual resorts. Although Intrawest Corporation may not be willing to commit to a corporate environmental approach at the present time, investors and consumer preferences will eventually demand a sustainable business strategy. One way in which Intrawest can maintain its reputation as a leader in the resort industry is to develop an overarching corporate environmental or sustainability vision, commit publicly to environmentalism and implement an action plan.

# 6   CONCLUSION

This chapter presents the major conclusions of the study and provides recommendations for future research.

## 6.1   Summary of Conclusions

The overall purpose of this research was to assess, from a corporation's perspective, how community stakeholders shape the environmental strategies of a mountain resort corporation. The research established a framework for assessing community stakeholder influence and the nature of the relationship between the community and the corporation. A literature review and case study were undertaken to achieve this paper's purpose.

In examining the evolution of W/B's environmental strategies it is evident that the community stakeholder groups of Whistler have significantly influenced the actions and strategies of the corporation. However, in recent years, their influence has lessened considerably as the values and leadership of W/B have moved towards a corporate environmental approach. W/B began this move after realizing the legal liability associated with a lack of stewardship for the social and physical environment within which the company operates. Over time, the environmental organizations of Whistler have challenged W/B, by observing and commenting publicly on the corporation's actions. W/B's challenge is to conduct ski operations in a manner that will preserve the natural environment and foster a healthy community. Reputation is a significant indicator of a businesses success. W/B recognizes that in order to develop and maintain their reputation as a 'world-class' ski resort they need to collaborate and develop relationships with their stakeholders. However, for W/B the path towards sustainability will be slower due to corporate offices' reluctance to recognize the environment and society as a business priority. This study

demonstrates the motivation for collaboration and the reason for engaging community stakeholders in planning and operating decisions.

Some critics believe that W/B's motivation for engagement stems from a business agenda that includes co-opting the community stakeholders of the company, rather than a genuine desire to act in partnership with them. In some corporations this may be the case, but not with W/B. This research demonstrates how the employees of W/B, particularly the environmental team, contribute to the credibility and reputation of the company in regards to its commitment to environmental and social action.

Both the literature review and the study suggest that there are economic, social and environmental motivations to include stakeholders in decisions that affect the community and its natural environment. In this case study, W/B identified the motivating factors as:

- Lower risk management costs
- Enhanced brand value and reputation
- External forces such as competitive advantage
- Higher investment in the places where employees live
- Greater operational efficiency
- Higher retention and higher morale of employees
- Higher congruence with personal values
- Cross-fertilization of thinking
- Greater efficiency in resource allocation

Recent literature and this case study confirm that stakeholder engagement and inclusion is more than mere collaboration and consultation. The development of *relationships* based on trust and openness is the key to successful corporate-community stakeholder interactions. The research suggests that W/B's ability to build inclusive relationships with its community stakeholders holds both positive and negative implications for Whistler's sense

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of place. The synergy that exists between the corporation and its stakeholders allows for the continuance of a "*seamless experience*" and Whistler's image of being a place of "*spiritual renewal*". For the community, and eventually for W/B, the result of such a harmonious relationship could result in a homogenisation of culture, values and diversity. As stated earlier, some critics assert that W/B may have a hidden objective to co-opt the community in order to conduct business in such a manner that the company will reap short-term benefits at the cost of the natural environment and community culture. However, this researcher does not believe that W/B has such an agenda. Still, management of W/B does need to be aware of the associated outcomes that develop with a strong corporate-community relationship. Such outcomes may result in the community becoming less vocal and challenging. Participants in this study reinforce the importance of environmental organizations and their ability to leverage the actions of corporations. Therefore, it is important that the individuality, values and interests of all community stakeholders and the corporation are recognized and appreciated.

## 6.2 Recommendations for Future Research

- There is a need to assess the organizational culture and business priorities of Intrawest's corporate office to determine the likelihood that W/B and other Intrawest resorts will be able to more fully embrace and pursue corporate environmental management strategies and stakeholder relations.

- Similar studies could be conducted at other mountain resorts such as Stratton and Mammoth Lakes to further examine how community stakeholder inclusion shapes the environmental strategies of a resort corporation. This would assist in validating the key findings of this research.

- The research lends itself to further exploration concerning the factors that contribute to successful corporate-community relations. Such

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factors include personal influences, communication style and a comparison of organization and community culture.

- The research suggests that further exploration of the benefits that accrue from distinctive competencies resulting from partnerships with local communities would assist W/B in making a business case for stakeholder inclusion.

# APPENDIX A[*]

# SIMON FRASER UNIVERSITY

OFFICE OF RESEARCH ETHICS

BURNABY, BRITISH COLUMBIA
CANADA V5A 1S6
Telephone: 604-291-3447
FAX: 604-268-6785

August 13, 2003

Ms. Julia Marcoux
Graduate Student
School of Resource and
 Environmental Management
Simon Fraser University

Dear Ms. Marcoux:

**Re: An assessment of community stakeholder influence on the
environmental management strategies of a resort corporation:
A case study of Intrawest: Whistler-Blackcomb**

The e above-titled ethics application has been granted approval by the
Simon Fraser Research Ethics Board, at its meeting on July 28, 2003 in
accordance with Policy R 20.01, "Ethics Review of Research Involving
Human Subjects".

Sincerely,

_____

Dr. Hal Weinberg, Director
Office of Research Ethics

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# SIMON FRASER UNIVERSITY

OFFICE OF RESEARCH ETHICS
ROOM 2105 STRAND HALL

BURNABY, BRITISH COLUMBIA
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Telephone: 604-291-3447
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July 8, 2004

Ms. Julia Marcoux
Graduate Student
School of Resource &
 Environmental Management
Simon Fraser University

Dear Ms. Marcoux:

## Re: Community Stakeholder influence on Corporate Environmental Strategy at Whistler, B.C. – Ref. #35293
### *Title Change*

Your application for a change in title from, "An assessment of community stakeholder influence on the environmental management strategies of a resort corporation: a case study of Intrawest: Whistler-Blackcomb", has been categorized as Minimal Risk and approved by the Director, Office of Research Ethics, on behalf of the Research Ethics Board in accordance with REB policy.

Best wishes for continued success in this research.

Sincerely,

Dr. Hal Weinberg, Director
Office of Research Ethics

c: Dr. Peter Williams, Supervisor

/jmy

# APPENDIX B

## Research Project at W/B
## Simon Fraser University.

To Whom It May Concern:

I am a graduate student in the Faculty of Resource and Environmental Management at Simon Fraser University. In partial completion of my Master's Degree I am examining the influence and impacts of stakeholder engagement on the environmental strategies of mountain resort corporations and the resulting management implications for the corporation. The research focuses on the perspective of the corporation and the challenges/rewards (economic, social and environmental) experienced when considering the development of community relationships and engaging community stakeholder perspectives. An exploration of the key events that have stimulated organizational learning in regards to environmental and social values and changing organizational culture are also of interest. In addition, lessons learned and insights for future issues are considered to be of important relevance. To provide clarity I have included a few examples of my research questions:

- Who are the community stakeholders that Whistler-Blackcomb interacts with regarding the development of their environmental strategies?

- How does the corporation demonstrate that it is committed to building and maintaining relationships with community stakeholders?

- What are some key lessons that the resort has learned, or recommendations to make regarding the inclusion of community stakeholders in the development of environmental management strategies?

The research will prove significant in a number of areas. First it will provide valuable insights and lessons for other corporations seeking to engage community stakeholders in the mountain community within which they operate. Secondly, it will offer Whistler/Blackcomb and the Intrawest Corporation a deeper understanding of the interrelationships that exist between stakeholders and the corporation as well as potential implications and strategies for management.

The interview is expected to take between thirty minutes and one hour, at a time and place that is convenient to the participant. Information provided will not be directly quoted unless the consent of the participant is given. A final report of the findings will be made available to interested parties.

Julia Marcoux
Master's Candidate
Resource and Environmental Management
Simon Fraser University, BC
jmarcoux@sfu.ca

# APPENDIX C

## STUDY BRIEFING AND CONSENT GUIDELINE

BRIEFING BEFORE

"Thank you for meeting with me. I would like to interview you in order to understand, from your perspective, how community stakeholders have influenced the environmental management strategies of Intrawest: Whistler-Blackcomb.

The information from this interview will be used for my research to complete a graduate degree at Simon Fraser University. Your participation is completely voluntary and you can change your mind at any time. Anything you say will be kept confidential and your name will not appear in any part of this project unless you say otherwise.

The entire interview will take approximately 1 to 1.5 hours of your time. With your permission I would like to tape-record our interview so that I can accurately remember, and type a summary, of our conversation at a later date. Is it ok to use the tape-recorder? Once I have typed the information you are welcome to look over a copy and clarify or add any other thoughts.

Once the paper is complete you may receive a copy.

Are you still interested in going ahead with the interview?

Before we start do you have any questions?"

Begin tape recorder.

DEBRIEFING AFTER

"I have no further questions.  Is there anything else that you would like to add, or ask about, before we finish the interview?"

Talk more fully about the purpose and design of the research study.


**Give contact sheet**

# APPENDIX D

## SUPERVSIOR CONTACT INFORMATION

If you have any further ideas, comments, or questions please feel free to contact me at:

*Julia Marcoux (Researcher) 604.535.9580 or jmarcoux@sfu.ca*

If you have any questions about the research methods, please contact my supervisors or me:

*Dr. Peter Williams (Professor, School of Resource and Environmental Management) 604.291.3103 or peter_williams@sfu.ca.*

*Dr. Alison Gill (Professor, School of Resource and Environmental Management) 604.291.3635 or alison_gill@sfu.ca*

Thank you for taking part in this interview!

# APPENDIX E

OPEN-ENDED INTERVIEW QUESTIONNAIRE GUIDE

## *What are the environmental strategies of W/B?*

- What are the environmental management strategies of the Whistler-Blackcomb resort?

- What are the environmental and societal demands on this destination from community stakeholders?

- Given that the natural environment is not unlimited, what is the resort doing to create competitive products and services while building reputation and ensuring sustainability?

- What environmental resources does the resort exploit in order to remain competitive? How do you enhance and maintain these resources?

- What are the resort's environmental threats and opportunities? And how effectively can the resort respond given your current level of resources and capabilities?

- In determining environmental business practices and policies, is the resort: compliance or prevention based?

## *Who are the community stakeholders that W/B interacts with regarding the development of their environmental strategies?*

- If a stakeholder is defined as any group or individual who can affect or is affected by the achievement of a firm's objectives. Who are the community stakeholders that this resort presently considers when formulating its environmental strategies?

- Does the firm have a stakeholder strategy that is a major component of the overall strategic plan of the resort?

- How do the expectations of community stakeholders fit with the firm's mission? Are there any conflicts of interest? If so, how are they resolved?

- In relation to the environment, what are strategic opportunities each community stakeholder provides and what threats do they alleviate?

### How does W/B decide which stakeholders to engage and what is the process for engagement?

- What qualities and assets must the stakeholder group possess in order to be perceived as integral to the workings of this resort?

- Do you give priority to one stakeholder more than another? Why?

- What is the process for inviting an individual or group to be a community stakeholder? Is the process the same for all those invited?

- If the process is different, does this affect the role of the stakeholder?

- How does the resort demonstrate that it is committed to building and maintaining relationships with community stakeholders?

### What are the motivating factors for corporations to include stakeholders and how are these motivating factors related to the triple bottom line?

- In what ways have the most influential community stakeholders shaped the resort's environmental strategies?

- Which community stakeholders have the most impact on the economic, social and environmental performance of the corporation? What characteristics do they possess that the other stakeholders don't?

- What are the short-term and long-term value-added benefits of stakeholder involvement?

- Give examples of how you and your community stakeholders have uniquely combined resources to realize an advantage?

- Specifically, do you believe that community stakeholder inclusion has improved the financial wealth of the resort?

- Who captures the value that the relationship creates?

- What do your community stakeholders request of the resort? How, and in what ways, does the resort respond to these needs?

- How do the community stakeholder relationships assist in meeting changing consumer demands regarding environmental protection?

### What lessons have been learned from considering the opinions and preferences of community stakeholders?

- What would be needed to build stronger, more collaborative community stakeholder relationships? Is there anything you would need to change?

- Would your relationship with community stakeholders be different if the resort were more environmentally focused? What resources would become more valuable?

- In what ways does Head Office support the resort's decision to include community stakeholders in the development of its environmental management strategies?

- What are some key lessons that the resort has learned, or recommendations to make regarding the inclusion of community stakeholders in the development of environmental management strategies?

- How is the resort operationalizing these lessons?

# APPENDIX F

**Table 5: Summary of Research Findings**

| QUESTIONS | FINDINGS |
|---|---|
| **1.** What are the environmental management strategies of Intrawest: W/B? | <ul><li>Vision statement</li><li>Conservation oriented</li><li>EMS system</li><li>Fish and wildlife management</li><li>Forest, soil and watershed management,</li><li>Low impact land use decisions</li><li>Water and energy conservation</li><li>Solid waste management</li><li>Community outreach, and</li><li>Environmental education</li></ul> |
| **2.** Who are the stakeholders that W/B interacts with regarding the development of their environmental strategies? | <ul><li>Community residents of Whistler</li><li>Whistler Fisheries Stewardship Group</li><li>AWARE</li><li>Whistler Area Naturalists</li><li>RMOW</li><li>Tourism Whistler</li><li>WORCA</li><li>Jennifer Jones Bear Foundation</li></ul> |
| **3.** What is the process by which community stakeholders are engaged, and how do mountain resort corporations decide whom to engage? | <ul><li>Informal process, case by case basis</li><li>Those stakeholders who will be affected by decisions</li><li>Letter writing by stakeholders</li><li>Town hall meetings</li><li>On-site visits</li></ul> |
| **4.** What are the motivating factors for corporations to include stakeholders and how are these motivating factors related to the triple bottom line? | <ul><li>Increased trust and openness</li><li>Recognition of, and commitment to, complementary values</li><li>Increased knowledge and respect</li></ul> |

| | |
|---|---|
| | • Increased problem solving opportunities, less conflict<br>• Recognition of mutual benefits<br>• Positively effects the triple bottom line<br>• Improved decision-making<br>• Informed decision making<br>• Knowledge of alternative decisions<br>• Increased morale in the community<br>• Increased corporate employee satisfaction and commitment<br>• Increased commitment within the community and corporation<br>• Increased environmental awareness<br>• Increased awareness of social issues<br>• Common vision, goals and objectives<br>• Reduced costs<br>• Increased Revenue and shareholder wealth<br>• Reputation<br>• Recognition by stakeholders<br>• Enhances opportunity for sustainability<br>• Reduced risk<br>• Easier investment |
| **5.**What lessons have been learned from the inclusion of stakeholders that have been incorporated into the broader environmental strategies of the larger Intrawest Corporation? | • Consult with those individuals or groups affected by your decisions.<br>• Confirm and clarify inconsistent messages.<br>• Invest time into the relationship.<br>• Understand each other's values and emphasize commonalities<br>• Be sure to tell the media what you are doing<br>• Keep the decision-making within the community; keep issues local.<br>• Grassroots initiatives<br>• Involve employees in |

|  | environmental stewardship. |
|  | - Lead conservation efforts so you have a chance of building and controlling your own destiny, |
|  | - Integrity and flexibility |
|  | - Need a Champion and a Communicator for environmental stewardship. |
|  | - Win through action |
|  | - Don't take the holistic green spin it may backfire. |
|  | - Push the areas of least resistance |
|  | - Make sure there is a common language, then you can move peoples positions through dialogue and research |
|  | - Build programs that will run themselves, that don't require funding but rather in kind services |
|  | - Encourage volunteerism |

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