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# Corporate Social Responsibility: Sexual Exploitation of Children in the Costa Rican Hotel Tourist Industry

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to

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### Abstract

According to the 2016 International Labour Organization (ILO), more than 168 million children are forced to labor worldwide, and more than half of these children work in some of the worst forms. Sexual exploitation and human trafficking are classified by the ILO as being some of the worst forms of child labor existing in the twenty-first century. Child labor in the worst forms are more prevalent in developing countries due to poverty and lack of education. The United States Department of State monitors human trafficking and child sexual exploitation through an annual Trafficking in Persons Report (TIP). The 2015 TIP report verified that Costa Rica has been downgraded to the Tier 2 Watch List. If by 2016 the TIP report recommendations are not implemented for the prevention of human trafficking and child labor, the country will fall to a Tier 3 List and face possible sanctions from the US and the World Bank. Since the government has failed to implement necessary reforms, Costa Rica is in a dilemma. The tourist industry is a prime source of income for the country while at the same time the hotel industry is a prime source of where child sexual exploitation occurs (Hetter, 2012). Thus, there was a need for research to discover what is the hotel industry's corporate social responsibility towards the children who are sexually exploited in the Costa Rican hotels.

*Keywords:* child labor, child sexual exploitation, corporate social responsibility, Costa Rica, human trafficking

## **Chapter 1 Introduction**

### Elisa's Story

Fifty-four year old Elisa, an American who started a safe house in Costa Rica for sexually exploited children, is eager to tell her story. She spoke in an interview on November 7, 2015 about how a family vacation to Costa Rica changed her life forever. This is her story.

So, I took my children on a vacation to Costa Rica; and when we were in Jaco, which is a beach town, we were surrounded by a lot of prostitution and drugs. Jaco is a hot spot for sexual tourism, second to San Jose.... It was all around us, and we couldn't get away from it. When we returned to the United States, I began to study human trafficking. I had never really been approached by it or seen much of it. I started attending a lot of conferences and educating myself on modern-day slavery of children and human trafficking. I also began to research Costa Rica because it was so prevalent...in front of our eyes, and I found out Costa Rica is the fastest growing country in this hemisphere for human trafficking and child sexual exploitation. Also, I learned that there was no one dealing with this. There was not one safe house or one organization out there that was taking in these children and rescuing them, offering them a safe place to heal. So I spent about five years educating myself on the subject, going to as many conferences as I could. I had no idea what I was doing with it all. I was just learning. Then, it became clear to me one day.... to go and start the safe house.... And I packed up

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and moved to Costa Rica, not knowing at all the process that I was going to follow. I knew no one. All I knew was that I was called down there to start a safe house.

Elisa shared that she found a house in bankruptcy in a beautiful country setting, which became the perfect location for the safe house. She expressed that it was very difficult gaining the license to open the safe house as the process took about two years. Elisa stated, “ It has not been an easy ride. It has been very difficult because we are trying to be the pioneers of something in a country that is not our own. It is hard enough to be a pioneer of something let alone in a different country where cultures are different....” Elisa continued to describe the process of gaining the safe house license and setting up the pilot program for the human trafficked girls.

I asked Elisa, “So how or why do these girls or children end up working in the sexual tourist industry?” She expressed that poverty, culture, and lack of education are the catalysts. She said:

There is an article that the poverty level is huge in Costa Rica. So, how many countries do you know that have companies that will give tours to foreigners coming in to see the slums? How many? Costa Rica does this. You can pay to go and see the slums. Supposedly, that money is given back to help the slums. I am not sure whether that is true. So for me, it is wrong by exploiting them....

I asked her to tell me about the child labor laws in Costa Rica. She replied, “There are child labor laws; however, they are not very well enforced.” She added that children often have to work to help support the family. She had not seen the children

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work in the fields and in homes, but she knew that those conditions existed. She stated, “The parents are the ones getting the money. Even worst, sometimes the parents sell their children to work in sexual trade.”

When I asked Elisa to speak about an experience that she did know of concerning child labor in Costa Rica, she stated, “Let’s talk about one of my girls. I will call her Joseita.” From there, Elisa tells a sad story about a girl who, at the age of five, was sold by her mother to an old man who lived a block away for the measly price of a cell phone. After that initial sale, Joseita’s mother sold her to the man twice a week in exchange for groceries, which she had to lug back home all by herself. The mother, who was very poor, had two other younger children. She needed to feed them, so she used Joseita as a source to support the other kids. This young child thought that being sold for sex in exchange for a cell phone and groceries was normal. By age 11, Joseita became a commodity to commercial sexual tourism as her mother chose to sell her for more money—selling Joseita on the streets to tourist. This story ended on a somewhat happy note. Elisa stated, “With time and a lot of therapy at the safe house, Joseita began to realize that it was not ‘normal’ to sell her body. This is a good example of many victims and what they are dealing with both psychologically and physically.”

I asked Elisa how these victims felt about education or attending school. She explained:

We have a wide arrange of academic levels. None of the girls was at the appropriate education level. Some could not use forks. We have to break the chains of the past—poverty. We want to focus on their individual needs. We

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spend a lot of time teaching the children and showing them that learning is fun.

They [schools] usually use rote with many of the children. We are excited to help them. By lunchtime, there is no more book learning. They need to learn how to be children. 'How to play' means pulling out Legos. It means the main reading, writing and arithmetic is not the same method of learning because they just have to learn how to have fun. It means educating them on normal values, like learning how to live with family values.

I asked Elisa if she would expound on the issues of sexual tourism and human trafficking of children. She conveyed that many teenage girls go into sexual tourism because of home life and poverty; however, she shared a more disturbing story about the exploitation of very young children. Elisa starts her story by stating that sexual exploitation is an epidemic in Costa Rica. She asserted,

Costa Rica is now considered the 'new Thailand' for child sexual exploitation.

There is this place in Los Suenos where I was asked to travel with a human traffic rescuer. We went to the neighborhood where parents were selling their children. Children as young as 5 and 6 years old were placed in the trunks of taxicabs where they would be hidden. These small children were then driven to parties in upscale condominiums for the use of entertainment as sex slaves. The professional human trafficking rescuer who had rescued more than 7,000 children in Mexico stated that this operation was too dangerous and difficult. After this rescue operation failed, he chose not to work in Costa Rica because the issues were too challenging. I also realized that evening that my job is not to rescue the

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kids; my job was to care for them. People do not understand how the Costa Rican tourist industry is ruining so many young lives. The tourist industry has an obligation to be responsible. The statistics are not accurate stating that only 30 percent of tourism is child sexual exploitation. You can visually see the children offering themselves to the tourist on the streets. Companies must do more than just state that they will not put up with child sexual tourism. They must fight the sexual exploitation of these children by supporting and funding organizations that are helping to save and heal these victims.”

I asked, “Why do you think that it was so difficult to get funding when there is such an obvious need?” She answered, “That is the question that baffles me day in and out. Globally there is nothing more important to invest in than our children.”

That led to my last question, “In what way could businesses help the Costa Rican children?” First, she expressed that local business should get involved, like the lawyer who freely gave of his services to help the safe house. In addition, when renting a car, she expressed that tourist need to make sure that their taxi service is not contributing or working in the sexual trade of children. She stated emphatically:

Tourist must speak with their money! Do not support businesses that are not being a part of the solution. Airlines, hotels, and taxis all have to stop being a part of the problem and be part of the solution.... If I am renting a car or using a taxi, I want to know that it is not a part of the problem. It takes all of us to be part of team that is fighting this.

### **Purpose and Objective of the Study**

Elisa's story exemplifies the fact that inhumane issues of child labor in its worst forms exists amidst the great and broad advancements of the twenty-first century. In 1999, the International Labor Organization (ILO) convention 182 prohibited the use of children working in sexual exploitation and classified it as one of the worst forms of labor. This convention defined in Article 3 the worst forms of child labor as the following:

For the purposes of this Convention, the term the worst forms of child labour comprises: (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict; (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

Even with the concerted efforts of international organizations—both government and NGOs that are fighting the victimization of children—millions of young people continue to live under bondage throughout the world (ILO, 2010). Not even the pristine paradise of Costa Rica is exempt from child labor and bondage like sexual slavery. Research

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shows that even though the Costa Rican government has made moderate efforts in decreasing child labor, it is difficult to collect reliable data on what is hidden in the areas of domestic work, fields, and hotels through child sexual exploitation and human trafficking (Powell, 2014; United States Department of Labor's Bureau of International Labor Affairs, 2014).

The US Department of State publishes an annual Trafficking in Persons Report (TIP). The statistics found in the report is based on information from embassies, government offices, NGOs, research from around the world, and other such reports. The TIP Report rates each of the 188 countries that are currently a party to the Palermo Protocol, and the rating is based on four tiers that measures the country's efforts in preventing and eliminating human trafficking and child labor (2015 Tip Report). Even the 2013 TIP Report showed that there were issues of human trafficking and child labor in worst forms, including sexual exploitation in Costa Rica. The report stated:

Authorities noticed an increase in adults using children for drug trafficking. Women and girls from Nicaragua, the Dominican Republic, and other Latin American countries have been identified in Costa Rica as victims of sex trafficking and domestic servitude. Child sex tourism is a serious problem, particularly in the provinces of Guanacaste, Limon, Puntarenas, and San Jose. Child sex tourists arrive mostly from the United States and Europe. (p.1)

The 2013 and 2014 annual TIP Reports recommended that the Costa Rican government follow the Palermo Protocol and fund the establishment of safe houses or fund NGOs to establish them. This recommendation, along with Elisa's story, indicates that there is a



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need for establishing and funding safe houses for these victims and to follow all TIP recommendations. Herrera (2014) confirmed this assessment when he stated, “Costa Rica is one of the countries within Central America that is most prone to sexual tourism” (p. 301).

The Costa Rican government has initiated programs with the hope of ending child labor, human trafficking, and sexual exploitation of men, women, and children; however, these programs are limited in scope and are essentially unsuccessful in rescuing the victims (Bureau of International Labor Affairs, 2014). The 2015 TIP Report revealed that the government did not follow the earlier recommendations of the 2014 TIP Report. In addition, the 2015 TIP Report findings revealed that Costa Rica continues to be a major source for forced labor with sex trafficking of men, women, and children. This 2015 TIP Report shows that the government did not fund the shelters as it stated, “The government neither provided nor funded specialized shelters or services for trafficking victims” (p. 135).

The 2015 TIP Report also disclosed that the Costa Rican government has yet to meet the minimum requirements in eliminating human trafficking. This is the main reason why Costa Rica was placed on the Tier 2 Watch List. The 2015 TIP Report stated:

Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Costa Rica is placed on Tier 2 Watch List. Law enforcement efforts declined; the government did not convict any traffickers, child sex tourists, or individuals who purchased commercial sex acts from child trafficking victims. Victim services

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remained inadequate, and the government failed to dispense any of the 1,725 billion colones (\$3.24 million) accrued in a dedicated government fund to support anti-trafficking and anti-smuggling efforts. The government continued to lack the ability to collect or report comprehensive statistics on its anti-trafficking efforts, due largely to its policy of classifying cases of trafficking that did not involve the displacement of victims as separate crimes. (p. 133)

More concerning, if the Costa Rican government does not follow the 2015 TIP Report recommendations, the country will fall to the Tier 3 level. This would mean that Costa Rica would join the existing twenty-three countries on the Tier 3 2015 list, which includes Thailand, North Korea, Russia, and Central Africa Republic. The consequences of falling to a Tier 3 level means a country could lose international funding from the World Bank (2015 TIP, p. 50). This will significantly affect the country's already struggling economy.

Herrera (2010) conceded, "The laws forbidding child labour are making a positive effect on the surface but are driving the process of exploitation underground" (p. 300). In addition, these numbers are skewed by the migration of children to Costa Rica from poorer countries in Central America (Herrera, 2010). The 2015 TIP Report also confirmed these earlier findings that many of these children are forced for employment to travel from Nicaragua to Costa Rica (p. 264). Another problem is that the birth certificates of these migrating children are often nonexistent, counterfeited, or forged. Furthermore, research shows that most of the migration of all workers into Costa Rica is the result of human trafficking (Herrera, 2010).

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Considering the evidence that the Costa Rican government has failed to follow through with the recommended measures to eliminate human trafficking and child sexual exploitation, there appears to be an opportunity to discover what organizations can do in being socially responsible towards the children who work as sexual slaves, especially in the hotel tourist industry. Thus, this research emerges as a timely study in examining what is the hotel industry's role of corporate social responsibility (CSR) towards the Costa Rican children who sometimes end up in sexual tourism.

The one common theme among the literature is that poverty is often the catalyst for child labor; thus, families feel the necessity to send children to work, irrespective of legality (Dessy & Pallage, 2005). The state of poverty forces many children to work in agriculture and domestic services, manufacturing (sweatshops), or even worst alternatives—as sex slaves (Blagbrough, 2008). The tourist industry, being one of the largest industries in Costa Rica, provides underground labor opportunities for these children to work.

Tepelus (2007) contended that businesses primarily adhere to codes of conduct as it relates to environmental issues but often fail to adhere to social or human rights, especially in the tourist industry. The World Bank (2003) reported that tourism is the “least developed” industry in being corporately social responsible (World Bank and International Finance Co., 2003). Thus, it was evident that the role of corporate social responsibility, as it relates to child labor in one of its worst forms—sexual tourism—in Costa Rica would be understood better through the examination of a case study.

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### **Purpose Statement**

The purpose of this case study was to examine the hotel tourist industry's role of corporate social responsibility towards the Costa Rican children who sometimes end up in one of the worst forms of child labor—sexual exploitation in the hotel tourist industry.

### **Research Problem**

The research problem was to examine the hotel tourist industry's role of corporate social responsibility concerning the children who are sexually exploited through surreptitious employment within the hotel tourist industry in Costa Rica

### **Research Question**

What is the hotel tourist industry's role of corporate social responsibility towards the Costa Rican children who work in one of the worst form of child labor—sexual tourism?

### **Methodology**

A qualitative study based on a triangular model provided three different perspectives in answering this research question. For the conceptual framework of this qualitative research, participants were selected from various backgrounds who shared

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their perspective or knowledge allowing greater insight into the hotel industry's role of CSR concerning the Costa Rican children who labor in sexual tourism. This qualitative research revealed new insights that would not have been apparent in a quantitative study. The first perspective was comprised of outside sources such as US Government reports, previous research, and interviews with a hotel consultant who specializes in the development of CSR policies, and NGO officers and directors who have developed programs and practices for the hotel tourist industry regarding child sexual exploitation. Second, interviews were conducted with hotel employees in the United States consisting of a franchised international hotel chain CEO, hotel directors, managers, receptionists, and housekeepers. Third, on-site interviews in Costa Rica were conducted with a Costa Rican hotel manager, a receptionist, a property manager, and a housekeeper. These interviews offered a first-hand account of the situation and reviewed CSR practices at various levels in different hotel chains and locations. A cross-study comparison was also conducted with interviewees from the international hotel chains based in the home country of the United States and the host country of Costa Rica. The questionnaires served only as a guide for the interviews, and these questionnaires are provided in Appendix C.

### **Delimitations**

Qualitative studies limit the broader view by focusing more narrowly on in-depth interviews. In addition, the scope of this study was limited due to the hidden nature of the problem of child sexual exploration.

### **Assumptions of Limitations**

When analyzing the research findings, limitations were recognized. This research was not concerned with the economic, political, or legal aspects of child labor. This study was not an examination of international labor policies. Some aspects of these subjects may be noted; however, they were not the focus of this research. The purpose of this study was not to solve the issues of Costa Rican child labor, even in its worst forms; rather, the purpose was to examine the role of CSR as it relates to the Costa Rican children who are sometimes forced to labor as sex slaves in the hotel tourist industry. The themes extracted from the interviewees that provided insight concerning the research question were carefully evaluated.

### **Need for Significance of Study**

The Costa Rican government has made moderate efforts in decreasing child labor; nevertheless, statistical data cannot accurately report the number of children who labor in some of the worst hidden forms of employment—that being sexual exploitation in the tourist industry (Craig, 2010; ILO, 2015; Kerry, 2015; Powell, 2014; United States Department of Labor’s Bureau of International Labor Affairs, 2014). The 2015 TIP Report disclosed that Costa Rica is one of the most prone places for sexual exploitation of children in the tourist industry. Thus, one area that indicated a need for more research, specific to Costa Rica, was hearing from those who had firsthand knowledge about the hotel industry or the children who are sexually exploited. With the findings of this study,

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perhaps, some advancement has been made in defining the role of CSR in the hotel tourist industry concerning the children who are sexually exploited.

### **Researcher's Perspective**

The researcher's goal was to examine the role of CSR in regards to the Costa Rican children who are sexually exploited in hotel industry, and anything outside of this was "out of the scope of this research."

### **Definitions**

Various definitions may be associated with the significant terms used in this study; therefore, the following definitions are provided for clarification.

**Child:** Defined by the United Nations in the 1989 Convention on the Rights of the Child as "every human being below the age of 18 years unless, under the law applicable to the child, majority is attained earlier."

**Child Labor:** Defined by the International Labor Organization (2013) thusly: "Child labor is often defined as work that deprives children of their childhood, their potential, and their dignity and that is harmful to physical and mental development."

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**Childhood Slavery:** Defined by Dr. Craig (2010) as “encompassing forced labour, trafficking (for forced labour or sexual exploitation), debt bondage, serfdom, child soldiers and children forced into a range of illicit activities (p. 7).

**Child Sex Tourism:** Defined by End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes (ECPAT) as:

the commercial sexual exploitation of children by men or women who travel from one place to another, usually from a richer country to one that is less developed, and there engage in sexual acts with children, defined as anyone aged under 18 (retrieved from CSEC terminology- [http://ecpat.com/EI/Csec\\_cst.asp](http://ecpat.com/EI/Csec_cst.asp))

**Child Sex Trafficking:** Defined by the United States Department of State (2016) as:

when a child (under 18 years of age) is recruited, enticed, harbored, transported, provided, obtained, or maintained to perform a commercial sex act, proving force, fraud, or coercion is not necessary for the offense to be characterized as human trafficking. There are no exceptions to this rule: no cultural or socioeconomic rationalizations alter the fact that children who are prostituted are trafficking victims. The use of children in the commercial sex trade is prohibited under U.S. law and by statute in most countries around the world. Sex trafficking has devastating consequences for children, including long-lasting physical and psychological trauma, disease (including HIV/AIDS), drug addiction, unwanted pregnancy, malnutrition, social ostracism, and even death.



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**Corporate Social Responsibility (CSR):** “For purposes of this discussion, it [CSR] refers to the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm....It means that social responsibility begins where the law ends” (Davis, 1960).

**Culture:** Defined by Global Leadership and Organizational Behavior Effectiveness (GLOBE) as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations” (Tsui, Nifadkar & Ou, 2007, p.430).

**Domestic Servant:** Defined by Levinson and Langer (2010, p. 125) as “someone who does domestic work in someone else’s home, for pay or in-kind remuneration.”

**Human Trafficking:** The UN Protocol to Prevent, Suppress, and Punish Trafficking in Persons defines human trafficking (2000) as:

Trafficking in Persons as the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.

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**Sex Trafficking:** The US Trafficking in Persons Report (2015) defines sex trafficking:

when an adult engages in a commercial sex act, such as prostitution, as the result of force, threats of force, fraud, coercion or any combination of such means, that person is a victim of trafficking. Under such circumstances, perpetrators involved in recruiting, harboring, enticing, transporting, providing, obtaining, or maintaining a person for that purpose are guilty of the sex trafficking of an adult.

**Severe Forms of Trafficking in Persons:** The U.S. Trafficking Victims Protection Act of 2000 (TVPA) defines severe forms of trafficking in persons as:

a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such an act has not attained 18 years of age; or the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

**Sweatshops:** Defined by Arnold and Hartman (2006, p. 677) as:

any workplace in which workers are typically subject to two or more of the following conditions: income for a 48 hour workweek less than the overall poverty rate for that country; systematic forced overtime; systematic health and safety risk due to negligence or the willful disregard of employee welfare; coercion; systematic deception that places workers at risk; and underpayment of earnings.

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**Trafficking in Persons Report (TIP):** TIP is “the U.S. Government’s principal diplomatic tool to engage foreign governments on human trafficking” (U.S. Department of State, 2015).

**Worst Forms of Child Labor:** Defined by International Labor Organization (ILO, 1999) as:

(a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict; (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

## **Chapter 2 Literature Review**

Literature concerning child labor is extensive, expounding on the causes and proposing solutions. Debates among economists and scholars persist as to whether children should work in underdeveloped and developing countries. Benjamin Powell (2014), professor at Texas Tech University, provided a perspective different from those who oppose child labor. He (2014) stated, “We should desire to see an end to child labor, but it has to come through a process that generates better opportunities for them—not from legislative mandates that prevent children from taking the best option available to them” (p. 84). Powell (2014) further shared that many children often resort to more hidden forms of labor when they lose their jobs due to government sanctions or consumer boycotts. According to the ILO, one of the worst forms of child labor is sexual slavery. Even though there have been some advancements in the twenty-first century concerning human rights, millions of children are forced to labor in some of the worst hidden forms across the globe, especially in developing countries like Costa Rica (ILO, Child Labor, 2015).

### **The History of Child Labor**

The multifaceted issues of child labor have existed throughout history and continues today. During the Industrial Revolution, children were a major labor force in certain industries such as coal mining and textiles (Basu, 1999; Cunningham, 2000). Lawmakers and society began to take notice of the harsh working conditions that the youth endured during that period. Cultural values began changing as society saw the need for protecting children. In the latter part of the nineteenth century in countries with developed economies, child labor shifted from industrial to safer work environments such as the service industry (Cunningham, 2000). In addition, the enforcing of compulsory education regulations forced the youth to attend school rather than work (Basu, 1999). Due to new cultural values and ideologies in developed countries, the labor of children began to provide less to the economic value and more to the family, emotional value (Cunningham, 2000). Furthermore, the United Nations International Children's Emergency Fund (UNICEF) and the International Labor Organization (ILO) made a consensus in the mid-twentieth century to protect children by the banning of child labor (Dessy & Pallage, 2005).

### **Defining Child Labor**

Defining child labor has been problematic since the Industrial Revolution, and it continues to be difficult to classify (Basu, 1999). The ILO (2013) defines the term saying, "Child labor is often defined as work that deprives children of their childhood,

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their potential, and their dignity and that is harmful to physical and mental development.” In addition, the ILO established an agreement in 1973 that the age for children to work would be 15 years of age and older (ILO, 1999). Since this agreement, the ILO and other non-governmental organizations (NGOs), such as UNICEF, have endeavored to resolve the issues of child labor further. The ILO (2016) reported that the “global number of children in child labour has declined by one third since 2000, from 246 million to 168 million children.” While the ILO reports that child labor has declined, new concerns arise about whether research is truly providing an accurate measurement regarding the numbers of children who labor. The reason for this concern is that many children work behind the scene in domestic or household work and are often unaccounted in the child labor census (Basu, 1999; Blagbrough, 2008; Craig, 2010; Powell, 2014;). Furthermore, there are hidden elements that influence the child labor market that are not being addressed, such as the number of children who are secretly employed as agriculture workers, drug traffickers, or sexual slaves.

One of the reasons given in favor of child labor relates to the vast competition of the globalized market. Price competitiveness is a more critical issue today than ever before, and organizations must continually find ways to manage their expenses. Since labor is typically the highest cost component in overall operating costs, cheap labor is crucial (Kara, 2011). As a result, children who labor for very little often become the victims in this competitive world market. There are numerous reasons for hiring children rather than adults. Children are often more willing to submit to authority, they are healthier, and often they have more energy to work longer hours than do the adults. In

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addition, hands that are small, nimble, and healthy are better able to perform tedious work, such as threading needles and sewing small stitches in clothing.

Child labor is a repetitive, ethical challenge that has now become a desperate issue. Today, children are not only forced to work in domestic services, sweatshop factories, or farms, but they are sometimes forced into sexual slavery. Tuttle (2006, p. 150) explained how child labor today differs from child labor in the times of the Industrial Revolution:

Most children, however, are working in small privately owned businesses, in private homes as domestic servants, and in brothels as prostitutes. This is where the majority of children work—hidden from the law and invisible to society. The second major difference lies in the ‘new’ occupations for children that are extremely dangerous—prostitution, child pornography, drug sales and soldiers.  
(p.150)

Such extreme forms of child labor are often incomprehensible to people living in developed countries; therefore, there is a need for research to fully define and examine child labor, the reasons behind its existence, and corporate social responsibility concerning it.

### **Reasons for Child Labor: Cultural Differences and Poverty**

Research provides two main reasons as to why children remain in the workforce in developing countries: cultural differences and poverty. Understanding what culture actually means is the first step in comprehending the issue of child labor. Pursuant to

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Tsui, Nifadkar & Ou, 2007, “Global Leadership and Organizational Behavior Effectiveness (GLOBE) project defines culture as ‘shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations’” (p.430). Some cultures have patriarchal structures where men often dominate women as servants and children as slaves, threatening their human dignity culturally, and ideologically (Ingram, 2009). India is an example of a culture based on the generational Hindu religious practices, such as the caste system.

The caste system is a rigid social-class structure based on one’s heredity, and it often determines one’s occupation and wealth. According to Ninian (2008), approximately 180 million to 220 million Indians are categorized into the lowest caste system that is known as the Dalits or untouchables (p. 187). If the Dalits are allowed to work, they are often restricted to working only in very sordid jobs, such as janitorial cleaning in debouch sewages or carrying away malodorous animal carcasses. Rao’s (2010) writings described such inequality found in some cultures:

These people are taught to expect nothing in life but to work all day in the sun and hope that someone will buy their labor or produce, which is in fact uncommon because those of higher castes often refuse to touch anything an untouchable has touched. (p. 101)

With such disparity in the lower caste structures, some parents sign away their children’s rights, making them bonded laborers. Children are often thought of as a commodity that may be given in exchange for another product or service (Kovasevic, 2007). Oftentimes, the debt is the result of desperate parents who have incurred bills due



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to illnesses or inherited debt from previous generations. According to the Human Watch Report, a bonded laborer is a child who must work off debt sometimes as a servant for their entire life (Coursen-Neff, 2003). There are as many as 40 million bonded laborers in India (Ninian, 2008, p. 187).

UNICEF (2012) provided statistics regarding the global issues of child labor. They reported that 1.2 million children are the targets of human trafficking, 5.7 million are taken into slavery, and approximately 1.8 million are lured into prostitution or pornography. In addition, many children working full time in domestic or household work are often unaccounted in the child labor census (Basu, 1999). Cultural differences and poor economic conditions in under-developed countries are often the catalysts for such disparity.

Researchers, legislators, and social scientists have for centuries tried to pigeonhole the causes and solutions to child labor. Karl Marx blamed the free market and capitalism (Basu, 1999) whereas Reed (2009) offered a different perspective of child labor and capitalism:

So it is that child labor was relieved of its worst attributes not by legislative fiat, but by the progressive march of an ever more productive, capitalist system. Child labor was virtually eliminated when, for the first time in history, the productivity of parents in free labor markets rose to the point that it was no longer economically necessary for children to work.

Kovasevic (2007) stated that children might be better off working in formalized and legalized employment so that the children will not be victims of human trafficking or hunger. He (2007) expounded on this perspective:

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Unemployment does not constitute liberty. Moral imperative dictates a ban on child labor, but what of the child who will fall asleep hungry without wages?

What about the silk weaver who would rather accept beatings than see his sister die because of a lack of medications? (p. 38-39)

Pisoni (2006) applied this perspective to the developing country of Costa Rica.

His (2006) research concerning child labor in Costa Rica revealed the following:

“Without the productive contribution of under-age workers, the proportion of households in poverty, where they actually live, would substantially grow 25.4% to 43.7%” (p. 18).

Thus, a percentage of increase such as this would greatly affect Costa Rica’s economy, plunging the country into a category of greater poverty. It is evident that child labor is a complicated issue for developing countries like Costa Rica. Such challenges bring about greater opportunities for organizations to consider what their role may be concerning children who must labor.

### **The Country of Costa Rica**

Costa Rica is a tropical island located in the southern part of Central America with a small population of approximately 4.7 million citizens (World Atlas, 2016).

Tourists are attracted to this famed paradise due to its beautiful beaches, pristine ocean waters, and exuberant natural surroundings. The other side of Costa Rica, however, is not as obvious or inviting. Here, there are depressing scenes of poverty such as poor housing and street hawking by desperate children as young as five years old who are forced to work (Severini, 2010). Even though Costa Rica’s human development level is

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high according to the United Nations, the social and economic development has remained slow (Pisoni, 2006, p. 7). The World Bank (2013) reported that many factors contribute to the lack of social and economic development in this country.

### **Social and Economic Development**

In the 1950's, Costa Rica's social system began to succeed and has continued to remain as the most democratic country in Latin America. It was in 1949 that Costa Rica established the Supreme Court of Elections and a new constitution allowing their citizens the right to vote. During this time, public sewage systems and electrical services were established (Pisoni, 2006). The country continued to develop until the 1980s when it began to experience economic challenges. Controversy continues over what caused the economic decline and lack of social progress.

Some researchers claim that the lack of investment in Costa Rica's national defense, which the country abolished in 1949, is a large factor for the lack of further development (Pisoni, 2006, p. 8). Others claim that the change in the agro-export market to that of more imports and the number of wars in Central America were large factors in the economic and social decline of the 1980s (Baker, 1994). A new emphasis on exporting and less on state regulation has stimulated a small increase in Costa Rica's economy and social advancement. Nevertheless, poverty is a major concern and is causing great distress to more than 20 percent of the Costa Rican population (World Bank, 2013). Elisa Salazar (1991), a professor in Latin American, addressed the issue of poverty in Costa Rica:

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In the cities and in the countryside, workers, including children and youths, are employed informally, often contrary to the law, even inducing boys and girls into prostitution and involving them in other delinquent activities. Many rural families now live in peripheral areas of towns and villages as miserably as in the large city and without the advantages they formerly had. (p.270)

Costa Rica has been greatly influenced by the social and economic changes across Latin America, which includes demographic changes and economical fluctuations (Levinson & Langer, 2010). Some of the demographic changes and cultural influences are a result of the child migrants from Nicaragua. As a result of the economic fluctuations and demographic shifts in Costa Rica, there are various cultural attitudes towards child labor, such as what is the appropriate age for children who are working (Salazar, 1991). In addition, child labor regulations are not enforced strictly for various reasons. First, there are different sets of codes between the country's Childhood and Adolescence Code and the Labor Code. The Childhood and Adolescence Code establishes the rule that children who work must be at least 15 years of age whereas the Labor code states that the minimum age is 12 years of age (Costa Rica, 2012). The Costa Rica government claims that the Childhood and Adolescence Code supersedes the Labor Code. Regardless, parents in poor families do not follow either regulation; instead, they force their children to work rather than permit them to attend school (Pisoni, 2006).

### **Statistics on Poverty**

The National Household survey in 2008 revealed that 22 percent of Costa Rica households are economically disadvantaged (Latin American Economic Outlook, 2011).

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According to UNICEF (2012), more than 21.6% of Costa Rican households were in poverty with more than 6.4% living in severe poverty. This same survey revealed that 40% of the disadvantaged were less than 25 years of age and only had an average of 6.2 years of education compared to the affluent who had 10.9 years of education. According to the Costa Rica Country Report (2006), children between the ages of 5 and 14 years old make less than \$52.32 a month, which is below the poverty level of \$73.97 (Pisoni, 2006). Their income provides two-thirds of their cost of living and contribution to the household income (Pisoni, 2006). This information is significant as it emphasizes the reason many children are forced to work. In 2012, the National Statistics Office (INEC) research revealed that approximately 16,160 children work in some capacity in Costa Rica. Figure 1 provides a model showing the percentage of children working in different sectors of employment.

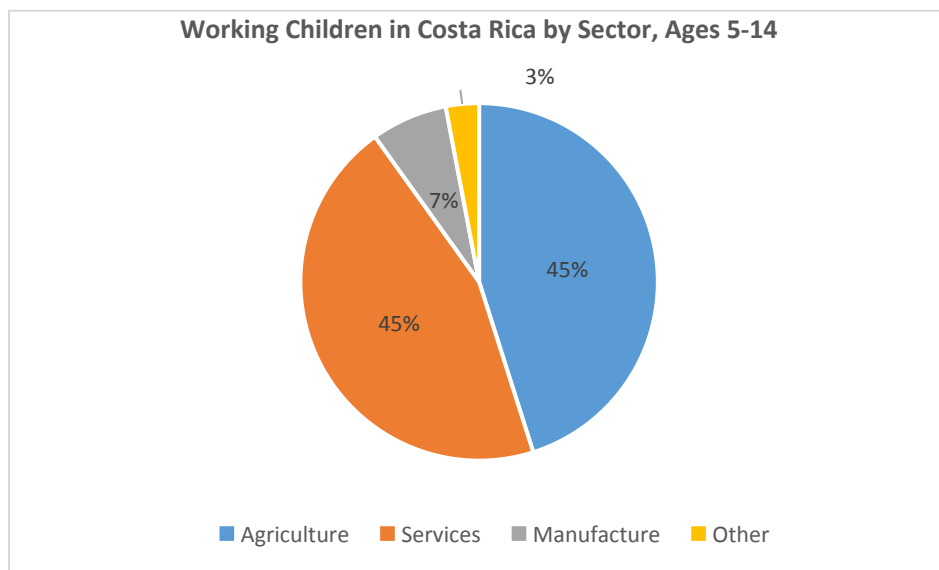


Figure 1. Working Children in Costa Rica

**Source:** United States Department of Labor's Bureau of International Labor Affairs (2012)

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This same research (2012) revealed that 25.3 % of Costa Rica children between the ages of 5 to 17 were engaged in some type of commercial employment with 5.1 % being in construction. The US Department of Labor's Bureau of International Labor Affairs (2012) provided these statistics concerning child labor in Costa Rica:

Limited evidence suggests that child labor is used in the production of bananas, melons, oranges, sugarcane, and tomatoes. There are also reports of indigenous migrant children, primarily from Panama, working in coffee harvesting in Costa Rica. Children working in agriculture may use dangerous tools, apply harmful pesticides, and carry heavy loads. (p.1)

It is hard to imagine that children are working in such deplorable conditions that often are hidden to the world; thus, there was a new opportunity for research concerning the children who are forced to work in Costa Rica. This study focused first on child labor in the Costa Rica manufacturing industry, and it then expanded to the more hidden forms of child labor.

### **Child Labor in Costa Rican Manufacturing**

Much research has been conducted already concerning child labor in manufacturing facilities, referred to infamously as "sweatshops." The term applies to factories that often provide workers with low pay and deplorable working conditions. However, the term is difficult to define as it is sometimes used subjectively and interchangeably with various meanings. Arnold and Hartman (2006) defined it:

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As any workplace in which workers are typically subject to two or more of the following conditions: income for a 48 hour workweek less than the overall poverty rate for that country; systematic forced overtime; systematic health and safety risk due to negligence or the willful disregard of employee welfare; coercion; systematic deception that places workers at risk; and underpayment of earnings. (p. 677)

Feminists Against Sweatshops defines the term as “employers who violate two or more labor laws, from the prohibition of child labor, to health, safety, fire, and building codes, to forced overtime and minimum wage” (Miller, 2003, p. 96).

Defining the term is not as complex as identifying and labeling all of the ethical issues regarding labor practices, such as child labor within the sweatshops factories. Debates among scholars, economists, philosophers, and students have continued to increase as the globalized world has increased awareness about MNCs’ challenges in regards to outsourcing their labor to sweatshops and child labor.

In 1993, US Senator Tom Harkin advocated to legislature the banning of all imports produced by child labor. More than 50,000 children in Bangladesh lost their jobs as the result of this ban, many of whom turned to more hidden forms of labor (Powell, 2014). Rawlings baseball manufacturing suffered negative publicity for labor practices in Costa Rica after children were photographed stitching baseballs for which they were paid low wages. The western world found this deplorable as many worked for only \$1.12 per hour (Powell & Skarbek, 2004). Not as well advertised, however, was the fact more than 12 % of Costa Rican’s population lives on less than \$2.00 per day (Powell, 2014). As recent as May 2013, CBS News investigated the issues about sweatshops around the

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globe. They went undercover to a Bangladesh sweatshop factory and found that young 12-year-old girls were sewing apparel for Wal-Mart, J.C. Penny, and Puma. Advocates against sweatshops argue that consumers should consider the immense disparity when a child in Costa Rica is paid only \$1 for making a shirt that will be sold in the United States for \$30.

College campuses are often the frontline of reform as in the late 1990s when student activists held demonstrations against companies that outsourced to sweatshops (Powell & Zwolinski, 2012). Publicity from campuses against deplorable working conditions found in sweatshops evoked consumers to boycott products made by children. Due to the outcry, many companies implemented new measures of corporate social responsibility to protect children from many of the issues surrounding child labor. Ingram's (2009, p. 193) research provided evidence that diminished sweatshops equals a universal declaration of human rights. He founded his views on the discourse theory that is based on group deliberation that determines what is just and right (Ingram, 2009, p. 193). The discourse theory "insists that no norm (law) be imposed on persons without their rational consent" (Ingram, 2009, p. 193). Ingram (2009) explained that the change must occur from within the culture and at the grass roots of a society.

Arnold and Hartman's (2006, p.686) concluded in their research "morally imaginative MNCs can voluntarily opt to improve the conditions in their global factories, without laying off workers, while remaining competitive within their industry." Thus, an organizations' corporate social responsibility appears to be key in the betterment of working conditions around the world.



### **Hidden Forms of Child Labor in Costa Rica**

It is reported that less than 3% of the children work in manufacturing jobs in Costa Rica; however, it is impossible to know how many children work in the more hidden areas of labor (United States Department of Labor's Bureau of International Labor Affairs, 2012). Powell (2014) provided a different view of sweatshops by showing that the other hidden forms may be worst forms of labor than manufacturing. Consumer's purchasing power has forced manufacturing companies to change their management practices with supply chains that use child labor. Nevertheless, further research is needed to help decrease the number of children who often work in the more hidden forms of labor such as agriculture, domestic servants, and trafficking in drugs and sex.

#### **Child Labor in Agriculture**

Most of the Costa Rican children who work in agriculture do so on small or family owned farms. This labor is referred to as "hidden" because it most often falls under the radar of the government or outside observers. The Costa Rican government does not have the resources to monitor or regulate all of its agricultural farms, especially the small and more remote ones. Research from the Sugar Industry provided the following findings (Special Technology Resources, 2008):

As with other countries in the region, the government lacks resources to carry out supervision over plantations and small farms. There is an insufficient number of labor inspectors and existing inspectors may not have the means to access remote agricultural sites. (p.10)

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Costa Rica is renowned for the production of coffee, bananas, pineapples, and sugar cane. According to the United States Department of Labor's Bureau of International Labor Affairs (2012), more than 45% of the children who work do so in fields harvesting cherries and coffee beans. This is less challenging work for the children compared to working in some other fields; nevertheless, the work is rigorous—even for adults. Often, the coffee “field” is located on the sides of craggy slopes where picking the beans requires surefootedness and dexterous fingers. Dangers include heat stroke, pesticide poisoning, and snakebite—most of which are poisonous.

When the children work in the sugar cane fields, it is usually with family members or with godparents on small sugar farms that are not regulated by the Costa Rican Labor Union or Ministry of Labor. In addition, most of the children who work in the sugar fields are working under independent contracts. Many of these children are Nicaraguan migrants who are desperate to work regardless of the labor laws or hazardous conditions (Costa Rica Sugar, 2008). Many of these migrants follow their parents from one harvest field to another, never able to attend school. Even if they were given the opportunity of education, they would not be allowed to attend school because most of them lack documentation of citizenship. They live like nomads without having any perception of a permanent home or a life other than working.

The advantages of working in the fields may provide children a greater sense of freedom than laboring in the confinement of sweatshops, but children are still in danger as they may force their bodies beyond appropriate limitations by lifting large containers of produce and cause bodily injury to themselves. Oftentimes, children may try to hide their ailments or injuries because they fear that they appear weak or immature (Pinzon-

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Rondon, Koblinsky, Hofferth, Pinzon-Florez, & Briceno, 2009). Farm labor is very intensive, often requiring heavy lifting, long hours of standing or kneeling, and repetitive type work. More research should be considered in hearing from these children as there appears to be a void in the scholarly journals concerning the children who work in the fields of Costa Rica. Perhaps, such research could provide greater insight into new methods of helping the nomad children, giving them an opportunity to have a home.

### **Child Labor in Domestic Service**

Domestic service is classified as another hidden form because the work goes on behind closed doors and because there are aspects of the work that goes beyond that of regular domestic work to that of sexual abuse. Of all the children working in Costa Rica, approximately 6% of them work as domestic servants (Anti-Slavery, 2009). A professor of social justices, Dr. Gary Craig (2010) stated, “Child domestic work is one of the most widespread, dangerous and exploitative forms of child work in the world today, and one of the most difficult to tackle” (p.8). A study by the NGO Defensa de Niñasy Niños Internacional (DNI – Costa Rica) interviewed 35 child domestic labors in San Jose, Costa Rica. Half of the children were from Costa Rica while the other half were migrants from Nicaragua. Contrary to regulations, their average age of enrollment into domestic service was only 12.5 years of age; and for some, the starting age was as early as 10 years (Anti-slavery, 2009). Even though the ILO 182 convention states that domestic service is one of the worst forms of child labor, children are often forced into this type of employment in developing countries such as Costa Rica. Sometimes, these children are required to live with their employers, and some of these situations are abusive and dangerous.

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In the following study by the DNI, some children shared their experiences asking for help and exposure of their situation with a hope of saving their childhood from desperation. Much like some of the children in India, some of these children in Costa Rica are required to work to pay for their parent's debt. A 15 year-old child domestic worker from Coronado, Costa Rica stated in an interview (Blagbrough, 2008, p.30), "I get 50,000 colones per month (USD \$95), and I work 10 hours a day. I don't know if it is good or bad, but I give money to my mum and with the rest I buy my things." Each of these children reveals that they must assist in supporting their families. Another interview (Blagbrough, 2009, p.30) from a 12-year-old from Cartago, Costa Rica stated, "I had to give up school because my mum couldn't pay for my school stuff and uniform; instead they sent me to work so I didn't stay in the house doing nothing."

The following is an example of the many children who cannot go to school because of their need to work. This 12-year-old from Terjarcillos, Costa Rica shared what her life is like (Blagbrough, 2008):

I work from seven in the morning to five in the afternoon without a break, they give me some food but I am not allowed to sit for long. Then when I go home I have to share the money I earned in the house and also I have to help with the cleaning and the cooking of the food for my youngest brothers and sisters. (p.31)

Research by Levinson and Langer (2010) found that domestic workers are disadvantaged in education, especially compared to nonworking children. Of greater concern is the fact that many of these children end up in the commercial sex trade in the tourist industry as some of the child domestic employers own brothels and require the children to work there as well as part of their employment (ECPAT, 2013).

### **Child Labor in Human, Drug, and Sex Slavery**

Trafficking is a difficult term to define due to the various meanings and illicit activities associated with it. The ILO convention No. 182 in article 3 states that child slavery becomes child trafficking when a third party relocates the child from a safe and familiar location with the intent of exploitation. In 2000, the United Nations adopted the Palermo protocol that had three main objectives: prevention to suppress and punish trafficking persons, especially women and children; prevention of smuggling of migrants by land, sea and air; and the prevention against the illicit manufacturing and trafficking in firearms, their parts and components and ammunition (United Nations, 2000). It is a misconception to think of human trafficking as occurring only in the sex trade. It is also a misconception to think that adults are the only ones victimized because children are trafficked for many types of labor like selling drugs, stealing, and panhandling. UNICEF (2009) stated that many of the trafficked children are often paid with drugs and become addicts themselves

According to the U. S. State Department, as many as 20 million people are living under the bondage of slavery across the world (2014 TIP Report). Two million of these are children who are held in captivity as commercial sex slaves (World Vision, 2015). The battle against such illicit crimes is difficult due to its hidden nature. The United Nations Global Report on Trafficking in Persons (2012) reported:

As for all crimes, official statistics on trafficking in persons represent only the tip of the iceberg, as criminals generally go to great lengths to prevent the detection of their activities. This means that a large part of the phenomenon remains hidden. While the size of the iceberg will remain unknown, it is not possible to

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obtain an understanding of its shape and characteristics by analyzing the visible tip.

As early as 2005, the ILO recognized that the exploitation of children goes beyond the realm of human rights into that of labour and economic issues. Glind (2010) referred to multiple factors that contribute simultaneously to child victimization as 'poverty plus' (p. 106). Poverty plus may include situations where social or cultural circumstances place children at greater risks. Traffickers recruit victims who may lack parental supervision or family cohesiveness. Homeless children are more vulnerable than other children due to their need for survival. According to a UNICEF (2012) report, more than 36,000 children are homeless and living on the streets of Costa Rica. Thus, it is evident that poverty is a factor that promotes child sex trafficking.

In addition, increased unemployment in communities often provides traffickers new opportunities for recruitment of these homeless children. Once a victim is recruited, the vicious cycle of torture never seems to end. Unfortunately, the prosperous Costa Rican tourist industry provides the perfect conditions for traffickers to make even more money by exploiting these children into a life of commercial sex trade. According to a report by End Slavery (2012), a study found that these trafficked victims are sometimes sold up to 15 times a day for six days a week, accounting for thousands of times a year. Costa Rica is known as a country that brings in high wages from human trafficking (End Slavery, 2012). According to the Project Protection report (2012), traffickers may receive up to \$10,000 per trafficked person.

### **Child Sex Tourism**

Having provided an overview of the worst and hidden forms of child labor, this research focused more specifically on child sex tourism. Child sex tourism (CST) is defined by End Child Prostitution, Child Pornography, and Trafficking of Children for Sexual Purposes (ECPAT) as:

the commercial sexual exploitation of children by men or women who travel from one place to another, usually from a richer country to one that is less developed, and there engage in sexual acts with children, defined as anyone aged under 18. (2015)

Even though measures have been taken to end child sexual exploitation, the industry has continued to grow. According to the United Nations Human Rights Office (2013), child sex tourism is a \$20 billion industry and on the rise globally as predators have unlimited access to victims through the World Wide Web. In this same report (2013), the majority of the offenders are males with less than five-percent of the offenders being female. The Protect Project (2010) stated that 5,000 tourist travel every year to Costa Rica with the purpose of sexually exploiting children (p.2). According to the United States Trafficking in Persons Report (2015), most of these predators traveling to Costa Rica are from the United States and Europe. They rationalize their exploitations by convincing themselves that it is morally acceptable to have sex with minors in host countries where it may be more permissible and hidden. Fraley (2005) told of a sixty-five year old schoolteacher from Florida who defended himself by saying that his \$20 paid for sex with young girls provided them food for one week. However, Fraley (2005)

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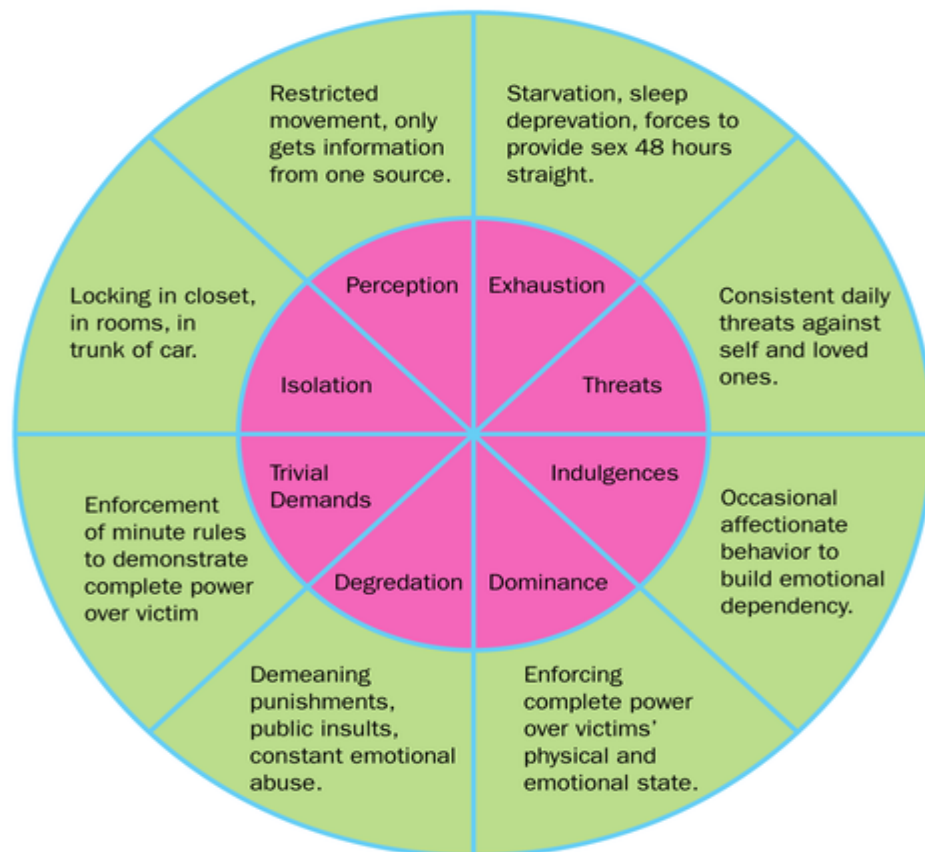
refuted this man's defense by stating that these children live in fear, often turn to drugs, and sometimes end it all in suicide.

The children who are victimized are susceptible to all types of venereal diseases because many of them are violently raped and sometimes sodomized. They are especially vulnerable to the HIV virus due to their small bodies that are more susceptible to tissue tears, which more readily allows this virus to enter the blood stream (Fyre, 2009). The HIV virus is one of the fastest growing diseases in Costa Rica due to the proliferation of sexual encounters (Dyer, 2014, December 1). The Public Health report (2014, November 28) stated that the Social Security System (Caja) hospitals diagnosed over 694 new cases for the previous year. HIV increased from 8.6 % in 2002 to 14.6 % in 2013 per 100,000 residents (Dyer, 2014, December 1). Furthermore, Berkman (1996) reported that people in certain cultures believe that having sex with a virgin will cure HIV. Compounding the burdens for these children, these illicit sexual encounters sometimes result in unwanted pregnancies.

Child victims are sometimes deceived by pimps who convince them that they have security and love when, in reality, they are entrapped in brothels or drug houses. These children live a life of continued torture, which is demonstrated below in Figure 2.



Terms of Torture and Their Counterparts In Pimp Control



Victims of Human Trafficking May Suffer From:

- Anxiety
- Panic disorder
- Major depression
- Substance abuse
- Eating disorders
- Trust issues
- Post-traumatic stress
- Low frustration levels
- Self-mutilation
- Suicidal behaviors
- Disassociation
- Stress-related illness

Figure 2. Cycle of Torture

Source: End Slavery (2015)

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The cycle of torture results in children needing treatment for physical, psychological, and emotional trauma. As the tourist industry has produced increased growth and revenue, children continue to be exploited and left with little defense. International organizations, both government and non-government agencies (NGOs), are making efforts to defeat the victimization of these children. In addition, the Costa Rican government has initiated some programs with the hope of curbing the victimization of the Costa Rican children. Nevertheless, there remains a gap in the knowledge as to how corporations could be more socially responsible towards the children who end up as sex slaves in the Costa Rican tourist industry.

### **Defining Corporate Social Responsibility**

Corporate social responsibility (CSR) compels organizations to conduct business responsibly regarding every stakeholder. The term *corporate social responsibility* is not a new one; rather, it is a term that has continued to evolve over time. Some claim that the term originated in the 1930s with E. Merrick Dodd (Taneja, Taneja, & Gupta, 2011). Dodd (1932) in his writings, “For Whom are Corporate Managers Trustees?,” discusses the arguments whether corporations should be socially responsible. His writings are still relevant today as the issue of CSR continues nearly a century later.

Others credit Howard R. Bowen as “The Father of Corporate Social Responsibility” for his book written in 1953, *Social Responsibilities of the Businessman* (Carroll, 1999). Carroll (1999) claimed that CSR started more as social responsibility

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rather than corporate responsibility. During the 1960's, Keith Davis provided the first definition of CSR:

For purposes of this discussion, it [CSR] refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. It is the firm's obligations to evaluate in its decision-making process the effects of its decisions on the external social system in a manner that will accomplish social benefits along with the traditional economic gains, which the firm seeks. It means that social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do. (p. 313)

In more recent terms, many refer to this as "corporate citizenship" (Shafritz, Ott, & Yang, 2011). Schmitz and Schrader also referred to CSR as "welfare-oriented corporate goals" based on "non-economic goals" that goes beyond the law (p.27). Such companies present themselves as being a part of the community by supporting local schools, hospitals, and other non-profits. The International Labor Organization (ILO) (2013) defined CSR as:

A way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law. (p.1)

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Corporate social responsibility may be considered the conscience of the organization, governing what is right and wrong behavior towards their stakeholders. Thus, an organization's moral code will not be superior to its CSR policies just as a human being's character will not be better than his or her own conscience. A CSR policy will regulate the organization's practices by ensuring compliance to the company's core values.

### **The Role of Corporate Social Responsibility**

The role of corporate social responsibility is to be responsible to all stakeholders—the shareholders, community, and environment (Thompson, 2005).

EnviroNics International at the International Prince of Wales Leaders forum conducted a new millennium poll regarding the world's CSR expectations. The poll of 1000 members from all over the world revealed that companies in the 21 century must demonstrate CSR commitment socially, environmentally, and economically. The poll further revealed that CSR in the new millennium must protect society from any threatening activities while simultaneously providing profits to all shareholders. Carroll stated, "Finally, it was made clear that CSR/CSP is now a global expectation that requires a comprehensive, strategic response" (Schaeffer & Dunn, 2008, p. 10).

The increase of awareness and need for CSR is a result of a unified economy and shift into "global capitalism" (Utting, 2008, p. 961). This global, capitalistic shift is the result of foreign monies being invested in developing countries, such as Costa Rica; however, such investments do not always equal an increase in living standards or working conditions for the less fortunate (Utting, 2008). For example, the cost of one

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American worker is equal to seventy workers in Indonesia (Fishman, 2006, p. 97).

Walmart, a company whose driving force is profit, has largely contributed in this shift to global capitalism. Controversy continues over whether this globalized capitalistic shift is positive or negative (Fishman, 2006). It depends on whether one is viewing this shift from the perspective of a Walmart shareholder or a stakeholder. Regardless, Dodd (1932) recognized the dangers of such greed and the need for giving back to all stakeholders even in the early 1930's when the issue of global capitalism was still on the horizon. He (1932) stated, "The only way to defend capitalism is through leadership which accepts social responsibility and meets the sound needs of the great majority of our people" (p. 1156).

Carroll (1979) developed a CSR conceptual model based on four levels of responsibility: economic, legal, ethical, and discretionary. Economic responsibilities are placed at the first level of the model, which refers to the need for companies to make a profit. Legal responsibilities, being the second level, are expected of companies already. The third level is ethical responsibilities, which deals with the need for companies to function according to the norms of society. The fourth responsibility is the discretionary level, which includes all other activities that go beyond what is required, such as helping society philanthropically. This last category is what sets one company apart from the others.

### **Economic Responsibilities**

Whether a company is domestic or international, the financial profits are the foundational goal of running a business. A company is to provide services and products

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that society demands while making a profit. However, the competitive marketplace breeds a world of greed that makes it difficult to function ethically and responsibly. In addition, greater challenges exist when dealing with the issues of a globalized economy in this modern world. One challenge is defining who the stakeholders are because, as the world becomes flat, the community becomes larger. As far back as 2005, The United Nations reported that multinational corporations (MNCs) had more than doubled from 1990 to 2005, increasing the number from 37,000 to more than 60,000 (Nelson, 2005, p. 1). Another challenge is determining the level of responsibility that is due all of these expanding stakeholders. Thompson (2005) gave a traditional list of stakeholders that includes employees, trade associations, suppliers, government, investors, political groups, the environment, customers, communities, and the unemployed. However, MNCs are challenged not only with these traditional stakeholders but also with the issues of new, unidentified stakeholders and their various cultural differences. “What may vary by country or region of the world is the question of what constitutes an acceptable rate of return or growth rate” (Carroll, 2004, p. 117). Due to this complexity, there are greater demands for CSR than ever. Johnson (2013) encouraged the use of universal standards when dealing with multi-culturalism. Hofstede’s program values and PROJECT Globe cultural dimensions provide insight into understanding cultural differences and may assist MNC’s managers in being effective in managing with social responsibility.

### **Legal Responsibilities**

According to Carroll (1979), the second level of legal responsibilities requires companies to act legally. Carroll (1979) stated that society has permitted businesses to

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operate with a “social contract” that has “laid down the ground rules—the laws and regulations—under which business is expected to operate” (p.500). For example, organizations are challenged with the complexity of different legal environments as they often face labor issues regarding outsourcing to other countries that permit child labor. One issue is whether the MNCs should base their legal labor guidelines on the home-based, developed country or the host country. Corporate social responsibility plays a large role in determining complicated decisions, such as this.

### **Ethical Responsibilities**

Carroll’s (1979) third level of ethics is not easily defined because ethics is often an abstract and subjective topic. Again, MNCs have a greater need in understanding global ethics due to its complexity as whether to use the ethics of the host-country or the home country. Global managers or employees may be under the assumption that what works in western cultures works anywhere. Johnson (2014) encouraged the use of the host-country unless they do not adhere to universal moral norms.

The role of corporate social responsibility must provide the framework in knowing how to function ethically. The keys to establishing the role for CSR are based on ethical corporate leadership and organizational culture. As stated earlier, companies are successful because of their roles of good leadership. The role of responsible leadership must first be founded in “authentic” character “such virtues as honesty, respect, service, and humility” (Johnson, 2014, p. 250). With such characteristics, the leader will be more willing to encourage CSR. Johnson (2014) provided the framework for such leadership. He (2014) encouraged leaders to act as a “steward, servant, coach,

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architect, and storyteller” while carefully considering others externally and internally within the organization (p.252). Weber’s (2007) research also found that managers who are ethical tend to make better moral decisions within the company and without in external social matters. In order to be ethical, organizations must avoid even the appearance of questionable practices (Shafritz, Ott, & Yang, 2011).

Ethical training is another very important part in defining the role of corporate social responsibility within a company. Most people may not think that they need to be trained on ethics; however, research by Banaji, Bazerman and Clugh (2003) revealed that when people think that they ethical, most of the time, they are not. Therefore, it is important for all employees to be trained so that they may understand ethics and the core values of the company. Weber (2007) encouraged companies to train employees on ethical values with myriad types of training. Weber (2007) gave examples of combining pedagogical type training, case study discussions, and integrates stakeholder analysis (p. 64).

### **Discretionary Responsibilities**

Discretionary responsibilities are the philanthropic and other issues that society deems necessary. Carroll (1979) stated that the factor should be “left up to individual judgment” (p. 500). He stated further that it might be wrong to even use the word “responsibilities” since CSR is actually voluntary (p.500). Thus, it is up to the company’s leadership to decide what role CSR plays within the company. These discretions may include examples like volunteer work, philanthropic contributions, creating social programs, or helping the environment.



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Some executive leaders set the goals very high in their philanthropic giving. One Swedish Bank, SEB, provides as a good example of going beyond in corporate social responsibility with the environment. The bank has a sustainability CSR department that is dedicated to decreasing carbon emission. The CSR department has a goal to “reduce carbon emissions by 45% in 2015” (Fay, 2011, p. 1). Klas Eklund, the senior advisor at SEB stated, “Thinking like Pippi Longstocking—he who is very strong must also be very kind” (Fay, 2011).

It appears that many organizations are lacking in their ability to understand fully how to incorporate CSR effectively. Epstein, Buhovac, and Yuthas (2010) stated, “Executives recognize the importance of social and environmental responsibility—corporate sustainability—but they seldom implement it successfully...the financial executive plays a vital role” (p. 41). Epstein et al. (2010) provided other examples of how to manage socially, environmentally and financially simultaneously without being so challenged. In their (2010) study, they found that many successful managers did not find it as much of a challenge because CSR was at the center of the organization’s core values. For example, Home Depot executives stated, “We do the right thing, and it is good for business as well” (Epstein et al., 2010). Another company that has learned the need for sustainability is Nike, which designs their products to be more environmentally friendly. Microsoft (2013) is another company that has recognized its need to exercise CSR in order to prevent commercial sexual exploitation. The company is investing in research and development in an effort to determine the role that technology plays in child sexual exploitation (Microsoft, 2013).

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With good leadership, organizations will evoke healthy work environments and ethical cultures (Sims & Brinkman, 2002). Therefore, employees are more willing to be a part of this socially responsible effort within their community. Home Depot, used as an example again, relies much on its employees for community service, and the employees volunteer eagerly without feeling pressured (Epstein et al., 2010). The key to their CSR approach is to develop a culture that does not force employees into giving; rather, the culture itself evokes it. A study by Towers Perrin found that CSR is the third most important motivation for “employee engagement” (Time, 2012). This same report showed that 70% of the Millennials say that whether a company is corporately socially responsible influences their decision as whether they will work there or not (Time, 2012).

Companies that have healthy, ethical core values and cultures are more likely to implement social responsibility. Sometimes, companies must defend their motivation for their good deeds as the public may respond skeptically. Therefore, it is important for companies to be careful in the manner or method that they use for promoting CSR activities. Research by Skard and Thorbjørnsen (2014) reported that organizations should use independent or non-company controlled communication channels that will show no bias when sponsoring CSR activities. Transparency and accountability are two words that management must consider as society scrutinizes company behavior. Thus, the role of corporate social responsibility must provide the framework in knowing how to function philanthropically while remaining profitable, legal, ethical, and responsible to the stakeholders—whether globally or nationally.

### **The Role of CSR in the Hotel Tourist Industry**

The tourist industry is one of the fastest growing industries in the world. According to the World Tourism Organization 2015 report, international tourism grew by 4.4% over 2014 from 2015 with more than 1,184 million tourist traveling and an overall increase of 4% for the past six consecutive years. Taleb Rifai, Secretary-General, World Tourism Organization (UNWTO), reported:

After reaching a historic milestone in 2012 – one billion people crossing international borders in a single year – tourism continues to gain momentum against all odds. In 2013, the sector surpassed expectations with a 5% growth, reinforcing its position as one of the most resilient and fastest growing economic sectors. Tourism represents today 9% of global GDP, 30% of the world's export services and one in every 11 jobs worldwide. These are encouraging facts, especially in the context of a challenging global economy. Nevertheless, we cannot ignore that it is also a serious responsibility. With the economic growth, job creation and development opportunities that tourism brings, comes the challenge of its possible detrimental impacts on the communities and the environment. This is particularly true for the more vulnerable groups of society such as children and youth in those cases when the industry's facilities are used for nefarious purposes such as exploitation. (p.1)

With the growth in tourism comes the increased opportunity of exploitation (Frawley, 2012). As noted earlier, the internet provides easier accessibility in finding such victims through social media, blogs, and sexual advertisements. A 2010 United

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States response to the United Nations Convention on the Rights of a Child reported that cases of child sexual exploitation are very difficult to investigate because it is nearly impossible to catch and condemn the predator who travels to a developing country for that purpose. Sometimes, the investigators must travel to remote areas to locate the victim and bring them back to the United States as a witness for prosecution. According to this same 2010 United States response report, many of the guilty parties will offer compensation to the victims' family to be quiet and avoid prosecution. The United States House Report 107-525 Sex Tourism Prohibition Improvement Act reported:

Because poor countries are often under economic pressure to develop tourism, those governments often turn a blind eye toward this devastating problem because of the income it produces. Children around the world have become trapped and exploited by the sex tourism industry. (p.1)

Poverty is not the only factor in child sexual exploitation. Sometimes, laws fail to be enforced because police or other government officials in developing countries will accept bribes rather than have the sex tourist arrested (Fralely, 2005). Glind (2010) stated that governments have the greatest responsibility in fighting child sexual exploitation; however, he also stated that organizations must get involved by incorporating social responsibility. Glind (2010) also stated that there are many factors that contribute to the issue of child sexual exploitation, and there are many CSR frameworks available that include guidelines that organizations can implement to help eliminate child sexual exploitation (p. 109).

### **Increased Need for CSR with Increased Child Exploitation**

With such vulnerability and growth of child sexual exploitation in the tourist industry, there is a greater need for corporations to assist in the prevention of these issues by being socially responsible. The issue has become so great that the Institute for Human Rights (IHR, 2012) announced that CSR concerning the children who are sexually exploited in the tourist industry is one of the top ten “urgent” issues in the world. However, as noted earlier in this research, the World Bank Group (2003) stated that tourism is just developing in CSR initiatives. Tepleus (2007) stated, “Tourism adoption of CSR practices is still in its infancy” (p. 100). The beginnings of the CSR initiatives have mainly started in areas such as environmental issues. The Scandic hotels were implementing CSR practices concerning the environment as early as the 1990s. Bohdanowicz and Zientara (2008) conducted a case study on the Scandic hotels concerning the human resource management practices and CSR initiatives. Bohdanowicz, Zientara, and Novotna (2011) have contributed much research concerning CSR with regards to hospitality and the environment. Ross (2010) completed an in-depth research regarding the need for the tourist industry to become corporate socially responsible concerning the environmental management in Costa Rica; however, nothing was mentioned in his research about the need for the tourist industry to become more socially responsible with human relations and labor. McGee (2012) found in a study concerning commercial sexual exploitation of children that most CSR policies are mainly dealing with child labor but not specific to the tourist industry. McGee stated (2012):

The travel and tourism industry may not directly contribute to the sexual exploitation of children, but rather creates an infrastructure to support CSEC

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activities (such as child sex tourism) and thus must recognize both its impact on and duty regarding children's rights. (p. 4)

Glind (2010) stated that there are few companies that actually implement a CSR policy concerning child trafficking and there are fewer companies that care about the supply chain where child sexual exploitation and trafficking happens. Moreover, Font, Walmsley, Cogotti, McCombes, and Häusler (2012) found that hotel chains mainly are concerned with CSR policies that provide new avenues of direct profit rather than social issues.

It often takes objective entities like the government or non-government organizations (NGOs) to begin the first stages in developing CSR initiatives. The first stage is recognizing the need for a role of responsibility within an industry. Second, there must be guidelines or codes established to set forth CSR initiatives. Third, one of the greatest challenges is the implementation of the guidelines or codes. As with other CSR roles, like found in environmental practices, public awareness is key to making a difference that evokes consumers into holding organizations and industries responsible for issues that become detrimental to society with the growth of businesses or commerce (Mohr, Webb & Harris, 2001). NGOs often work as the researcher, analyzer, and informer bringing awareness to the consumer (Nelson, 2007).

### **Government, NGOs, and the Public Challenge the Tourist Industry**

World governments, NGOs, and the media challenge the tourist industry to be more socially responsible, especially concerning the many children who are sexually exploited (Tepelus, 2007). Bohdanowicz and Zientara (2008, November) stated that

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NGOs have been successful in evoking public interest concerning CSR efforts (p. 271). The World Tourism Organization (WTO) of the United Nations is recognized as being the number one international agency endeavoring to govern the tourist industry socially and environmentally. In 1985, the WTO (2015) developed the “Tourism Bill of Rights and Tourism Code.” This Bill of Rights and Code condemns the sexual exploitation of children, which is a violation of Article 34 of the Convention on the Rights of the Child that is particularly concerned with the tourist industry. In 1989 at the United Nations Convention on the Rights of the Child, 191 different countries were represented. This convention ratified 54 different articles protecting children against commercial or sexual exploitation. In March of 1997 at a WTO meeting, a task force was created to prevent and eliminate sexual exploitation of children. This task force consisted of governments, NGOs, and the other organizations from the tourist industry. As a result, organizations have begun signing codes, developing new CSR guidelines, and charters specific to child sexual tourism.

### **NGOs’ Function in the Role of CSR**

The International Institute for Sustainable Development (2013) stated that NGO’s are often the primary activists who work as watchdogs for human and environmental issues. Dodds & Joppe (2005) stated that “increased CSR is the result of the increased pressure by NGOs” (p. 29). The Advocates group (2003) stated that NGO’s provide three main purposes concerning human rights: (a) NGOs have been instrumental in setting international human rights standards, (b) NGOs work to document violations of human rights standards, and (c) NGOs work to create and support enforcement

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mechanisms (p.1). Nelson (2007, March) stated that NGOs are auditors that hold organizations accountable and transparent (p. 2). She (2007, March) further explained that NGOs have changed the public and consumers' opinions concerning businesses' corporate responsibility that goes beyond the legal and ethical requirements to that of philanthropic in their corporate strategy (p.4). She stated:

From the perspective of corporate accountability,...business is increasingly held to account not only in the courts of law, but also in the court of public opinion. A 'court' that is fundamentally shaped by the media and NGOs, ranging from sophisticated global campaigns to grassroots activism. (p.4)

As stated here, NGOs are often the first to develop CSR codes or guidelines to bring about the necessary changes regarding human or environmental issues. Once the public is made aware of these efforts or issues, consumers often become the force influencing organizations to implement new CSR policies or guidelines (Dodds & Joppe, 2005; Mcgee, 2012; Mohr, Webb, & Harris, 2001; Nelson, 2007 March).

### **Codes and Guidelines**

One of the lead NGOs working to prevent and eliminate sexual exploitation of children in tourist industry is End Child Prostitution and Trafficking (ECPAT). Social workers from different countries throughout South-east Asia started ECPAT in 1990. This international organization provides a code of conduct for companies in the tourist industry such as airlines and hotels. To date, as many as 90 members from 82 countries have joined ECPAT (2015).



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The guidelines are as follows:

1. To establish a corporate ethical policy against commercial sexual exploitation of children.
2. To train the personnel in the country of origin and travel destination.
3. To introduce clauses in contracts with suppliers, stating a common repudiation of sexual exploitation of children.
4. To provide information to travelers through catalogues, brochures, in-flight films, ticket-slips, website, etc.
5. To provide information to local “key persons” at destinations.
6. To report annually.

The Code was developed for the tourist industry as a “tool” for understanding and implementing the role of corporate social responsibility concerning the children who are sexually exploited (Code, 2015). It shows that in order to be ethical, companies must be responsible in protecting children who may be more vulnerable in certain industries. “Child protection is an important pillar of corporate social responsibility (CSR) and responsible tourism” (the Code, 2015). The following is a schematic for the implementation of the Code:

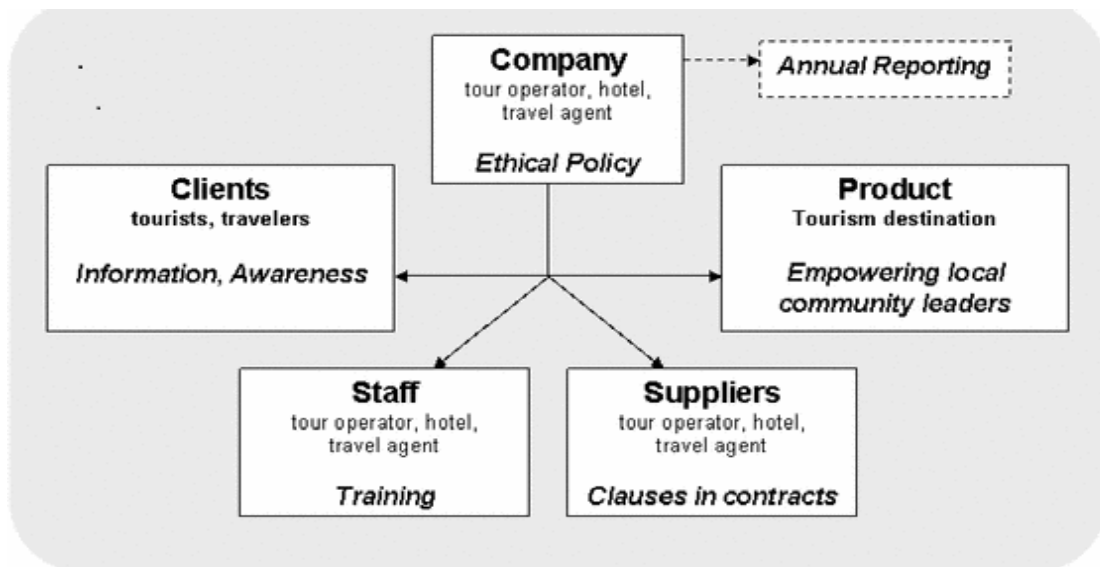


Figure 3. Tepelus Schematic Model of the Code and CSR

**Source:** Tepelus, (2008b, p. 84).

One of the shortcomings of the Code is following through with the guidelines into implementation at locations, especially in the developing countries. Voluntary codes are good steps towards bringing greater awareness to the public. Tepelus (2008b) stated, “The model for socially responsible behavior calls for a public commitment of the company to support awareness raising, and to have a preventive approach to situations of abuse” (p.83).

The Universal Federation of Travel Agents association has also developed a charter for protecting children in the tourist industry with over 100 countries participating. Another organization, International Federation of Tour Operators, has developed the Code of Organization for the protection of children against sexual exploitation of children. Other codes and resolutions that have been acknowledged and

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adopted by ECPAT (2015) for preventing and eliminating sexual exploitation of children are as follows:

- a) The Code of Conduct against the Sexual Exploitation of Children of the International Federation of Tour Operators (IFTO);
- b) The “Resolution Against the Sexual Exploitation of Children” of the International Hotel and Restaurants Association (IH&RA);
- c) The “Final Resolution Condemning Commercial Sexual Exploitation of Children” of the International Air Transport Association (IATA);
- d) The “Resolution against Sex Tourism” of the International Federation of Women’s Travel Organizations (IFWTO)
- e) The “Resolution to Combat Commercial Sexual Exploitation of Children” of the Federation of International Youth Travel Organizations (FIYTO)
- f) The “Declaration Against Commercial Sexual Exploitation of children” of the Group of National Tour Operators’ Associations within the European Union (ECTAA)
- g) The “Declaration against the Sexual Exploitation of Children of the Confederation of the National Associations of Hotels, Restaurants, Cafés and Similar Establishments of the European Union and the European Economic Area (HOTREC)
- h) The “Resolution on Prostitution Tourism and Standard Agreement” of the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Association (IUF/UITA/IUL).

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The Grande Cause National Project was developed in 1997 by the International Hotel & Restaurants Association as a set of guidelines specifically for hotels. These guidelines are specific in preventing child prostitution and pornography and as follows:

1. The hotel's policy shall clearly state the hotel's position with regard to the trade in child sex. The hotel shall also make this understood among its staff and provide them with knowledge on how to handle problems should they arise.
2. Hotel management shall provide information to its personnel and guests regarding national laws and the penalties imposed for the sexual abuse of children.
3. The hotel's security staff shall be trained to handle guests or personnel, who sexually abuse a child, particularly on the hotel's premises.
4. Co-operate with the relevant labour unions.
5. Prevent children from entering the hotel via bars, restaurants, lobby, or reception.
6. Work actively. As a precautionary measure, build up links with police, social authorities, and other organizations that may be involved with an encroachment.
7. Personnel, who observe anything that suggests that the commercial sexual exploitation of children may be taking place, must report immediately to the police or some other authority with the right to intervene (p. 8)

The extensive list of codes and guidelines gives evidence that the tourist industry is endeavoring to prevent exploitation rather than contribute to it; however, even with all of

the efforts that have been put in place, research shows that further steps are necessary.

There is the need to monitor and measure these initiatives among the multi-stakeholders.

### **Monitoring and Measuring Initiatives**

The research of Dodds & Joppe (2005) showed that there was a need for certification that would be monitored by one international company. They stated (2005) that education and training for the tourist industry, as well as consumers, is vital in moving CSR programs forward. Effective marketing strategies would improve consumer awareness. Some NGOs have developed campaigns that encourage consumers to be more responsible in making travel plans by using the websites like [responsibletravel.com](http://responsibletravel.com) (Dodds & Joppe, 2005). With more consumer awareness, corporations will become more likely to follow the industry leader in adopting CSR policies. McGee (2012) stated:

Companies who voluntarily adopt human rights CSR policies will collectively influence the industry norm, therefore other companies will also have to adopt such policies to maintain self-imposed industry standards and maintain a positive consumer image...Therefore out of a somewhat organic process of voluntary CSR businesses will hopefully come a better respect for the rights of the vulnerable, which includes the rights of the child. (p.6)

In addition, communication is paramount between home NGOs and government agencies and the host NGOs and government as well as with the private companies involved in the tourist industry. Tepelus provided a CSR schematic, showing the need for different stakeholders' commitments:

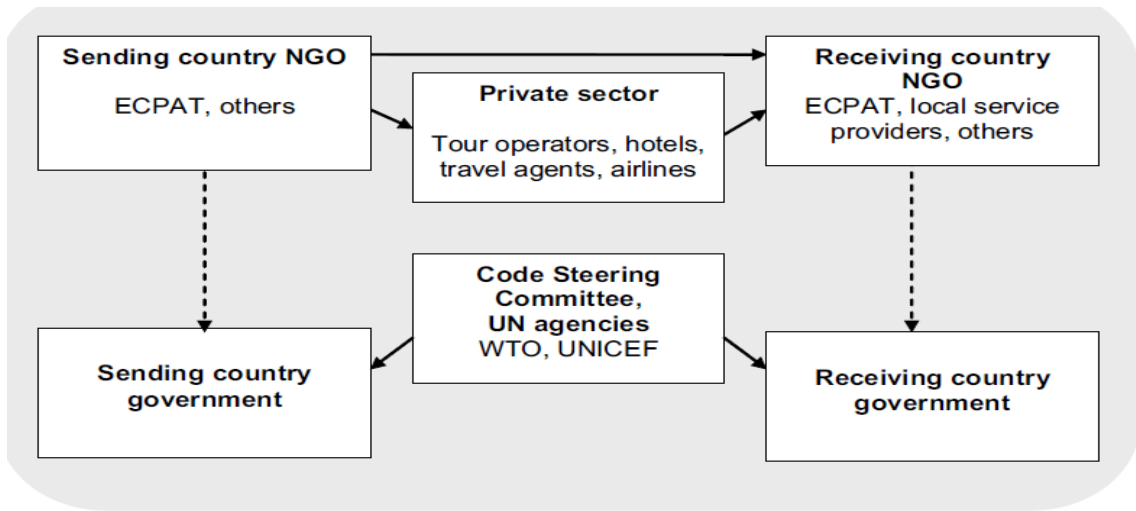


Figure 4. Stakeholders' Commitments

Source: Tepelus, (2008b, p. 84).

This model has received awards for being an international effort towards CSR specific to the tourist industry

### **Hotels in the Tourist Industry**

It is imperative that private sectors, as the very hotels where children are exploited, are included in training and understanding their role of CSR; however, the hotel industry is one of the most challenged in censoring these activities. According to the Central America Data hotel report (2015), Costa Rica has as many as 2,559 hotels with 47,452 rooms. With such large capacity of rooms in a small country (about the size of the state of Vermont), there is a great demand within the hotel industry for consumers to occupy these rooms. In a Cable News Network (CNN) report, Nicole Collins, assistant U.S. attorney and human trafficking coordinator for the Eastern District of Missouri was

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quoted as saying, “This [child exploitation] can happen anywhere, but hotels are logical places where it could be found” (Hetter, 2012). Thus, the question remains: What is the hotels’ role of corporate social responsibility regarding these victims?

At a World Tourism Organization (UNWTO) meeting on March 14, 2014, Professor Mike Jempson stated that many travel websites attract tourists based on sexual tourism in countries, including Amsterdam, Thailand, Costa Rica, Kenya, and Japan. Because of such uncensored advertising, children are at greater risk in these countries; nevertheless, many hotels are afraid of signing codes because they do not want to be associated with the topic at all. Cable News Network (CNN) reported that many hotel executives do not want consumers to associate their brand with sexual trafficking or exploitation (Retter, 2012). The UNWTO also discussed that the tourist industry often feels threatened by journalist who report the truth about child sexual tourism. Thus, managers in the tourist industry often fail to collaborate with journalist, governmental officials, NGOs, and security human trafficker controllers in resolving the child sex slavery issues (Tepelus, 2007). It becomes increasingly apparent that more research is needed concerning the hotel industry’s CSR role with regard to the children work in the as sex slaves in the tourist industry in developing countries like Costa Rica.

Child labor is an international, complex issue that continues to haunt the world as millions of children lose their childhood to extreme hardship and sometimes sexual and other abusive employment. Even more concerning are the growing issues with child sexual tourism, especially in Costa Rica. As discussed earlier, the 2015 TIP Report is evidence that child sexual slavery is a major issue in Costa Rica. There are no easy

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solutions as the world struggles with scarcity and poverty, especially in many of these developing countries.

The purpose of this research was not to provide a solution for the issues of child labor; rather, it endeavored to examine the role of CSR concerning the children who work in the one of the worst forms of child labor in the Costa Rican hotel tourist industry. Therefore, this study was based on a case study interviewing participants from various backgrounds who have shared their perspective or knowledge in a qualitative study.



### **Chapter 3: Method**

#### **Qualitative Case Study**

The purpose of this study was to examine the role of corporate social responsibility concerning the Costa Rican children who are sexually exploited in the tourist industry specific to hotels. A qualitative research provided the vehicle to hear from individuals who have knowledge about the child sexual exploitation in the hotel tourist industry or who have work experience in the hotel industry. This study was based on the triangulation of data that provided validation of information through cross reference of three different sources. The triangulation of data consisted of three different types of samples:

- (a) Governmental reports, previous research, interviews with a national hotel consultant who specializes in the development of CSR policies, and NGO officers and directors who have developed programs and practices for the hotel tourist industry regarding children who are human trafficked and sexually exploited.
- (b) Interviews with an international hotel chain CEO, hotel directors, managers, housekeepers, and receptionists in the United States.
- (c) Interviews with a Costa Rican hotel housekeeper, hotel manager, hotel receptionist, and property manager.

This research was based on a constructivist perspective as understanding was sought through subjectivity and human engagement. A qualitative method is examining,

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understanding, and communicating the findings of the study of people in their lives or experiences (Elliott, Fischer, & Rennie, 1999, p. 216). The purpose of this study was not to quantify the findings but rather discover the unknowns. Strauss and Corbin (1998) defined qualitative research, “By the term ‘qualitative research,’ we mean any type of research that produces findings not arrived at by statistical procedures or other means of quantification” (p.10-11). This qualitative research consisted of three main elements referred to by Strauss & Corbin (1998, p. 12): (a) data collected through observations, interviews, and other type documentation; (b) procedures chosen to interrupt the data; and (c) reports both written and verbal.

A case study method was chosen based on Creswell’s (2009) guidelines for qualitative research and case study design where he stated that a case study design may be used for “a case that has unusual interest in and of itself and needs to be described and detailed” (p. 98). In addition, he (2013) stated that the “hallmark” to a qualitative case study is an “in-depth understanding” of a “unique case” (p. 98). This research had a clear purpose and need for understanding a unique case because Costa Rica has received criticism from the United States government for not following the recommendations called for in 2015 Trafficking in Persons Report. Senator Kerry (2013), in his remarks to the White House forum on human trafficking in supply chains, encouraged business leaders to be responsible and help these victims. He stated (2013):

When we help countries to prosecute traffickers, we are strengthening the rule of law. When we bring victims out of exploitation, we are helping to create more stable and productive communities. When we stop this crime from happening in the first place, we are preventing the abuse of those who are victimized as well as

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the ripple effect that caused damage throughout communities into our broader environment and which corrupt our global supply chains. We all have an interest in stopping this crime. (p.1)

Thus, it is evident that there is a need for exploring what is the role of corporate social responsibility in the tourist industry specific to hotels concerning these victims. Hotels are a significant supply chain in the tourist industry; therefore, it is needful to know what their role of corporate social responsibility is concerning these children who are sometimes sexually exploited in hotel rooms.

The entry vignette of Elisa's story set the stage for this study as it validated and brought to life the opportunities for discovery concerning child sexual exploitation specific to Costa Rica. This case study itself was based on multiple sources of data including observations in a field study, artifacts, documents, interviews, videos, photos, and other visual materials. This study was timely as child sexual exploitation is on the rise in the tourist industry while corporate social responsibility continues to be a popular topic in management theory. With the intersection of these two major studies, child sex tourism and corporate social responsibility, this research is relevant, timely, and necessary in understanding the growing phenomenon of child sexual exploitation in the Costa Rican tourist industry.

### **Researcher's Role**

With a constructivist perspective, understanding of these issues was sought through subjectivity and human engagement. Rudestam and Newton (2007) defined

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constructivism as “what people may consider objective knowledge and truth are a result of perspective” (p.35). Thus, knowledge was actually constructed as it is found.

Pursuant to Strauss and Corbin (1998), the constructionist must “give voice” to the “respondents, be they individuals or organizations” (p.43). Therefore, this researcher was the main instrument by which this investigation was conducted, using subjective interpretation while recognizing the danger of bias.

### **Collection of Data**

This research was based predominately on interviews, previous research, documents, and observations. The interviews were conducted at various locations and using different means, depending on the convenience of interviewees. Interviews were open dialogue and recorded for future reference. The questions found in Appendix D provided structure to initiate the interviews; however, the open-ended questions primarily guided the conversation for research methodology pursuant to Creswell (2009) and Thomas (2003). Strauss and Corbin (1998) encouraged researchers to incorporate as many as possible different persons and places to validate the findings. Therefore, interviewees with various backgrounds and knowledge were selected with the objective of providing a more comprehensive and unbiased understanding the issues. First, interviews were conducted with a national hotel consultant who works specifically with the hotel industry in developing CSR policies, and an international NGO director who assisting in the development of a CSR code for the hotel industry for the purpose of decreasing child sexual exploitation in the tourist industry. Second, interviews were

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conducted with hotel employees in the United States consisting of an international hotel chain CEO, directors, managers, receptionists, and housekeepers. Third, on-site interviews with a Costa Rican NGO operational director who worked in preventing children from the sexual exploitation in the tourist industry, a hotel manager, a hotel receptionist, a hotel housekeeper, and a property manager were conducted. These interviews offered a first-hand account of the situation under study. Subjective feelings and attitudes may affect the validity of the interviews and observations.

### **Data Recordings**

The observations followed the Merriam's (2009) protocol requiring the recording to have as much detail as possible for an accurate analysis. Interviews were recorded by electronic equipment or written documentation, depending on the availability at the time; and the recordings noted the time, date, and environment of the interviews. To the best of the researcher's ability, all records or documentation are secured in case of a need for further evaluations.

### **Data Analysis**

After collecting all the data, an in-depth examination was conducted through data analysis of all these sources, looking for common themes. Comparisons were coded by themes using substantial detail and precision. This qualitative researcher interpreted particular findings from these observations and interviews according to Johnson and

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Christensen (2013). Documents, which are classified as more objective materials, are not under the same scrutiny as interviews or observations (Merriam, 2009). The term *document* has been adopted by Merriam's (2009) definition, meaning "a wide range of written, visual, digital, and physical material relevant to the study at hand" (p. 139). Merriam's (2009) definition of this term *document* has also been adopted for this study.

### **Validity**

There is an acknowledged need to recognize and guard against bias in the process of this research. Therefore, it was crucial for the findings of this research to be continually re-evaluated for validity against any personal bias. To ensure validity further, I carefully chose many various types of interviewees to gain a more objective study. Moreover, Creswell's (2013) guidelines were used to safeguard validity:

- (a) Researchers should acknowledge any bias that they may have towards the research,
- (b) All information should be disclosed including negative results or discrepancies,
- (c) Use as much time necessary to obtain a credible study,
- (d) Peer reviews will add significance to the study,
- (e) Find an independent auditor who has the ability to be objective about the study. (p. 192)

### **Ethical Issues**

The need for adherence to ethical and legal procedures in this study is recognized. Creswell (2013) encouraged qualitative researchers to review ethical adherence in all

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stages of the study rather than merely considering it during the data collection process. Thus, efforts were made to adhere to all ethical guidelines throughout the research process. Informed consents were obtained prior to conducting any research with the participants. No underage participants were used in this study. The researcher did not use any means of coercing or abuse in conducting this study. The purpose for the study was written in the consent form, allowing the participants to be fully informed. In addition, all interviewees or participants could have withdrawn from the study at any time without penalty or retribution. Furthermore, participants were allowed to withdraw from the study if there were any known risk or safety concerns.

Confidentiality was of a great concern, especially with sensitive issues as discussed in this study. Due diligence was given in obtaining privacy and permission on all accounts. Anonymous names were used to protect the identities of the interviewees due to the nature of this study.

## Chapter 4: Findings

### Triangular Study

This chapter presents data gathered from a qualitative case study through in-depth interviews with 14 participants from the United States and Costa Rica. The research was set up using a triangular framework and a cross-reference study, as shown in Figure 5.

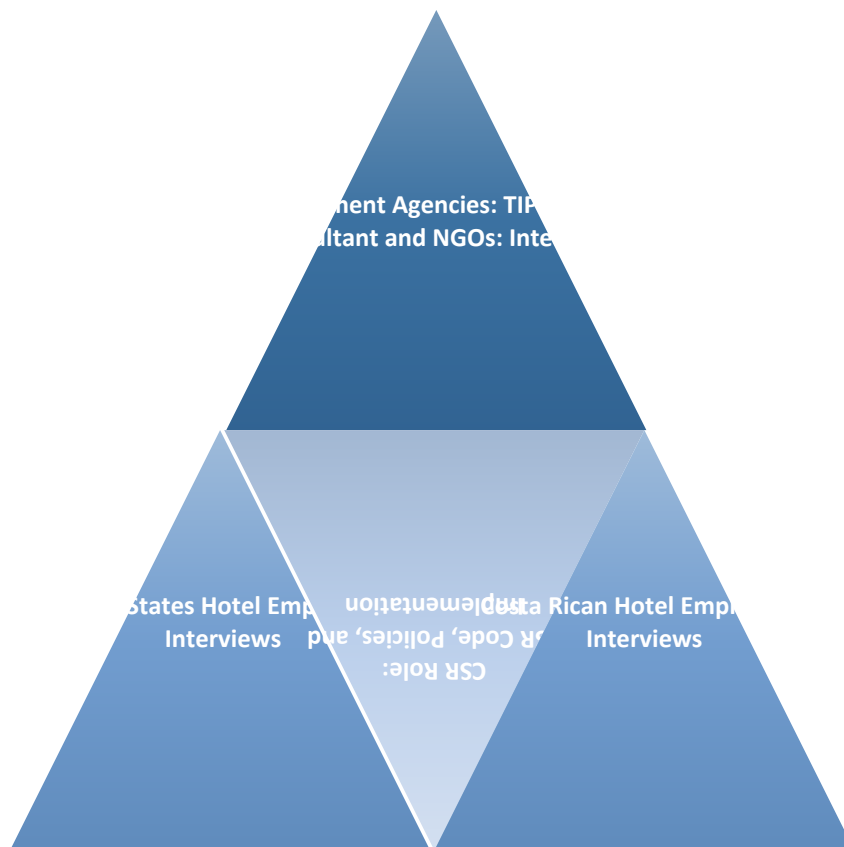


Figure 5. Triangular Study



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The top angle denotes government reports, such as TIP Reports, and interviews with a national hotel consultant who assisted specifically in developing CSR policies for the hotel industry, an international NGO director who was involved in developing a Code regarding the children who are sexually exploited in the tourist industry, and a Costa Rican NGO director who works to prevent child sexual exploitation in the tourist industry. The left bottom angle is comprised of interviews with various hotel employees and executives who have worked in different hotel chains in the United States. The bottom right angle is comprised of interviews with a Costa Rican hotel housekeeper, a manager, a property manager, and a receptionist. The triangular study also facilitates a cross-study comparison between the home country where the hotel chains are based and the host country of Costa Rica. The purpose of the study was to gain insight into what is the role of CSR concerning children who are sexually exploited in the Costa Rican hotel industry.

The interviewees who participated in this study were selected based on their various levels of work experience within the hotel industry or on their work experience within an NGO that was working to prevent or eliminate child sexual exploitation specific to the hotel tourist industry. All US hotel employee participants had many years of work experience in diverse hotel types including three different international hotel chains referred to as Hotel Chain A, B, and C. The accumulated knowledge of the interviewees provided a deeper insight than less-experienced participants could have.

All of the Costa Rican interviews were conducted face-to-face in the country where the participants lived. The US participants were located in various parts of the country including Florida, Georgia, Missouri, New York, North Carolina, and Virginia.

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As many interviews as possible were conducted face-to-face; however, some of the interviews were conducted via conferences or written correspondence through various modern technology due to the geographic distance (Creswell, 2013; Merriam, 2009; Roberts, 2004; Thomas, 2003). Pursuant to Creswell, 2013; Merriam, 2009; Roberts, 2004; Thomas, 2003, names of interviewees were changed to protect their identity. The participant overview chart is found on the next page in **Figure 6**.

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<b>Pseudonym</b>	<b>Position or Title</b>	<b>Interview type</b>
Sandy	Director in Management of International NGO	Conference Call
Kay	A National CSR consultant to the Hotel Industry	Conference Call
Nicholas	Director of NGO located in Costa Rica	Face-to-Face
Michael	CEO of Hotel Chain A	Written Communication
Cindy	Sales Director for Hotel Chain A in the United States.	Conference Call
Linda	Vice President and Director of Sales and Marketing in International Hotel Chain B	Conference Call
John	General Manager in the United States for International Hotel Chain B	Face-to-Face
Shelia	Hotel Receptionist in the United States for International Hotel Chain B	Face-to-Face
Albert	Hotel Receptionist in the United States for International Hotel Chain B	Face-to-Face
Chelsie	Housekeeper in the United States for International Hotel Chain C	Face-to-Face
Jose	Hotel Manager in various Costa Rica Hotels	Face-to-Face
Alicia	Housekeeper in various Costa Rica hotels	Face-to-Face
Sara	Receptionist in various Costa Rican hotels	Face-to-Face
Esther	Costa Rican Property Manager	Face-to-Face

**Figure 6. Participant Overview Chart**

### Themes

In answering the research question, “What is the role of corporate social responsibility towards the Costa Rican children who work in one of the worst form of child labor—sexual tourism,” it has been established that NGOs are essential in defining this role. They are often instrumental in establishing human rights, work to report on human violations, and develop mechanisms to support enforcement of policies (Advocates Group, 2003). NGOs are often catalysts for corporations recognizing and implementing new CSR policies by applying pressure through consumer awareness (Dodds & Joppe, 2005; Nelson, 2007). Nelson (2007) maintained that NGOs are the auditors who hold organizations accountable. Therefore, interviews with NGO directors who have assisted in developing CSR codes with hotel management or prevention of child sexual exploitation in the tourist industry were pursued in order to gain insight into what they believe is the hotel industries’ CSR role.

In answering the research question, different perspectives were provided by a national CSR hotel consultant and two NGO directors, one from the United States and one from Costa Rica. Sandy, the international NGO director from the United States, helped develop “the Code,” a set of CSR guidelines for the tourist industry in general. In the Code, there is a subset of polices for implementation more specific to the hotel industry. These internationally accepted guidelines helped establish a CSR code of conduct in tourism. Another perspective that has helped in understanding the role of CSR in the hotel industry came from an interview with Kay, a national hotel CSR consultant. She also collaborated with the international NGO director and other board

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members in developing the Code. The interview with the Costa Rican NGO, Nicholas, provided a different perspective as he saw the CSR role concerning child sexual exploitation to be philanthropic involvement in the community as well as following guidelines in the tourist industry. Interviews with the two NGO directors and the NGO consultant not only contrasted the broad perspective with the narrow perspective, it also contrasted the international perspective with the national perspective.

Various hotel employees from the highest level of executive management to lower levels were interviewed to gather other perspectives. All of these findings were contrasted to see whether the United States and Costa Rican hotel employees agreed on what is the CSR role. The study reviewed the management practices of these hotels to corroborate what CSR practices were being implemented. In addition, the triangular study facilitated a cross study comparison between the home country where the hotel chains are based and the host country of Costa Rica. Three international hotel chains referred to as Hotel Chain A, Hotel Chain B, and Hotel Chain C are located in both the United States home and in the Costa Rican host country.

The interviews were based on open-ended questions concerning what the hotel industries' CSR role is regarding the children who were sexually exploited. The NGO directors and consultant were first asked questions about what they thought the hotel industries CSR role was concerning child sexual exploitation. In addition, they were asked to share insight of the implementation, progressions, and success of the Code. Their answers guided the subsequent questions and research. Hotel employee participants were first asked questions about their knowledge concerning CSR codes of conduct, training, and what management practices were being implemented. This

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provided guidance to this study while allowing freedom for interviewees to share other ideas, concerns, or recommendations. If the employees did not understand the term “CSR,” a basic definition of the term was provided. Some of the hotel interviewees confirmed what many of the NGOs directors believed to be the role; however, findings varied from home and host country hotels as well as between hotel chains, franchises, and non-chain hotels. In addition, interviewees revealed how hotel policies were, or were not, being implemented.

Once the interviews were transcribed, major themes emerged from participants’ answers to the interview questions (Creswell, 2013; Strauss, 1998,). The themes were coded into software that assisted in recognizing frequencies of common phrases, ideas, or words (Merriam, 2009; Thomas, 2003). These themes were supported by quotations from various interviewees (Creswell, 2013; Merriam, 2009; Thomas, 2003). In answering the research question, four main themes were extracted from the interviews: CSR policies and practices, CSR discretionary role, culture, and awareness.

### **CSR Policies and Practices**

The first theme that emerged in this research concerned CSR management policies and practices. The United States NGO interviewee and the consultant responded to the questions by restating what the Code policies and practices stipulated. In addition, hotel employees confirmed which management policies were being implemented at ground level.

**United States NGOs interviews.** The United States NGO director, Sandy, overall expressed that the hotels were not responsible for child sexual exploitation; rather,

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it was just the place where it often happened. She expressed that many hotel managers do not even acknowledge that this is happening in their industry. Sandy stated that the first step is for the hotel industry to be responsible by admitting that it is happening in their hotels. Then, she stated, “And the second thing is developing and providing tools and resources for the industry so that when they do accept that they have a role to play, they know exactly what to do, and they know exactly what we are asking for, and they are able to develop those corporate social responsibility policies, tools, programs and mechanisms to address the issue comprehensively and for the long haul.” Sandy said that the Code outlines policies for hotels to follow.

She expressed that the six steps of the Code should be followed, which provides the framework for the implementation of the policies. These six steps are as followed: (a) establish an ethical policy against sexual exploitation of children; (b) train all personnel on the policies both home and host country; (c) create consistent contracts with suppliers that they must also agree to combat sexual exploitation of children; (d) bring awareness to travelers; (e) educate “key persons” everywhere; (f) and report annually.

Sandy expressed the need for hotels to follow more specific management practices under these six steps. One of these management practices requires guests to register at the front desk after 6 p.m. and to register car information at check-in. In addition, hotels are prohibited from allowing customers to rent rooms by the hour. Other practices involve security requirements such as cameras, clear lighting, and networking with law enforcement to conduct periodic sting operations. Hotel employees are encouraged to interact with guests, which provide a better opportunity to monitor any suspicious activities. Another important management practice is keeping a log of the

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clients who frequent the hotel and always pay with cash. She further shared that each hotel that has signed the Code is provided a “Code Anti-Trafficking Hotel Checklist,” and that hotels are required to submit their reports annually to the Code board for review.

Sandy added that human trafficked victims cannot be stereotyped and employees must be trained to recognize possible victims. She explained that victims do not always look like they do in the movies; in fact, they may look like “kids in any neighborhood.” She stated, “Most of the victims of trafficking are not going to think that they need help. They are conditioned to look tough. They are going to think that they do not need help, as they might be trauma-bonded to their trafficker. They are not going to ask for help. So, when a person sees that versus someone who is crying, are they still going to respond to that? Yes, they will, if they have been properly trained on that rather than looking for something like what they saw on television. This is very important with training.” Sandy confirmed that the hotels must go beyond signing the Code when she stated, “Real corporate social responsibility is not just checking off a box.”

Kay, a hotel CSR consultant, stated that the initiative was “really letting this industry know that these issues are tied to them— unfortunately—and figuring out how they can prevent it and change it.” She stated, “The hotel’s role is to simply open their eyes and notice and be educated...There is no time that they should participate or try to intervene with it. All that we ask that they do is have the forethought to watch for the red flags and acknowledge the red flag.” She stated further that they needed to follow certain policies and guidelines defined in the Code and their final CSR role is to contact the authorities.



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Kay also stated that it is imperative to train the employees about CSR policies and procedures as well. She said, “The other big thing is that our CSR Code requires that you train on an annual basis.” She gave examples of the type of training involved for hotel employees. She stated that you must train the housekeeper to take notice of even minute details like excessive towel usage, room traffic, and overabundance of room service. Even the smallest thing, like ordering excessive amounts of ice cream, could be a red flag. Another red flag that management should be aware of is customers who only pay with cash or travel without luggage. Kay stressed the importance of training, “We go in and train the staff on red flags, and they feel empowered to acknowledge that this is happening. Sometimes, they just knew that something did not feel right, but they did not know how to identify it...Now, they have been taught and instructed as to how to identify it and what to do if it is identified.”

Kay and Sandy both agreed that the hotel industry must first acknowledge that it is happening in hotels, train employees on how to recognize the signs, and implement management practices that will help prevent and diminish the exploitations in their locations. In addition, both of them stated that hotels are not penalized if they do not follow all of the Code guidelines and reporting. The existence of a corporate social responsibility is, as confirmed by both, still in its infancy, which underscored the need to interview various hotel employees to see how these policies were being implemented at the ground level in both the host and home base countries.

**United States hotel employees’ interviews.** Seven US hotel employees were interviewed in regard to their understanding and training of the Code and other policies. Michael, the CEO of Hotel Chain A, expressed that his hotel chain had signed the Code.

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He further expressed that the hotel industry must take a leadership role in this issue. He stated, “Human trafficking is an issue that our industry has become even more acutely aware of in the last 10 years, and it’s important to us to provide leadership on this issue.” On the issue of training, he agreed with Sandy and Kay’s recommendations concerning CSR policies and implementation of management practices. He stated, “[Hotel Chain A] has implemented a robust training and education program for our hotels, and we have reached thousands of [Hotel Chain A] general managers and department leaders with our Child Trafficking Awareness training at our hotels. We also offer franchise hotels online training through our [Hotel Chain A] Chain Worldwide University.” He shared information from his website that this international hotel has trained nearly 60,000 employees regarding child trafficking. When asked why he thought others had not signed the Code, he responded that he could not answer this question directly. He stated, “You would need to speak to other companies directly about their individual plans to sign the ECPAT Code of Conduct, but I am glad to say we are working together as an industry to address human rights issues through the International Tourism Partnership.”

Cindy, a director of Sales for Hotel Chain A, stated that even though she was not familiar with any type of specific CSR code regarding sexual exploitation, she was trained on management policies and guidelines to follow concerning human trafficking. Cindy confirmed that their hotel practices required all guest to check in with a credit card even if they were paying with cash. She further explained that even with the new e-check in, guests would still be required to check in at the front desk. If guests are part of a rewards program, their information is on file already. This confirmed that Hotel A followed the Code check-in policies and kept records of cash payments by requiring

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credit cards for verification. Cindy acknowledged her concerns about management practices by saying, “When you are dealing with a large hotel with 1500 rooms, the staff is really challenged to get the information or to know who is staying in the hotels. It is easier to hide in a large hotel.” She stated that there is a need for further training and implementation of management practices concerning human trafficking specifically.

Linda had no knowledge of any CSR code regarding sexual exploitation, perhaps, because Hotel Chain B has not signed the Code as of yet. She explained that she was very aware of human trafficking and the issues of child exploitation because her father and brothers were in police work; therefore, she trained her employees herself to be aware. She said, “I teach my staff to be alert and get to know the guests. If you see anything different, I tell them to come straight to us.” Linda confirmed that Hotel Chain B requires check-in by use of a credit card and driver’s license. She further explained that she is concerned that her hotel chain no longer requires staff to obtain car information. She stated, “They used to ask for the license tag number and the car make and model, but hotels do not ask anymore. Especially with human trafficking, you would think that they would.” She also suggested that all hotels should provide more training on these issues. Linda acknowledged that her hometown has experienced human trafficking. She stated, “I feel like all managers should be trained on this. We have had some guests who did not look right. The parents were of a different nationality. What could I do about it.”

John stated that he was not aware of any CSR code as Hotel B for whom he works has not signed the Code. He stated that there was only a module that employees had to read, but there was no continued guidance or training on the issue. He confirmed that

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they did have some guidelines to follow that were similar to a code of conduct, but they did not have a formal code. Hotel B does require all guests to check in at the desk with proper identification; however, he stated that his hotel allows cash as the payment method. John said, “You can’t stop people from paying cash. But, if someone pays cash then you are on the hook.” He stated concerning the issues of child sexual exploitation, prostitution, and human trafficking, “We have to pretty much police ourselves.” Furthermore, he expressed greater concerns about the future of technology with phone app check-ins and lack of interaction with guests. He shared, “I honestly think technology is throwing a monkey wrench in the hotel industry. It is taking away staff working with guests. It is evolving into express check-in where you can check in online and pick your room, grab a key and go. And you don’t have to do anything. There is no interaction.”

Albert, who worked for Hotel Chain A, stated that he was not familiar with a specific CSR code concerning child sexual exploitation, human trafficking, or prostitution; however, he did state that all employees were trained on these issues. The policies at the Hotel Chain A where Albert works are similar to the Code guidelines. He discussed the issues of methods of payments, need for identification, and being aware of red flags. For example, he stated, “[Hotel Chain A] taught us to be aware of customers who pay cash.” He felt strongly that cash payments were a method for money laundering and other illegal activities. He shared that Hotel Chain A taught the employees to look for some of the red flags, such as paying attention to guests who want to change rooms. He also shared concern about the management practices changing in the hotel industry by having fewer interactions with guests. He believed that interactions with hotel guests

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were imperative in being responsible concerning human trafficking and child sexual exploitation. He stated, “When I was first hired...we did not have the e-check in system back then. You had to converse with the customers and get the information. With e-check-in, you lose that one on one.” Albert had worked at several hotel chains; and in closing of the interview, he concluded that all hotel chains where he had worked were very similar in their policies or guidelines concerning training.

Chelsie, a housekeeper for Hotel Chain C, was not familiar with any type of CSR code concerning child sexual exploitation, prostitution, or human trafficking. Hotel Chain C has not signed the Code to date; however, she explained that the hotel where she worked was very strict about check-in and identification. This hotel had 24-hour, on-site security. She said that the hotel had recently updated all of the on-site security with cameras in all common areas and parking lots. Chelsie stated that management had training on the need to be aware of certain red flags concerning prostitution and human trafficking. She said, “We are to notify the general manager about suspicious guests, and they are supposed to call 911 or the police.” She had worked at Hotel Chain C for over twenty years; however, she had worked a various hotel chains for ten years previous. In her thirty years of employment, Chelsie stated, “I have gotten more training at Hotel Chain C than at the other hotels that I have worked in before.”

Shelia, a receptionist for Hotel Chain B, stated that she was not familiar with a CSR code. However, the hotel did provide some guidelines to follow, like guests having proper identification required at check-in. In addition, the hotel did have cameras in common areas and the parking lot. Shelia said they had “training on various things concerning anything that was suspicious. There is a chain of command that if any staff

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member is suspicious of anything, they must locate the lists of personnel for management crisis.” However, these guidelines were not specific to human trafficking. She expressed a need for more training specific to human trafficking and child sexual exploitation. Shelia stated further that she wished that they had a better set of guidelines to follow. Moreover, she emphasized that part of the hotel industries’ role is to be a part of the community that notifies each other of suspicious activities or known exploiters. She stated, “We should have lists of IDS of perpetrators or even pictures of those who have exploited children before in the area.”

**Costa Rican hotel employees’ interviews.** None of the Costa Rican hotel employees were familiar with any type of CSR code. All three of the Costa Rican hotel employees had worked for various hotels including chains and non-chains; thus, they provided insight into many different types of management practices and policies concerning child sexual exploitation.

Jose, a Costa Rican hotel manager, was not aware of any CSR code. In addition, he stated that the hotels where he had worked did not provide training regarding the issues of child exploitation or human trafficking. He has worked in various areas in Costa Rica, and he expressed the many difficulties in managing these hotels. Concerning child sexual exploitation he stated, “Unfortunately, sometimes we do not have control over all these situations. As a manager, one of the most difficult aspects in my job is that I am asked to order girls for the men who are coming in, especially in the sports fishing group tours. Unfortunately, most of the tourism industry here, with regards to hotels, is about the girls because ‘sex sells.’” He contrasted the difference in management challenges between large chain hotels and smaller hotels. He stated, “So, actually the

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large chain hotels were more difficult because they were larger. I have worked both at chain and non-chain hotels. Big hotels, like chain hotels that have 450 rooms or 480, are absolutely complicated to be able to control these kinds of situations.” He recommended that hotels consider a better check and balance system for the developing of country of Costa Rica. He said, “I would like to tell the owners and executives of the hotels that they must make better guidelines for the employees to follow with what they permit. Even though it is difficult, there has to be a way. The system is there sometimes, but there are no checks and balances.”

Alicia, the Costa Rican hotel housekeeper who worked at various hotels was not aware of any CSR code. She stated that she had never received any type of training on how to deal with the issues concerning child sexual exploitation. Rather, she continued to express that child sexual exploitation was “natural and normal” in most of the places that she worked; however, it was different in the more family oriented hotels. Most of the hotels in which she worked allowed cash payments and hourly rentals. However, she stated, “I didn’t see this at family hotels.” She recommended that hotels should monitor the guests coming in and out. She stated, “If I could, I would not allow any minors without parents or natural family to be allowed in the hotel.” Moreover, she expressed that she wished that she could call someone like authorities or the police to report the child sexual exploitation.

Sara, the Costa Rican receptionist who worked at various hotel chains and non-chains, stated that she was not aware of any CSR code concerning child sexual exploitation. She stated, concerning the previous ten years, “I had never had any training whatsoever, and it was mostly just shrugged off. Most all the hotels that I worked with,

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only one of them did, and that was just very recently.” Sara believed that all hotels had a responsibility in first announcing that they would not be a part of sexual exploitation of children. Sara stated, “A hotel somewhere, somehow should announce, if somebody is inquiring about a hotel, say a potential client is inquiring about the hotel, that there should be some type of code...something that’s either on their website or on their logo...something to just let them [clients] know that they [hotel] just do not...they don’t allow that at the hotel...so just to steer away if that’s the kind of client that is coming for this to this hotel, to steer them a way.” Second, she recommended that hotels must check all identifications of the guests including children. She said, “If they’re obviously not children with their families or their moms or dads and you know an American or European walks in and it’s a little Latina girl with them and she doesn’t have an ID, that’s as far as it should go.” She further explained that she wished that authorities could then be called in to investigate.

The findings showed that management policies were not always consistent in the way that they were implemented among all the hotels. Hotel Chain A signed the Code, and it is apparent by the interviews that there was a set of policies and some type of training; however, Hotel A employees were not familiar with a specific code. Hotel Chains B and C did not sign the Code, but some interviewees from Hotel Chain B and C state that they have implemented certain policies to offset human trafficking. The cross study between the hotels in the home base and host country reveal that there are governmental and cultural differences that present greater challenges for the hotel industry in Costa Rica than it does in the United States.



### **CSR Discretionary Role**

The CSR discretionary role was not as prominent amongst the interviewees. The Costa Rican interviewees spoke more about this as being the role than did the United States interviewees. Since less developed countries have greater poverty, it is understandable the Costa Rican interviewees had a different perspectives. Only one United States interviewee, Michael, the CEO of Hotel Chain A, mentioned a need of having a philanthropic role. He stated that their chain was about doing the right thing always—regardless—and he provided many examples of how his company gave back to the global community.

**Costa Rican NGO.** Nicholas, as a Costa Rican NGO director, provided a different perspective of what the hotel's CSR role is concerning child sexual exploitation. With his business experience working as a former United States bank financial director, he had comprehensive understanding of CSR. His perspective as he works to prevent children from the sexual exploitation in the Costa Rican tourist industry envisioned a discretionary role. He shared his opinion of the CSR role, "While this may mean being ethical, legal, or profitable, I see opportunities every day for business owners to support local entities that are working every day with the youth. If local businesses invest in partnering with non-profit organizations to train future employees who are our current students, they would benefit by receiving well-trained employees who live and work in the same community." He further explained that international companies would really benefit by developing programs for future employees as exchange students. Nicholas believed that the exchange students should study at the international chain's home country or home office and learn their guidelines to follow when returning to their host

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country. He said, “And this program will allow others to see what good international hotel companies are doing in the cities where there is sexual exploitation and human trafficking and where the students are making a difference as they come back and have jobs and hope for a brighter future.”

**Costa Rican hotel manager.** Jose, with all his experience as a hotel manager, shared that he believed that the hotels’ CSR role was to be philanthropic towards the children who were sexually exploited. He explained, “I believe what these big hotels, small luxury hotels, big condos, all these people that are making lots of money and providing work...lots of people...can do a little conscience and help a little bit...[with] funds, or special programs, or create an organization, or some kind of help, and to take out people, especially girls that are involved in this.” From his years of work experiences in the Costa Rican hotel, he shared many stories of child sexual exploitation that shaped his view of what the CSR role needed to be.

**CEO of Hotel Chain A.** Michael stated that his company had to lead by example and that more awareness would mean greater progress. In addition, he shared that his organization “is one of the largest hospitality companies in the world, and with our global reach, we have a unique opportunity to make a measurable impact across a range of human rights issues, including child trafficking.” He also provided information that his organization gives back to the community by giving thousands to organizations who help prevent child sexual exploitation. His information shared facts proving that Hotel Chain A sponsors anti-human trafficking funds and reached thousands of trafficked children across the globe. He closed the interview by stating, “One of our company’s core values is “Integrity,” which means that we do the right thing every time, especially when it

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comes to an issue as important as this one.” Only three of the fourteen interviewees, Michael, Nicholas and Jose, mentioned that the CSR role should be in a philanthropic or discretionary means.

### **Culture**

This research has shown that there is a significant difference between the home country of the United States and the developing country of Costa Rica based mainly on the cultural differences. Interviewees from the United States provided a different perspective regarding their CSR policies and guidelines compared to the Costa Rican interviewees due to cultural differences. Kay and Sandy both agreed that CSR is still in its infancy in the hotel industry and even more so in developing countries with different cultures. The Costa Rican legal and political environment makes it more difficult to prevent child sexual exploitation because, in the Costa Rican culture, prostitution is acceptable and legal. Esther, a property manager who moved from the United States, expressed that the legalization of prostitution in Costa Rica allows child exploitation to be more acceptable and therefore more accessible. Another reason why child exploitation is difficult to prevent is the identity issue. It becomes difficult to identify the adults from the minors because they often have false identification and they are made up to look much older than they really are. Esther stated, “It is something that is not only accepted; but when it comes to minors, it is very hard to distinguish between a minor and an adult. Because at fifteen, sixteen, seventeen years old, I don’t know that I could tell the difference between a minor and an adult.”

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Alicia expressed that child sexual exploitation is just normal. She told her story about how she moved to Costa Rica from Nicaragua for employment. Unbeknownst to her, she was hired to work at a hotel that exploited children by the hour. After moving to Costa Rica for the employment, her boss took her passport and would not allow her to return home, threatening her, and forcing her to live under bondage. She worked where minors were sold to the men at the bar. The hotel owner had an arrangement to give special deals to the bar customers who wanted prostitutes whether adult or children. She said, "It was normal to see it... and I wish that I could have reported it to the police." She expressed that it was just part of the culture.

Jose told of a story where the guests had ordered young girls after their fishing trips. He stated, "There was once that we received a group of seven guests, two were North Americans and five Russians. They rented the hotel for the whole week just for them and every single night were [was] coming girls." For clarification, Jose was referring to minors when he stated "girls." He explained that it was difficult because he did not want to do this, but it was his job. He stated, "We try to serve them, but we cannot break into their intimacy, especially when they are our guests at a hotel." He further explained that prostitution is legal, and it is difficult to tell the difference between minors and adults. Jose continued telling of stories where it was often difficult to determine the difference between adults and minors because the girls often were made up, and dressed to look older. He told the story where he confronted a young girl whom he felt confident that she was underage. She agreed that her identification was fake, and he asked her to leave the hotel. His stories portrayed a culture in Costa Rica where it was common to see prostitution and minors with fake identifications.

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Sara relayed a story about one of her experiences with child sexual exploitation when an older Caucasian man brought in a Costa Rican young girl. She requested her identification and the minor did not have one. The man stated that the child was his niece, but Sara stated that it was obvious that she not related at all. She then turned to her manager to ask what should be done. Sara stated, “He just kind of shrugged his shoulders and said don’t worry about it and just let them go.” She further stated, “The culture here is just too kind of just let everything slide.” She further expressed that there has to be something done to stop this chain in the Costa Rican culture. Sara expressed her belief that poverty is the main reason for this cultural acceptance and that it continues as a pattern throughout generations “because we have no money, we do this because it’s what my mom, my mama did, and it’s what my grandma did.”

In the Costa Rican culture, according to the interviewees, the hotel employees did not feel comfortable contacting the police or authorities; however, the United States hotel employees were always referring to the need to call the police or authorities. Jose expressed that there is a concern that reporting child sexual exploitation in hotels may raise a red flag causing an international issue. Therefore, he expressed that there is a hesitation in reporting these types of issues. He stated, “But we have certain ways to handle it, without causing any international issue or problem.”

Sara explained what often happens when people try to report the issues. She stated, “If they do report it, that means that negative attention is going to be brought to the hotel; and the culture here is just too kind of just let everything slide. Just let it go...just pretend like you don’t know about it...you don’t hear it...you didn’t see it...and don’t make any waves...and when that one person does try to do something about it, they

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get in trouble and they lose their job if it's negative advertisement. If they lose their job, that's it...that's their well-being, and they might be the only supporter of the family, so they just shrug it off and look the other way." Alicia's feeling about the police was congruent with Sara's. She stated that she wished that she could have called the police when she often saw child sexual exploitation. She stated, "I wish that I could report it to the police."

All of US employees know that they must contact management or call the police if there is any type of suspicious activities. However, the Costa Rican interviewees have completely different policies from those in the US. All the Costa Rican interviewees stated that they could not call the police or higher management. Furthermore, with the legalization of prostitution in Costa Rica, many minors pass as adults by dressing up and using fake identifications. This adds to the complex situation of child sexual exploitation in the hotel industry because often it is impossible to distinguish a child from an adult.

### **Awareness**

Awareness was a theme; however, not every interviewee mentioned the need for greater awareness of the issue of child sexual exploitation and the guidelines available to prevent it. The NGO directors expressed that they believed that awareness was a major factor in understanding the hotel industries' role in defining CSR. In addition, CEO Michael expressed that awareness was a major key in continued success with these issues. Some of the Costa Rican hotel interviewees also emphasized the need for greater awareness.

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Sandy stated that awareness was the first step in understanding and defining the hotels' role of CSR. "The first thing is raising awareness, you know, what is happening, and what is the role of the industry." She explained that the industry had to be made aware of the issue before any policies could be put in practice. Sandy further explained, "People just did not see the connection with trafficking and traveling, tourism, or hospitality." She reiterated that staff and consumers must be aware that human traffickers are not often who you think that they are. Awareness leads to the training and education of employees and consumers on what to look for when trying to discern what is human trafficking or child sexual exploitation.

Kay also expressed that awareness is a major factor in defining the hotels' CSR role in preventing and eliminating child sexual exploitation. She stated, "The first thing was raising awareness. You know what is happening, and what the role of the industry is." She further emphasized the need for public awareness. Kay stated, "With public awareness, they [pimps] can see that this hotel has been trained and is an anti-trafficking hotel." She also expressed that hotels must train the employees and inform the public on the need to be aware that human trafficking happens in hotels. Hotel manager Linda also expressed that awareness about human trafficking has become greater in her community. She has also become personally involved in trying to bring awareness to these issues in her hometown. She stated, "Actually, our city has gotten involved in human trafficking."

Michael, CEO of Hotel Chain A, stated that awareness must not only be made in the hotel industry but throughout the tourist industry. He stated, "Consumer awareness and action are critical to continuing to make progress on this issue throughout the travel and tourism industry – from hotels, to airlines, to cruise companies and beyond."

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Further, Michael shared, “I believe we will continue to see more and more companies across sectors taking a stand as visibility and awareness increase.”

Sara, the Costa Rican hotel receptionist, shared the logic that each hotel must make the public and guests aware of their stance on human trafficking. She stated, “A hotel somewhere, somehow should announce, if somebody is inquiring about a hotel, say a potential client is inquiring about the hotel, that there should be some type of code...something that’s either on their website or on their logo...something to just let them [client] know that they [hotel] just do not...they don’t allow that at the hotel...so just to steer away if that’s the kind of client that is coming to this hotel, to steer them a way.”

Esther, the Costa Rican property manager, stated that it is very important for awareness to be made because with awareness, people may come together in the community to help these victims. She stated, “I think that it is very important for everyone to realize that there are people involved here; there children involved here; there are adults involved here.”

### **Summary of Findings**

Previous research revealed that Costa Rica has made moderate efforts in eliminating child labor (United States Department of Labor’s Bureau of International Labor Affairs, 2014); nevertheless, the US 2015 Trafficking in Persons Report (TIP) verified that Costa Rica has yet to follow the TIP recommendations concerning human



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trafficking and children labor in the worst forms. This report is significant because the 2015 TIP Report downgraded Costa Rica to the Tier 2 Watch List. If the TIP recommendations are not implemented by 2016, the country will fall to a Tier 3 List and face possible sanctions from the US and the World Bank. These findings showed that, since the government has failed to implement necessary reforms, there was a need for research to discover what is the CSR role towards the children who are sexually exploited in the hotel tourist industry, one of the most profitable industries in the country. The findings that emerged from the research are categorized according to four themes:

- **CSR Policies:** Interviews with the international NGO director and the CSR hotel consultant provided insight about the hotel industry's CSR role and the Code. In addition, they agreed that corporate social responsibility in the tourist industry is in its infancy. Furthermore, they stated that hotel management must go beyond just signing the Code; rather, management must implement the Code policies. Both interviewees reiterated that implementation of the Code is a major part of defining the CSR role.

Interviews with various hotel employees from management executives to the ground level revealed what guidelines were actually being implemented. The overall findings in the United States hotel chains A, B, and C were that Hotel A had signed the Code and that most of the policies were being implemented; however, the employees did not recognize that it was the CSR Code policies. Hotel Chain B, which has not yet signed the Code, was following fewer policies than Hotel Chain A. Hotel Chain C, which also has not yet signed the Code, also followed similar guidelines to that of Hotel Chain A and the Code. Moreover,

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interviews with the US hotel employees were contrasted with Costa Rican hotel employees to discover the difference in policies and implementation. The Costa Rican employees of various hotels, chains and non-chains, were challenged in implementing any of the policies, even those as basic as checking identifications.

- ***CSR Discretionary***: The CEO of Hotel Chain A expressed that he believed that the hotel industry must set the example with the tourist industry by giving back and helping with the issues of child sexual exploitation. His company leads by example by giving back to the global community and plays a large role in preventing and eliminating child sexual exploitation around the world.

The Costa Rican hotel manager believed that the hotel industry should give back to the community where the hotels profited by giving to the victims. He further explained that the hotels should provide special programs to help the victims. From his years of work experiences in the Costa Rican hotel industry, he shared many stories of child sexual exploitation that shaped his view of what the CSR role needed to be.

The Costa Rican NGO director shared that the hotel industry should give back to the community in a philanthropic way. He expressed that doing so would not only benefit the children, but it would also be beneficial to the hotel industry by having a healthier community in which to work. He further explained that the hotel industry could benefit by offering these children employment and education. He stated the companies should offer employee training in the hotels' home country to advance implementation of the CSR policies in the host country. With the training in the home country, the employees would have greater opportunity to

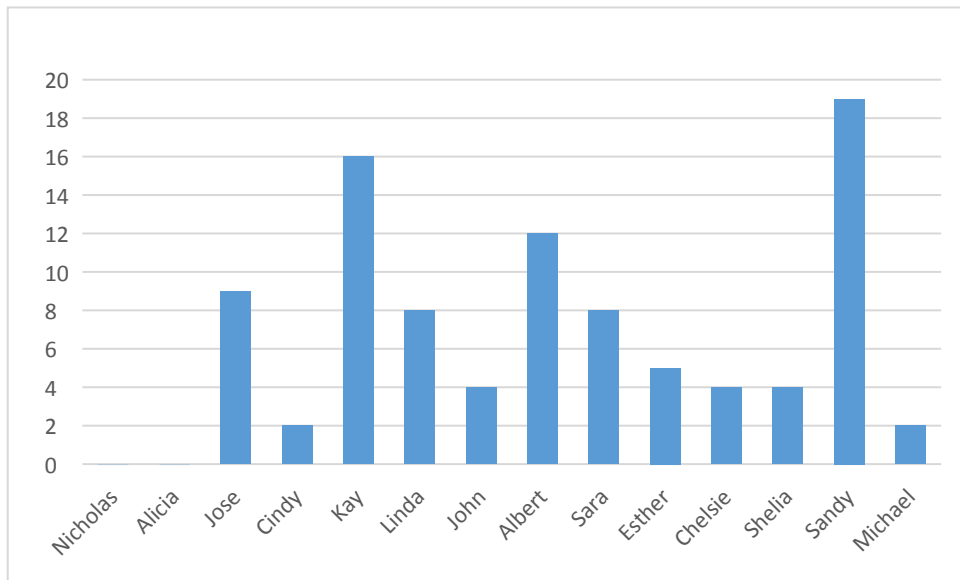
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learn the core values in the home office environment that would promote more efficient implementation of company guidelines. He recommended these practices stating that they would serve more than one cause—profit to the company—profit for all.

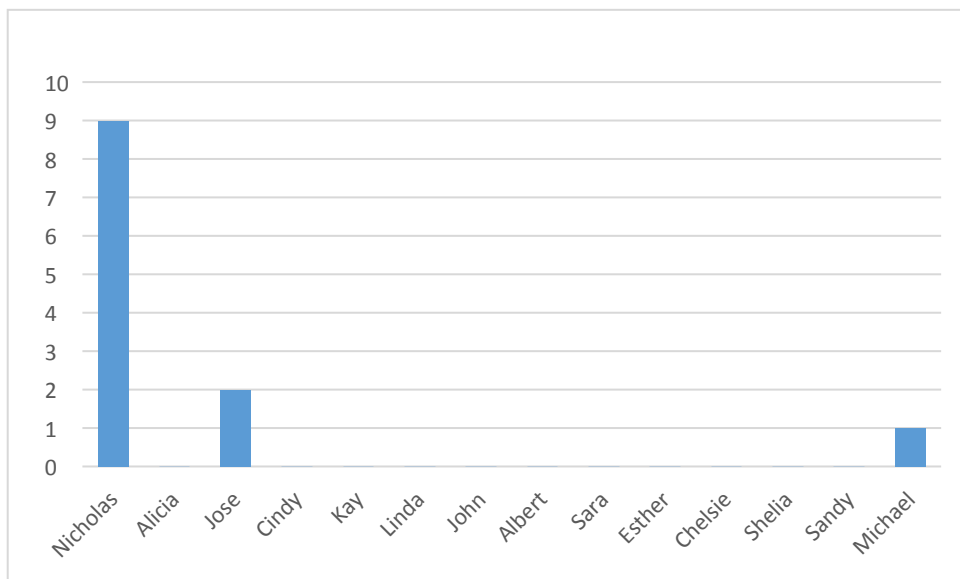
- ***Culture:*** Furthermore, this research included a contrast of the home base hotels in the United States to those in Costa Rica concerning culture. The Costa Rican hotel interviewees stated that child sexual exploitation was normal and difficult to control whereas the United State employees had never witnessed any type of child sexual exploitation. Cultural differences, such as poverty and legalization of prostitution, make child sexual exploitation more challenging to control, especially in the hospitality industry.
- ***Awareness:*** Awareness was a prominent theme among several interviewees from both the United States and Costa Rica. They all concurred that the tourist industry and consumers must become more aware of the need to prevent child sexual exploitation. The findings revealed the reason for this is that it is difficult to distinguish who the victims really are. Moreover, the CEO of Hotel Chain A expressed that with increased awareness, a progression towards eliminating and preventing child exploitation will occur.

The four major themes that emerged from the interviews were charted in bar graphs and are shown below in Figures 7, 8, 9, and 10. Each graph indicates how many times each of the 14 interviewees spoke in relation to that theme.

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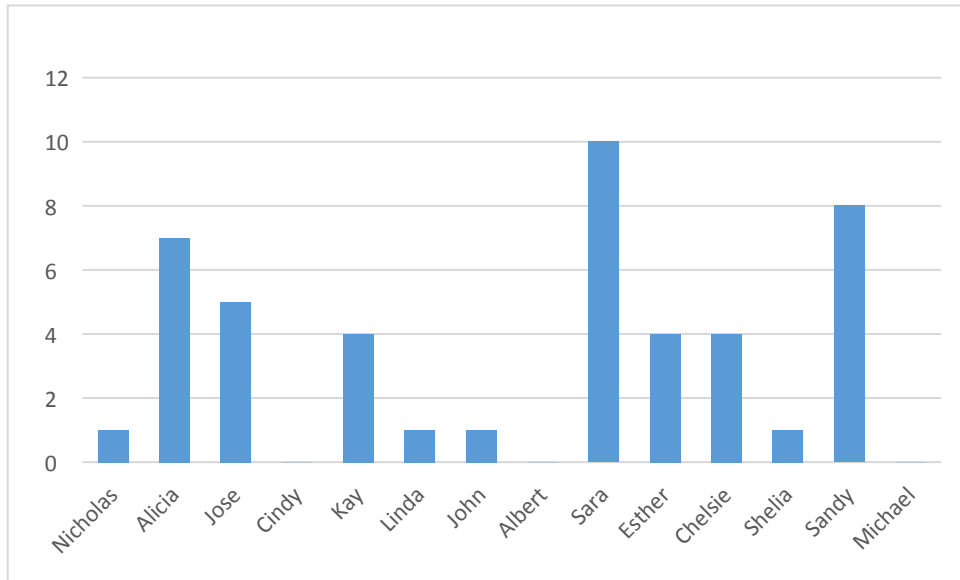


**Figure 7. CSR Policies**

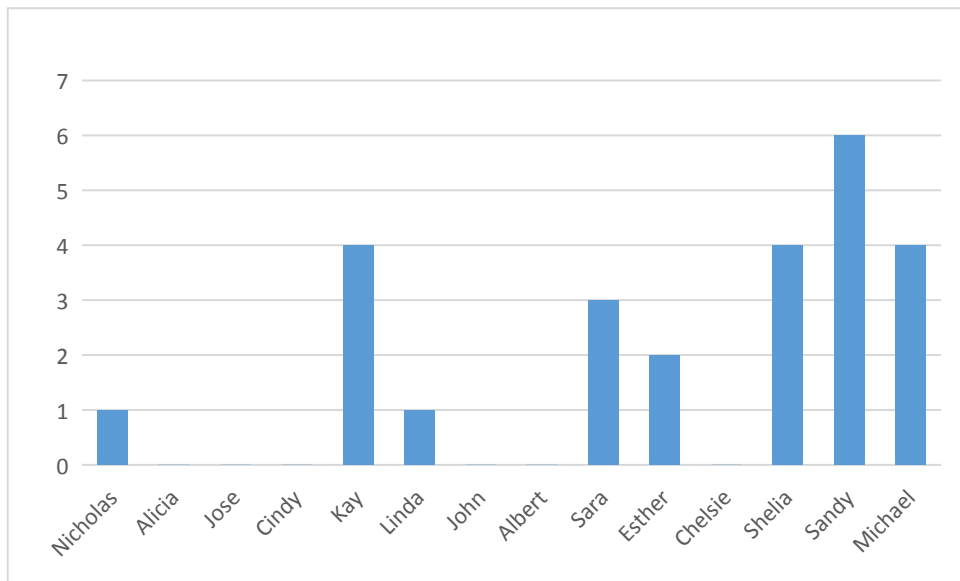


**Figure 8. CSR Philanthropic**

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**Figure 9. Culture**



**Figure 10. Awareness**

## **Chapter 5**

### **Summary, Conclusions, Implications, and Recommendations**

The discussion that follows summarizes the research purpose, problem, research question, and how the findings relate to the literature. The study explored the hotel tourist industry's role of corporate social responsibility towards the Costa Rican children who work in sexual tourism. Four main themes that emerged from the research are analyzed and discussed. The findings answered the research question and provided significant insight into a greater understanding of the hotel industry's role, challenges, and opportunities in management practices concerning corporate social responsibility.

### **Summary of the Study**

#### **Brief overview of the problem**

The Costa Rican government has made moderate efforts in decreasing child labor; nevertheless, statistical data cannot accurately report the number of children who labor in some of the worst hidden forms of employment—that being sexual exploitation in the tourist industry (Craig, 2010; Kerry, 2015; ILO, 2015; Powell, 2014; United States Department of Labor's Bureau of International Labor Affairs, 2014). Elise provided first-hand knowledge concerning human trafficking and sexually exploitation of children

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in this developing country. The United States' 2015 Trafficking in Person Report confirmed Elise's account regarding the lack of government enforcement of laws against traffickers and exploitations and the need for funding of safe houses and programs that would help these victimized children. The report also showed that the country had fallen from a Tier 2 to a Tier 2 Watch List because the Costa Rican government failed to implement the 2014 TIP recommendations that would assist in the prevention of human trafficking, child sexual exploitation, and the conviction of those who commit such crimes. If the country does not comply with the prescribed recommendations by the end of 2016, the country may fall to a Tier 3. Economically, it is crucial that Costa Rica does not slip further because Tier 3 penalties may include US sanctions as well as sanctions from international institutions such as the International Monetary Fund and the World Bank. Currently, Costa Rica is facing a dilemma because, on the one hand, tourism is a prime source of income; on the other hand, tourism is a prime source of human trafficking and child sexual exploitation (Hetter, 2012).

### **Purpose Statement and Research Question**

Elise's story, prior research, and government reports revealed that research was needed for the purpose of discovering the hotel tourist industry's role of corporate social responsibility towards the Costa Rican children who are sexually exploited in hotels. Thus, a case study was conducted to answer the research question: "What is the hotel tourist industry's role of corporate social responsibility towards the Costa Rican children who work in one of the worst form of child labor—sexual tourism?" Furthermore, due to the hidden nature of child sexual exploitation, it became obvious that the issues

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concerning these children could not be quantified; therefore, a qualitative study was necessary to discover these unknowns (Elliott, Fischer, & Rennie, 1999). Strauss and Corbin (1998) define the term “qualitative” as any research that is not quantifiable or determined by statistical data.

### **Review of the Study Design**

Qualitative research through a case study provided the vehicle to hear from individuals who have knowledge about child sexual exploitation in Costa Rica or work experience in the hotel tourist industry. This research was based on a triangular study that provided validation of information through cross reference from three different sources:

- (a) Governmental reports, prior research, interviews with a national hotel consultant who specializes in the development of CSR policies, and NGO directors who have developed programs or policies for the hotel tourist industry regarding children who are human trafficked and sexually exploited;
- (b) Interviews with an international hotel chain CEO, hotel directors, managers, housekeepers, and receptionists in the United States;
- (c) Interviews with a Costa Rican hotel housekeeper, hotel manager, hotel receptionist, and property manager.

Research began by analyzing government reports and previous research. Then non-government organizational directors and a hotel CSR consultant were interviewed because NGOs are instrumental in defining and developing what is the CSR role concerning the environment and human rights (Dodds & Joppe, 2005; Mcgee, 2012;



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Mohr et al., 2001; Nelson, 2007 March). In the United States, an international hotel chief executive officer and hotel employees at various levels were interviewed to discover what they considered was the CSR role and what policies, if any, were actually being implemented in the hotels at ground level. The three hotel chains examined in the US were referred to as Hotel Chains A, B, and C. Finally, face-to-face interviews were conducted with a Costa Rican NGO director, various hotel employees, and a property manager regarding the CSR role and policies. These interviews also gave insight into understanding of the Costa Rica culture and social environment. A cross-study was then made between the hotels based in the home country and those based in the host country being that of Costa Rica to contrast CSR policies and their implementation.

### **Summary of Findings**

Four themes emerged from the interviews: *CSR policies, CSR philanthropic role, Culture, and Awareness.*

- **CSR Policies:** Interviews with the international NGO director and the CSR hotel consultant provided insight about the hotel industry's CSR role and implementation of the Code. Furthermore, they stated that hotel management must go beyond just signing the Code—rather management must implement the Code policies. Interviews with various hotel employees from management executives to the ground level revealed what guidelines were actually implemented.

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- **CSR Discretionary:** The CEO of Hotel Chain A expressed that he believed that the hotel industry must set the example with the tourist industry by giving back and helping with the issues of child sexual exploitation. His company leads by example by giving back to the global community and plays a large role in preventing and eliminating child sexual exploitation around the world.

The Costa Rican NGO director and the Costa Rican hotel manager both shared that the hotel industry should give back to the community in a philanthropic way.

- **Culture:** Furthermore, this research included a contrast of the home base hotels in the United States to those in Costa Rica concerning culture. The Costa Rican hotel interviews revealed that child sexual exploitation was normal and difficult to control whereas the United State employees stated they had never witnessed any type of child sexual exploitation. Cultural differences, such as poverty and legalization of prostitution, make child sexual exploitation more challenging to prevent and eliminate in Costa Rica, especially in the hospitality industry with tourism being the prime source of income for this developing country.

**Awareness:** Awareness was a prominent theme among most interviewees from both the United States and Costa Rica. The NGO director and the hotel consultant expressed that awareness must first be acknowledged by the hotel industry that child sexual exploitation exist in their hotels. Second, they stated that employees must be made to be aware of how to identify the victims. The CEO stressed that the key to solving the issues globally will come by greater awareness. The other interviewees all emphasized that awareness is one of the first steps in eliminating and preventing child sexual exploitation.

### **Conclusions**

All four themes are significant in their findings as they are relative to previous research that was discussed in the literature review and in contemporary management theories. Child labor continues to be a challenge even in the twenty-first century as management theorist, psychologists, social scientists, and legislators from all over the world have endeavored to resolve these issues. Developing countries are more challenged with an increase in child labor due to poverty and lack of education. The developing country of Costa Rica has shown some social and economic development with regards to child labor in the worst forms (United States Department of Labor's Bureau of International Labor Affairs, 2014). However, as child labor declines due to public awareness and boycotts of products manufactured by minors, child laborers often find employment in the more hidden forms of labor (Powell, 2014). The 2015 TIP report verified that Costa Rica was in need of implementing new measures in eliminating and preventing forced child labor in sexual exploitation and human trafficking. Since the government failed in implementing the recommendations, it was apparent that research was needed to answer the research question: What is the hotel tourist industry's role of corporate social responsibility towards the Costa Rican children who work in one of the worst form of child labor—sexual tourism?

The first and most prominent theme, CSR policies, provided the framework in answering the research question by defining the CSR role as a voluntary CSR code. This is congruent with McGee's statement (2012), "A voluntary CSR system creating a

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normative shift and thereby paving the way for future regulations within CSR is a necessary step to combat the commercial sexual exploitation of children” (p. 9).

The NGO director and the CSR hotel consultant defined the CSR role by a specific set of guidelines referred to as the Code. The Code (2015) provides a voluntary set of practices that consists of six steps: (a) establish an ethical policy against sexual exploitation of children; (b) train all personnel on the policies both home and host country; (c) create consistent contracts with suppliers that they must also agree to combat sexual exploitation of children; (d) bring awareness to travelers; (e) educate key persons everywhere; (f) and report annually. Tepelus (2008, p. 84) developed the schematic model found in Figure 3 that provides a comprehensive overview in implementing the Code. One of the shortcomings in implementing the guidelines of the Code is the lack of accountability due to the nature of it being a voluntary code (Tepelus, 2008, p. 91).

The NGO director and the CSR hotel consultant both emphasized that hotel management must first acknowledge a need for the Code and then sign it. Third, they emphasized that there is a need to go beyond acknowledging and signing of the Code to that of implementing it. Therefore, hotel employees along with upper management were interviewed to discover what practices and policies were being implemented at ground level. The findings varied. Interviewees from Hotel A, which had signed the Code, confirmed that some training had been conducted concerning child sexual exploitation and many of the Code policies were being implemented; however, Hotel Chain A interviewees knew nothing about any type of code. Only the Hotel Chain A CEO was knowledgeable of the Code. Hotel B and C had not signed the Code, but both hotels had implemented some guidelines found in the Code.

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The research findings revealed that the implementation of policies were not consistent among the United State hotel chains. However, most all of the United States hotels had some type of training programs but often not specific to child sexual exploitation or human trafficking, except for Hotel Chain A. The findings disclosed that none of the Costa Rican interviewees had knowledge of a CSR Code and they had few guidelines. In addition, the Costa Rican hotel interviewees stated that they had little, if any, training concerning human trafficking and child sexual exploitation. However, two interviewees mentioned that they tried to check identifications, which was not enforceable due to the number of fake identifications that minors often use.

From the interviews, the discovery was that the Code is the beginning step in establishing a CSR role; however, CSR practices are not always implemented easily. Tepelus (2008) stated, “Factors such as insufficient funding, lack of knowledge, reciprocal suspicion, misconceptions, tremendous differences in work capacity, in work style and in the understanding of the problem, have often interfered negatively with the outcomes of the implementation” (p. 91). Both the NGO director and the CSR hotel consultant stated that CSR policies are still in their infancy in the tourist industry, which is congruent with the research of Tepelus (2008).

The CSR discretionary or philanthropic role was a less common theme as only three interviewees mentioned this as being the CSR role. The CEO of Hotel Chain A expressed that his company leads by example in giving back to communities and plays a large role in preventing and eliminating child sexual exploitation around the globe. He further shared information as to how Hotel Chain A sponsors anti-human trafficking programs and has helped thousands of children around the world.

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Epstein, Buhovac, and Yuthas (2010) stated that CSR policies are less difficult to implement when executives make CSR policies as core values of the organization. Such is the case found in the interview with the CEO for Hotel Chain A. He shared that their core values are based on integrity “which means that we do the right thing every time, especially when it comes to an issue as important as this one.” This is realized with Hotel Chain A as it was the only one of three that had signed the Code.

The Costa Rican NGO director and the Costa Rican hotel manager both expressed that the hotel industries’ CSR role is giving back to the community by collaborating with non-profit organizations that work to prevent child sexual exploitation. In addition, the Costa Rican NGO director believed they should provide education and exchange student opportunities in communities where hotels profited in Costa Rica. He further explained that by giving to the community through education, the hotel businesses would benefit by having better employees and a better community in which to work. Both the Costa Rican NGO director and the hotel manager expressed that poverty is often the catalyst for child sexual exploitation in their developing country; therefore, they defined the CSR role as discretionary role as set forth by Carroll (1979).

Research by Skard and Thorbjørnsen (2014) noted that organizations must be transparent with their discretionary role due to public skepticism of philanthropic giving and that careful measures must be taken when sponsoring such charities. They (2014) recommend that organizations remain accountable by hiring independent consultants to assist in developing the CSR framework or activities. Thus, the CSR discretionary role must have a framework that functions philanthropically while remaining legal and ethical and maintaining a profit to all shareholders—being responsible to all stakeholders.

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Culture was an important theme as it proved that there are distinct differences found between the home and host countries. It was apparent from the interviews that the hotel industry faces greater challenges in developing countries in preventing and eliminating child sexual exploitation. First, it was difficult in Costa Rica because prostitution is legal there. Second, as found in the literature review and (2015) TIP Report, the country where the interviewees lived had not received support by the government or police force in preventing and eliminating the issues (Fraley, 2005; 2015 TIP Report; United States of America Periodic Report, 2010; Turner, 2010). It was noted that the Costa Rican interviewees all agreed that they could not contact authorities to report any suspicious activities; rather, several of them claimed that child sexual exploitation was normal.

The interviewees confirmed that poverty and a lack of education are also catalysts for child sexual exploitation. The Costa Rican NGO director shared that many of the Costa Rican children fail to finish their education due to the need to work. While education is free, many parents cannot afford the required school uniforms or necessary school supplies. These findings are congruent with Dessy and Pallage (2005) who stated that families often feel it necessary to send children to work rather than school even if child labor is illegal. With child labor being prohibited, many children work in the more hidden forms of labor including agriculture and domestic services, or even worst alternatives—as sex slaves (Blagbrough, 2008). The tourist industry, being one of the prime sources of income in Costa Rica, provides ample underground labor opportunities for these children to work.

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MNCs, such as international hotel chains, are challenged with different cultures and global ethics. One dilemma management faces is whether to use the ethics of the host country or the home country. Some managers or employees may operate under the assumption that what policies work in United State culture works anywhere. Tepelus (2008) stated that one of the keys to successfully implementing and managing the Code to the host country is by first successful implementation in the home country. Johnson (2013) stated that one of the keys to establishing a CSR role is ethical corporate leadership and organizational culture. Ethical corporate leadership must be based on transparency and authentic characteristics such as honesty and humility (Johnson, 2013, p. 250). Such leadership will help evoke a corporate culture encouraging good CSR practices.

Awareness was a prominent theme among three of the United States interviewees and several Costa Rican interviewees. The need for more awareness is congruent with Doane and Holder (2007), Mohr, Webb & Harris (2001), Nelson (2007), McGee (2012), and Tepelus (2008). The NGO director and the hotel consultant shared that the first step in defining the hotel industry's CSR role is bringing awareness that child sexual exploitation and human trafficking occurs in hotels. In addition, they both reiterated that the hotel industry is not at fault; rather, it is just where it happens. The NGO director stated, "And really letting this industry know that these issues are tied to them unfortunately." These findings are congruent with Hetter (2012) that the hotel industry is where child sexual exploitation often happens. They both shared that it is difficult to identify accurately who the victims are; thus, another step is making employees and consumers aware of what to look for with human trafficking. The hotel CSR consultant



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stated, “If they would just train, acknowledge, bring awareness, and abide by the Code is all that I would ask.”

The CEO of Hotel Chain A stated that awareness must go beyond the hotel industry throughout the tourist industry. He emphasized, “Consumer awareness and action are critical to continuing to make progress on this issue throughout the travel and tourism industry – from hotels, to airlines, to cruise companies and beyond.” His statement is in agreement with the research of Mohr et al. (2001), Dodds & Joppe (2005), McGee (2012), Nelson (2007), Tepelus (2008). Further, the CEO shared, “I believe we will continue to see more and more companies across sectors taking a stand as visibility and awareness increase.” Education and awareness of the consumer is vital as consumers have the power to affect corporate behavior (Mohr et al., 2001).

### **Implications for the Hotel Industry**

The four themes answered the research question by providing insight into what the hotel industry’s role is concerning the children who are sexually exploited in the Costa Rican hotel tourist industry. First, the CSR policies theme indicated that the hotel industry needs to not only sign a CSR code but to also follow and implement the policies. Currently, there are inconsistencies in the hotel industry as some hotels have signed the Code and others have yet to do so. Training and implementation of such practices are more difficult in developing countries due to cultural differences such as found in the findings in Costa Rica. The study has shown that hotels should not only have written

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policies and consistent employee training but rather make sure that the CSR policies are being implemented at the ground level in the home and host country.

One of the implications of this research is a need for a new measuring tool for transparency and recognition for effectively implementing these CSR practices concerning human trafficking and child sexual exploitation. Thus, from this research, it became evident that a quality evaluation system similar to Forbes' star rating should be developed based specifically on whether hotels are following a set of global CSR guidelines like those found in the Code. Currently, according to the Forbes travel site (2016), the Forbes' star system ranks hotels based on the facilities' condition and quality of service. Many customers have become reliant on this system when booking their reservations because there are hundreds of details that inspectors verify to ensure hotels are complying with the established set of standards. However, there is no specific rating publicizing what hotel measures are being done to eliminate or prevent human trafficking. Therefore, it appears that the hotel industry is in need of a global ranking system specific to human trafficking and child sexual exploitation. The benefits are four-fold. First, this allows for a voluntary CSR management system that recognizes hotels that are effectively implementing CSR policies concerning anti-human trafficking and child sexual exploitation. Second, this rating system will bring about greater public awareness concerning human trafficking and child sexual exploitation. Third, consumers can at a glance of the display rating choose a hotel that is being corporate socially responsible towards human rights issues, specific to anti-human trafficking. Fourth, this rating system would deter human traffickers from this hotel because they would know that the hotel employees and consumers are more aware of identifying trafficked victims.

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These hotel ratings would be published for consumers to review through websites, advertisements, and at the hotel check-in counters. In addition, this rating system would bring about greater awareness of the issues concerning human trafficking and child sexual exploitation worldwide. Awareness, the fourth theme, is crucial in understanding the CSR role as found in this study. Corporations will be held more accountable as the public becomes more aware (Mohr, et al., 2001). Awareness is crucial to making a difference because with education concerning these issues, fewer victims will go unnoticed.

The second theme being a CSR discretionary role revealed that there are opportunities for the hotel industry to give back to the communities where they make a profit. Another implication from this study is that hotel management should consider developing the employee exchange programs, which was recommended by the Costa Rican NGO director. The exchange programs would benefit the hotel industry in three ways. First, management practices would be more consistent as employees would be trained by the home office and then placed back in the field of the host country. With employees receiving firsthand training of the corporations CSR policies, implementation in the host countries would be more consistent to the organizations core values and culture. Second, the hotel chain would benefit by gaining a positive image for providing local employment and educational opportunities in the communities of the host- country. Third, cultural differences, found in the third theme of culture, may be minimized through the employee exchange programs. Host country trainees would have greater opportunities to collaborate with the home office in establishing new management practices to minimize the cultural differences in implementing these CSR policies.

### **Implications for Academe**

Previous CSR research in the hospitality tourist industry has focused primarily on issues regarding the environment. However, academic research concerning corporate social responsibility regarding the children who are sexually exploited in the hotel industry is scarce. Even more scarce is academic research concerning the children who are sexually exploited in the Costa Rican hotel tourist industry. This study has brought greater awareness for discover of what the hotel industry's role is concerning the children who are sexually exploited in this developing country of Costa Rica.

This research is congruent with Dodds and Joppe (2005) that the tourist industry needs a global set of CSR practices concerning these issues. The findings of this research have shown that the CSR role in the hospitality is beginning to gain more attention with the help of NGOs, such as ECPAT, that have developed a CSR Code for the hotel industry concerning child sexual exploitation and human trafficking. However, this study revealed that there are inconsistencies in CSR practices and implementation of the hotel chains researched as many hotel chains have not agreed to sign this Code. Hotel Chain A has shown to be a leader in the industry by signing the Code, practicing CSR guidelines, giving philanthropically to communities, and establishing programs in an effort to prevent and eliminate human trafficking.

The findings of my research are also congruent with Tepelus (2008) that there is a need for more effective communication and public awareness for CSR practices to be truly implemented at all levels of the hotels. This study adds to the literature that there is a need for the hotels to become aware and recognize the need to establish a global set of

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CSR practices—whether ECPAT Code or another set— in dealing with children who are sexually exploited in the tourist industry.

This research also adds to the literature and is congruent with the findings of Font, Walmsley, Cogotti, McCombes, and Häusler (2012) that the hotel industry needs CSR policies and then tools to effectively measure the implementation of CSR established practices. In addition, the findings of this research substantiates the findings of Font et al (2012) that audits are necessary; however, this research has shown that the hotel audits concerning the Code are based on voluntary annual reporting. Thus, it became evident that a rating system should be developed to promote hotels who are implementing effective CSR polices concerning child sexual exploitation and human trafficking. Furthermore, the rating system will provide another method for informing consumers about how effectively hotels are being socially responsible.

### **Future Research**

Even if organizations become more socially responsible concerning these children who are victims of sexual exploitation, the government must enforce laws to protect them as well. McGee (2012) stated that there must be accountability that goes beyond the CSR voluntary codes. He said, “Additionally, a greater level of accountability must be formed through national laws, international instruments and regulated voluntary codes” (p. 9). In addition, specifically in Costa Rica, many NGOs have expressed that the government and key organizations have not been willing to collaborate in resolving human right issues (Turner, 2010, p. 67). Doanne & Holder (2007) stated, “The message from these voices

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are clear: voluntary CSR initiatives are not enough and must be bolstered by regulation and enforcement” (p. 7). Future research should be conducted to discover what is the government’s role concerning these Costa Rican children and other sectors of the tourist industry. In addition, research should be conducted to determine how global corporations can become more socially responsible in all industries where children are forced to labor.

### **Concluding Remarks**

Since corporate social responsibility is in its infancy in the hotel industry, defining the CSR role will only come about through greater awareness. There is hope for a brighter future if the hotel executives, governments, global leaders, and consumers become more aware of the children who labor as sexual slaves in Costa Rica. The Code developed by a NGO was one of the first steps in evoking global awareness of the need to eliminate and prevent child sexual exploitation specific to the tourist industry. With public awareness, consumers will have greater power in holding corporations accountable in their CSR roles.

Consumer awareness and education are crucial because consumers have the influence to change corporate behavior through their purchasing power (Mohr, et al., 2001). Nelson (2007) believed that public awareness could bring about vital changes as the discretionary role is based on what society deems necessary. Thus, it is the consumer who may ultimately answer the research question: “What is the role of corporate social responsibility with regards to the Costa Rican children who work as sexual slaves in the hotel industry?”

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## Appendices

### Appendix A Participant Overviews

#### Non-Government Interviews

**Sandy.** Sandy is knowledgeable about CSR policies in the hotel industry because she works as a director of an international NGO and collaborated with various groups from the tourist industry in developing a CSR code that includes policies, procedures, and guidelines specific to child sexual exploitation. Sandy lives in New York and travels extensively internationally; so from the initial contact via email until she was interviewed via phone, the process of interviewing her took four weeks.

**Kay.** Kay is a consultant who works with hotels in developing corporate social responsibility policies. She also serves on a board of an NGO that developed a CSR code for the prevention and elimination of child sexual exploitation specific to hotels. Kay was eager to share her work knowledge and experiences. She works primarily in the United States because, as she stated, “working to eliminate child sexual exploitation in developing countries could be dangerous.” For that reason, she decided to conceal her name and the name of her company. It was difficult to set up an interview with her due to her demanding schedule. Her business is located in the St. Louis, Missouri area; therefore, the interview was conducted via the telephone.

**Nicholas.** As an American who moved to work as an operational and financial director of a Costa Rican NGO, Nicholas works with children who are at risk for child

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exploitation. The interview took place in the researcher's rental condominium unit located in Costa Rica.

### **Hotel Employees**

**Michael.** CEO of International Hotel Chain A located in the United States. Michael's interview could not be conducted face-to-face because of his intensive schedule and geographical location. Due to his executive position, his interview had to be conducted via written communication. He was open to share his knowledge.

**Cindy.** As a director of sales and marketing at Hotel Chain A located in the United States, Cindy has over 23 years' experience in the hotel industry. Because Cindy was located in another state, this interview was conducted over the phone. She scheduled a time outside of her work schedule to conduct the interview. She was willing to conduct the interview and provided precise information.

**Linda.** Linda is a vice president and director of sales and marketing in Hotel Chain B in the United States. She is located in Florida and had to be interviewed via the phone. She scheduled a time after her work so that the interview would be uninterrupted. She shared that her father was a former police officer and investigator and that two of her brothers also worked in law enforcement; therefore, she was open to participating in this research study. She shared in her interview that one hotel location where she manages participates in sting operations concerning human trafficking.

**John.** As a general manager at Hotel Chain B in North Carolina, John has over 24 years' experience in the hotel industry and has worked at other hotel chains. Due to the distance of this location, we had to interview via the telephone. He was very willing

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to be interviewed and share his knowledge. He spoke with me from his office during his break, and we had an uninterrupted interview.

***Shelia.*** Shelia is a receptionist at an international Hotel Chain B located in the United States. She has over 20 years' experience working in various hotel chains. The interview was conducted in a private area inside the hotel. An area inside of the hotel was chosen for her convenience, and the interview was conducted according to the interviewee's schedule.

***Albert.*** As a hotel receptionist at Hotel Chain A, Albert has over ten years' experience working in the hotel industry. He has also worked for another international chain. The interview took place in a private conference room inside the hotel before he went on duty. He was willing to share his knowledge and experiences.

***Chelsie.*** Chelsie is a housekeeper in Hotel Chain C in the United States, and she has worked in various hotels for over 20 years. Chelsie was willing to share her work experience and knowledge. When I tried to meet with her on her lunch break at the hotel, she had to reschedule due to a convention that required her to work overtime. Due to her busy schedule, this interview was conducted over the phone. The interview was uninterrupted as she called from her home.

***Jose.*** Jose is a Costa Rican hotel manager who has managed various hotel chains including Hotel Chain A and Hotel Chain C. He has worked in various other hotels all over Costa Rica including locally owned ones. Jose has over twenty years' experience in the Costa Rican hotel industry. His interview provided great insight from all levels of management, and it exposed the complexity in which the Costa Rican managers must

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work in the hotel industry. He is bi-lingual speaking English and Spanish fluently. The interview, which was conducted in my condominium rental in Costa Rica.

***Sara.*** Sara is a receptionist who worked in various local Costa Rican hotels. The interview took place in my condominium rental in Costa Rica, which was conducive to a quiet and safe environment.

***Alicia.*** Alicia is originally from Nicaragua but came to Costa Rica for employment when she was a young woman. She began her work in hotels as a housekeeper, but she was eventually promoted to the position of a hotel receptionist. The interview took place in my rented condo in Costa Rica. This setting, which was a conducive environment for a private and safe interview, was important to her interview because she had never before share some of these experiences.

***Esther.*** Esther is an American who relocated to Costa Rica with her husband to become property managers. She had a great deal of knowledge concerning hospitality and the tourist industry specific to Costa Rica. Her work experience as a property manager provided another perspective from the hospitality industry as she shared her management policies regarding the issue of prostitution and child sexual exploitation in Costa Rica. Her property management varied with many types of rentals including homes, condominiums, rooms, etc. She was very conscientious and goes to great measure in screening to eliminate prostitution in her rental properties. The interview took place in the quiet setting of my condo rental in Costa Rica.

## **Appendix B**

### **Research Information.**

- Study purpose: To identify the role of corporate social responsibility concerning the children who are sexually exploited in the Costa Rican hotel tourist industry.
- Scope of study participants: Between 10-15 voluntary participants.
- Participant's role: Interviews to share their knowledge or experiences concerning the subject. The interview sessions may last up to an hour in length with researcher
- Study site: Costa Rica and the United States.
- Study researcher: Michelle Flynn Osborne, doctoral candidate in Doctor of Business Administration program at George Fox University.  
Contact: Phone (919-830-5251); e-mail: michelle.osborne@nc.rr.com

## Appendix C

### Informed Consent Forms

Thank you for agreeing to participate in this study, which will take place on Jaco, Costa Rica \_\_\_\_\_ at \_\_\_\_\_. This form provides the purpose of this study, a description of the process and the risk as a participant. This researcher is interested in learning about your knowledge and/or experiences concerning the hotels' role of corporate social responsibility with regards to the sexual exploitation of children in the Costa Rican tourist industry.

#### **The purpose of the study is:**

- To learn about the hotels' role of corporate social responsibility with regards to the sexual exploitation of children in the Costa Rican tourist industry.

#### **Subject's Understanding:**

- I agree to participate in this study that I understand will be submitted in partial fulfillment of the requirements for the degree of Doctor of Business Administration at George Fox University.
- I understand that my participation is voluntary.

#### **The Process:**

Your participation in the study will involve an interview with an estimated length of one hour. This interview will be recorded for later analysis.

#### **Risk:**

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This study poses little to no risk to its participants. Your name may be held confidential, if so desired. You may choose to leave the study at any time or may request your name to remain anonymous at any time during the research.

### **Informed Consent Form (continued)**

I am aware that I have the option of allowing my interview to be recorded to ensure an accurate account of my responses.

I am also aware that all of the interview or only excerpts from the interview may be used in the dissertation and/or publications to come from this research, with the understanding that the quotations could be anonymous or alias if requested by participant at any time.

I was informed that I may withdraw my consent at any time without penalty by advising the researcher.

With full knowledge of all foregoing, I agree, of my own free will, to participate in this study.

**Yes**

**No**

I agree to have my interview recorded.

**Yes**

**No**

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I agree to any or all of the information shared to be used or published in any thesis, dissertation, or other publications that comes of this research.

**Yes**

**No**

Participant's Name (please print)

\_\_\_\_\_

Participant's

Signature \_\_\_\_\_

Researcher's

Signature \_\_\_\_\_

Faculty Advisor

Signature \_\_\_\_\_ Date \_\_\_\_\_

Faculty Advisor Title \_\_\_\_\_ Department \_\_\_\_\_



**Appendix D: Interview Sample Set Questions**

**(Triangular upper level A)**

Interviews with an EPCAT Director, an international CSR consultant for the hotel industry, and a Costa Rican financial and operational director that specializes in preventing sexual exploitation of children in the tourist industry.

1. What do you believe is the role of corporate social responsibility concerning the children who are sexually exploited in the hotel tourist industry?
2. In what way does your organization help in defining the role of corporate social responsibility in the hotel tourist industry?
3. In what ways could the hotels' role of corporate social responsibility not only be defined with guidelines but also practiced or implemented?
4. What else would you like to share about your organization concerning these issues?

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### **(Triangular lower level B)**

Interviews with United States hotel employees: Chief Executive Officer, hotel directors, managers, receptionist, and housekeepers.

1. What training, guidelines, or codes from the corporate home office have you received regarding the issues of sexually exploited children?
2. What do you know about ECPAT CSR Code?
3. What are your companies' guidelines for checking guests and knowing who is in the hotels.
4. From your perspective as a manager, what is the role corporate social responsibility towards the children who are sexually exploited in the hotel industry? In other words, do you know of any other ways that hotels could participate in helping these children (minors)?

**(Triangular lower level C)**

Interviews with Costa Rica hospitality industry: hotel manager, receptionist, housekeeper, and property manager.

1. What are your observations working in hotels as a manager regarding the children who are sexually exploited in the Costa Rican tourist industry?
2. Have you received any training, guidelines, or codes from hotel management with regards to sexually exploited minors?
3. How does the hotel deal with the exploitation of minors?
4. Did you see a difference between the chain hotels and local hotels?
5. As a hotel manager, have you heard about corporate social responsibility?
6. In what ways do you think that hotels have a role of responsibility regarding the children who are sexually exploited here in Costa Rica?