

Strategic Philanthropy in a Turkish Tourism Context

Ali AKDEMIR, Lütü Atay, Mehmet Marangoz, Çanakkale, Onsekiz Mart University
John Hall, Michael Polonsky, Julian Viecelli, Deakin University, Australia

Abstract

This paper examines a project called “Respect to History” which was undertaken by a Turkish oil company. This philanthropic program focused on redeveloping numerous local communities on the Gallipoli peninsula, which were in a state of disrepair. The program also developed and improved historic sites within the peninsula, celebrating the country’s national heritage. These activities enhanced tourism as well as improved the social and economic quality of life of those living on the peninsula. This research investigates the impact of this strategic philanthropy on the social and economic wellbeing of these local communities, as well as how this impacted residents’ views of the sponsoring firm. The data were collected from residents of the communities in the Gallipoli peninsula who were involved in the program. The results, using SEM, identified that respondents generally believed that both their economic and social quality of life has improved and the project has also had a positive impact for the sponsoring organisation.

Keywords: Strategic philanthropy, tourism, quality of life, Gallipoli

Strategic Philanthropy in a Turkish Tourism Context

Introduction

In the history of a nation there is often a defining moment, when that country realizes its identity. In many cases these events surround specific locations (i.e., historic sites). For example, the US has the war of Independence and its associated battlefields, and South Africa has the end of apartheid and the freeing of Nelson Mandela, which now has resulted in the development of Robben Island as a point of national reflection. Both Australia and Turkey have the battlefields of Gallipoli in WW1, where the two nations formed their identity.

Corporate support for community activities has been identified as being important in terms of tourism development (Hall 1999; Selin and Chavez 1995) and also within the broader literature looking at sponsoring arts (Bulut and Yumrukaya 2009) and heritage activities (Cossons 1989). In many cases these initiatives may be attempts of firms to behave in a socially responsible or even philanthropic manner. However, while this giving may not have any planned or intended benefit to the firm (i.e., philanthropic giving), it might be suggested that like all sponsorship type activities there are benefits to organizations (McAlister and Ferrell 2002; Ricks 2005). While CSR involves behaving responsibly, it may also be a form of brand insurance (Werther 2005). Thus, corporate sponsored tourism development initiatives (Schilcher, 2007), could be considered a form of strategic philanthropy, that is, activities that are designed to benefit both the community and the firm.

This paper examines how an oil firm in Turkey assisted in redeveloping various historic sites within the Gallipoli peninsula, focusing on celebrating the country's national heritage and improving the quality of life (socially and economically) of those living on the peninsula. For many local tourists a visit to Gallipoli is a pilgrimage to the birthplace of their nation, with almost all Turkish families having someone who was either killed or wounded at the site.

Strategic Philanthropy

Strategic philanthropy is by some people's account an oxymoron, as the definition of philanthropy is to give without any expected benefit (Hemphill 1999), which is possibly anything but strategic. However, those who have used the term frequently refer to the fact that firms who 'give' to social causes can in fact directly and indirectly benefit, through increased promotional opportunities, improved brand image or higher sales (McAlister and Ferrell 2002; Ricks 2005). Given this fact, firms who 'give' can, consider how their giving can best be leveraged for corporate benefit. This may make business sense, but some have suggested that the strategic alignment of giving could result in firms supporting causes that have some 'market value' to firms (or firms' consumers), rather than supporting the most needy (Wood and Polonsky 2002).

It could be argued that even when there is no intended leveraging of corporate giving, the mere existence of giving, as a form of corporate social responsibility, results in some potential corporate benefits. There are a range of reasons that this may both be strategic and philanthropic. Take for example, a cosmetic company that gives to charity to support issues of relevance to the firm's target market. Those in branding might argue to do anything different would be inconsistent branding and fail to support the firm's core image (Polonsky and Jevins 2009). As such, the distinctions between philanthropy and strategic philanthropy, may relate

to the degree to which the motivations maximizing corporate benefits outweigh the motivations to do what is good for society. There may in fact, be a fine line between the two. Any distinction may become further blurred as some scholars suggest that all firms will need to engage in various forms of CRM activities simply as a means of protecting their brand (Werther and Chandler 2005) and thus both “giving” and strategic philanthropy will possibly grow in the future. The distinction between sponsorship and strategic philanthropy is also worth noting. Sponsorship involves money and in-kind gifts in return for recognition with a particular cause or event, whereas strategic philanthropy seeks to tie overall corporate assets and knowledge to address social problems or needs (McAlister and Ferrell 2002).

Tourism development and Quality of Life

The literature on strategic philanthropy has looked at a range of giving contexts. One area that has been explored, although not necessarily called strategic philanthropy is the context of tourism partnerships as a means of facilitating tourism development. Selin and Chavez (1995) suggest that new models of collaboration need to be considered for tourism development, including engaging with the private sector. Some have even gone so far as to suggest that poverty in local communities can be addressed through “pro-poor tourism”, i.e. tourism's contribution to poverty reduction is increased and poor people are able to participate more effectively in product development (Pro-Poor Tourism Partnership 2010), which is frequently supported by governmental and the for profit sector (Ashley and Haysom 2006). While potentially important, such collaborations have been found not to deliver benefits for parties, particularly the local communities (Hall 1999; Schilcher 2007).

There are a diverse range of partnerships and in some cases these have been philanthropic in nature (Ashley and Haysom 2006), thus sponsors are giving something back to society. In other instances partnerships are traditional sponsorship activities, for example sponsoring heritage based activities in museums (Cossons 1989). Sponsorship would clearly be seen as marketing activities, where there is a reputational benefit of the firm being associated with the heritage activity. Some would argue that this is also a form of corporate social responsibility where the business is giving back to society more widely (Bulut and Yumrukaya 2009).

In the tourism area, corporate partners have been keenly involved in a range of activities, both as members of the tourism environment (i.e. businesses operating within countries) and as sponsors of tourism and heritage initiatives. There are numerous benefits of such activities. One of the most important is that development enhances the tourism experience, which not only attracts more tourists, but also creates more economic opportunities for locals, thereby improving their quality of life (Chok, Macbeth and Warren 2007; Eastwood and Lipton 2002). One might also anticipate that any sponsoring organization would also benefit, as occurs in other sponsorship activities. However, in the tourism development context, this may impact how locals (who are direct beneficiaries of development) and tourists (who enjoy their tourism experience) view the sponsoring organization. The reputational benefits of such sponsorships have been examined in regards to events or other CSR related activities (Ricks 2005), this has generally not been examined in regards to tourism developments.

Quality of life is defined many different ways, with some focusing on ‘economic well being’, ‘life satisfaction’ or ‘health’ of the community (Sirgy, Salami and Meadow 1982). Researchers have long proposed that tourism can have positive impacts on quality of life, both for the tourists and the locals (Benckendorff et al. 2009; Chon 1999). Although some might

argue that overdevelopment of tourism could in fact have negative quality of life impacts on locals as well as degrading the future tourism experience for others (Bushell, Staiff and Conner 2002). It may also be that within one community, different stakeholders view the impacts of tourism on quality of life differently (Jurowski and Brown 2001), with researchers identifying that tourism has both benefits and disadvantages on communities quality of life (Andereck, Valentine, Vogt and Knopf 2007).

The views of locals towards the impact of tourism on their quality of life are important. Andereck et al. (2007) suggest that there are many studies looking at the impact of tourism on local communities, using a range of different measures. There has however not been any research, that the researchers could identify, that evaluates the quality of life impacts of more philanthropic types of tourism developments on community members. Given that such activities are corporate in nature, it is also important to identify if there has been a positive impact on how locals view the brand as well. If such a relationship were found to exist one might argue that this 'philanthropic' activity has some strategic aspects as well. Thus the hypothesis is whether there is a positive relationship between local's perceptions of the improvement in quality of life and how they view the sponsoring brand.

Method

As was discussed in the introduction a large Turkish oil company undertook a range of development activities in seven villages on the Gallipoli peninsula between 2006 and 2007 (the firm did not operate any petrol stations on the peninsula). These projects related to improving infrastructure, site beautification, education activities and promotion. The activities necessitated employing 500 local workers for a year and using 15 pieces of heavy construction equipment were used for a year. The activities were numerous and included: laying 13,000 square metres of stone, planting 650 trees along with 9000 plants and flowers, and covering 4000 square metres of land with grass. In addition, 270 billboards were made for sidewalks, 150 city furniture pieces were placed, playgrounds were built in five villages, 300 tables and 1200 chairs were distributed, along with 10 000 pieces of equipment to coffee shops and restaurants. Finally, three museums were renovated, two buildings were transformed into cultural centres, another old building was transformed into a youth centre and 78 sales booths (primarily catering for souvenirs to tourists) were made for five villages.

A face to face survey assessing residents' views of the project was then undertaken with 270 respondents a year after the completion of the final project. The survey examined a number of issues. There were nine items that examined quality of life issues, three measuring the economic impact of the projects and six measuring social quality of life issues. Past literature has suggested that quality of life can comprise a range of different outcomes, with economic benefits and social/community benefits being two of which have been explored (Andereck et al. 2007). Two items were used to assess residents' attitudes toward the sponsoring company, which focused on purchase intentions.

Analysis

A series of constructs relating to strategic philanthropy and quality of life were identified in the literature and the research. These were developed and tested using confirmatory factor analysis and their relationship with purchase intention was analysed by using structural

equation modelling. The constructs were tested and found to be valid and reliable. The following is a summary of these constructs.

The first factor related to participants' *economic quality of life*, through an increased likelihood of business prosperity based on the investment in the town and facilities by the sponsor. This construct consists of perceived personal development due to the project, a perceived increase in income and a perceived increased in business opportunities. All of these items contributed to a factor which captures economic opportunity, or economic well being (i.e. economic quality of life) as a result of the oil firm's investment.

The second factor *Social quality of life* related to the perception by respondents that the local environment has improved and this has contributed to a more modern image for the area, a more positive lifestyle (cleanliness, hygiene and social environment), and that locals have become more conscientious about keeping a clean environment.

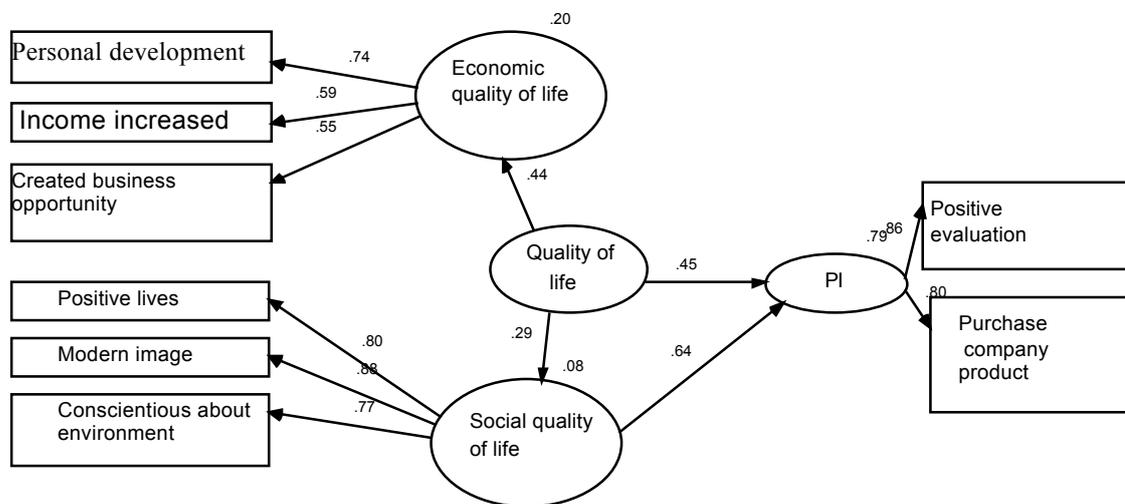


Figure 1 Model of strategic philanthropy in local communities

Within the model (Figure 1) overall quality of life, captures these two components. Corporate benefit was reflected by purchase intention (PI) measured by two items on evaluation of the brand and purchase intentions. This is modelled as an outcome of the improvements in economic and social quality of life, i.e. the investment of the oil company in the local community. This investment has lead respondents to have a higher overall positive evaluation of the company, and has lead respondents to indicate a higher likelihood of purchasing products made by the sponsoring company, i.e. because of their strategic philanthropy.

Results

After Bollen-Stine bootstrapping was employed, a probability level of 0.05 was achieved. Other fit indices suggested a reasonable fit to the data (Hair et al., 2006; Kline 2005). The model of strategic philanthropy in local communities showed a clear relationship between economic quality of life and overall quality of life ($\beta = 0.44$, $p < 0.05$), social quality of life and overall quality of life ($\beta = 0.29$, $p < 0.05$), quality of life and purchase intention ($\beta = 0.45$, $p < 0.05$), social quality of life and purchase intention ($\beta = 0.64$, $p < 0.05$). Overall the model offered a good fit to the data with Chi Square = 80 GFI = 0.93, RMR = 0.04, RMSEA = 0.08, CFI = 0.90. All of these indices fall within the accepted range (Kline 2005).

Overall the model shows a positive relationship between quality of life and perceived

economic and social quality of life. This in turn leads to a positive relationship between overall quality of life and purchase intention for the goods of the sponsoring organisation. Thus, the philanthropic activity did result in both perceived quality improvements and more positive evaluations by locals, even though the firm did not operate in the peninsula.

Discussion and Implications

As was identified in the analysis the measures of economic and social quality of life were found to be reliable constructs, with overall quality of life being a second order construct. Local's assessments of their community after the program was generally highly positive, suggesting that the development was successful in achieving improvements to the local community.

In regards to the benefits to the organization, there was in fact a direct link between people's perception of their quality of life and how they viewed the brand (i.e. increased purchase intentions). This suggests that this development program did generate positive benefits to the firm as well as the local community. Given that the oil company did not operate within the region at the time of the development it might be suggested that the benefits to the brand were a secondary focus of the activity (i.e. it was more philanthropic in nature). However, there are several factors that might suggest the activity was a strategic philanthropy exercise. That is, there was a high degree of branding associate with the activities and the region (i.e. Gallipoli) has a high number of Turkish tourists (from around the country and abroad) who have access to the firm's petrol stations in their local community outside the region.

The research suggests that community development in a tourism context can indeed have both quality of life benefits and that there is some transfer of good will to the sponsoring organization. This strengthens the arguments for encouraging such corporate sponsorship in terms of development activities. However, there does need to be some caution in terms of the degree that one moves development from CSR or strategic philanthropy to a straight sponsorship activity. The later may end up focusing more on the benefits to the firm rather than the societal benefits, such a shift may in fact result in a decline of both corporate and social outcomes, simply because it might change the nature of development, focusing on brand building and leveraging and missing out on real enhancements that improve the local community. As such, the more philanthropic, strategic philanthropy is, the better it is for the overall outcomes achieved.

References

- Andereck, K.L., Valentine, K.M., Vogt, C.A., and Knopf, R.C., 2007. A cross-cultural analysis of tourism and quality of life perceptions. *Journal of Sustainable Tourism* 15 (5), 483 – 502.
- Ashley, C., and Haysom, G., 2006. From philanthropy to a different way of doing business: Strategies and challenges in integrating pro-poor approaches into tourism business. *Development Southern Africa* 23 (2), 265 – 280.
- Benckendorff, P., Edwards, D., Jurowski, C., Liburd, J. J., Miller, G., and Moscardo, G., 2009. Exploring the future of tourism and quality of life. *Tourism and Hospitality Research* 9, 171–183
- Bulut, D., and Yumrukaya, C.B., 2009. Corporate social responsibility in culture and art. *Management of Environmental Quality: An International Journal* 20(3), 311 – 320.
- Bushell, R., Staiff, R., and Conner, N., 2002. The role of nature-based tourism in the contribution of protected areas to quality of life in rural and regional communities in Australia. *Journal of Hospitality and Tourism Management* 9(1), 24-36.
- Chok, S., Macbeth, J., and Warren, C., 2007. Tourism as a tool for poverty alleviation: A critical analysis of 'pro-poor tourism' and implications for sustainability. *Current Issues in Tourism* 10 (2/3), 144-165.
- Chona, K. S., 1999. Introduction: Special issue on tourism and quality-of-life issues. *Journal of Business Research* 44(3), 135-136
- Cossons, N., 1989. Heritage tourism; trends and tribulations. *Tourism Management* 10(3), 192-194.
- Hall, M.C., 1999. Rethinking collaboration and partnership: A public policy perspective. *Journal of Sustainable Tourism* 7(3/4), 274 – 289.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., and Tatham, R. L., 2006, *Multivariate Data Analysis 2nd Edition*, Pearson Education Inc., Upper Saddle River, New Jersey
- Hemphill, T.A., 1999. Corporate governance, strategic philanthropy, and public policy. *Business Horizons* 42 (3), 57-62.
- Eastwood, R., and Lipton, M., 2002. Pro-poor growth and pro-growth poverty reduction: Meaning, evidence, and policy implications. *Asian Development Review* 18 (2), 22-58.
- Jurowski, C., and Brown, D.O., 2001. A comparison of the views of involved versus non-involved citizens on quality of life and tourism development issues. *Journal of Hospitality and Tourism Research* 25(4), 355-370.
- Kline, R. B., 2005. *Principles and Practice of Structural Equation Modeling*. The Guilford Press New York, N.Y.
- McAlister, D.T., and Ferrell, L., 2002. The role of strategic philanthropy in marketing strategy. *European Journal of Marketing* 36 (5/6), 689 – 705.
- Polonsky, M.J., and Wood, G., 2001. Can the over-commercialization of cause-related marketing harm society? *Journal of Macromarketing* 21(1), 8-22.
- Polonsky, M.J., and Jevons, C., 2009. Global branding and CSR- dealing with three types of complexity. *International Marketing Review* 26(3), 327-347.
- Pro-Poor Tourism Partnership (2010) “What is pro-poor tourism,” http://www.propoortourism.org.uk/what_is_ppt.html Accessed June 2010.
- Ricks, J.M., 2005. An assessment of strategic corporate philanthropy on perceptions of brand equity variables. *Journal of Consumer Marketing* 22 (3), 121 – 134.
- Schilcher, D., 2007. Growth versus equity: The continuum of pro-poor tourism and neoliberal governance. *Current Issues in Tourism* 10(2/3), 166 – 193.
- Selin, S., and Chavez, D., 1995. Developing an evolutionary tourism partnership model. *Annals of Tourism Research* 22(4), 844-856.
- Surgy, M.J., Samli, A.C., and Meadow, H.L., 1982. The interface between quality of life and

marketing: A theoretical framework. *Journal of Marketing and Public Policy* 1, 69-84.

Werther, W.B., and Chandler, D., 2005. Strategic corporate social responsibility as global brand insurance. *Business Horizons* 48(4), 317-324.