

2011

Instructor's Manual: The Carlson Company and Global Corporate Citizenship: The protection of children in the travel and tourism industry

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Citation

Linde, Robyn and Dick Eisenbeis. "Instructor's Manual: The Carlson Company and Global Corporate Citizenship: The protection of children in the travel and tourism industry," *Case Research Journal* (2011).

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Instructor's Manual:
The Carlson Company and Global Corporate Citizenship:
The protection of children in the travel and tourism industry

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¹ This case study was generously funded by the *United Front for Children Conference: Global Efforts to Combat Sexual Trafficking in Travel and Tourism*, held at the University of Minnesota in Minneapolis in April 2006. The Curtis L. Carlson Foundation was one source of funding for the conference. Interviews for the case study were conducted between 2006 and 2008 with Carlson Companies executives, including Marilyn Carlson Nelson, then *president and Chief Executive Officer of Carlson Companies*; Deb Cundy, *Assistant Dean of External Relations at the Carlson School of Management at the University of Minnesota*; Doug Cody, *Corporate Vice President of Public Relations and Communications*; Kim Olson, *Vice President, Chief Communications Officer*; Tom Polski, *Vice President of Global Communications and External Relations*; Bill Van Brunt, *Executive Vice President, Carlson Companies*; and Jay Witzel, *President and CEO of Carlson Hotels Worldwide*. Carol Smolenski of *End Child Prostitution Child Pornography and Trafficking of Children for Sexual Purposes* (ECPAT) was an especially valuable resource during the many drafts of this case. I would additionally like to thank Sally Kenney, Holiday Shapiro, Kathryn Sikkink, fellow case writers in Professor Kenney's seminar on *Case Studies on Women and Public Policy* at the University of Minnesota, and the anonymous reviewers for their helpful comments on earlier drafts.

Introduction

The case is designed to generate a discussion about the motivations and risks of initiating policies of corporate social responsibility, as well as the potential advantages and opportunity costs of embracing these ethical policies. It uses as its setting Carlson Companies, an international giant in the hospitality business, to identify and address organizational problems associated with sex trafficking in general and sex trafficking of children in particular. In addition, it looks at the role of the travel and tourism industry in the sexual exploitation of children, including the ways in which airlines and hotels transport pedophiles to countries where children are available for exploitation. It also discusses national and international law and remedies regarding the sexual exploitation of children.

By focusing on Marilyn Carlson Nelson's commitment to children and to combating child sex trafficking, the case encourages undergraduate and graduate-level students of business ethics, corporate social responsibility and leadership studies to consider the competing demands of business opportunity and social responsibility and the obligations business leaders should have toward resolving moral issues at the international level. Rarely are these obligations simple and straightforward. As such, the case calls attention to the challenges of behaving in a socially responsible manner in a highly complex world in which many conflicting factors can have a profound effect on what decisions are made in organizations and the potential consequences of those decisions.

Although a favorable public image for corporate social responsible behavior is highly desirable, businesses that assume these responsibilities may incur certain risks. This case study seeks to engage students in the identification of and management of those risks versus significant profit potential.

Course Goals and Objectives

This fairly comprehensive case attempts to acquaint students with some of the difficulties facing decision makers in multinational organizations when considering expansion of their businesses into parts of the world where ethical and moral standards run contrary to the value systems of their organizations and the international community at large. As such, the case addresses differences in ethical and moral values in Carlson Companies versus condoned behaviors in Costa

Rica and, in light of these differences, some of the factors that Carlson needs to consider before a decision is reached whether it should proceed with plans to build a resort hotel in that country.

Core Objectives:

1. To identify some of the challenges faced by major corporations attempting to behave in an ethical and socially responsible manner when presented with lucrative business opportunities in environments where moral codes are in direct conflict with the organization's as well as various international human rights organizations.
2. To identify some of the tradeoffs between social responsibility and profitability that must be considered when making strategic decisions.
3. To create an awareness of how ignoring international moral codes of conduct, even though these codes are largely ignored in a host country, can be damaging to a major company's reputation and profitability elsewhere in the world.
4. To illustrate the potential positive outcomes when a firm with high ethical and moral standards can have in a country where some condoned ethical and moral behaviors are unacceptable to the international community at large.
5. To show the profound influence the ethical values of the top executives can have on the organization and its employees.
6. To familiarize students with various principles of ethical analysis and decision making, as well as the power possessed by various stakeholder groups that may have a profound influence on final decisions. Hopefully, this knowledge will assist them in successfully resolving ethical dilemmas they may encounter in the future.

Secondary Objectives:

7. To illustrate how a host country's complacency can impact on a firm's ability to comply with and effectively enforce internal and international codes of conduct.
8. To demonstrate the danger of damaging litigation when franchise owners or employees do not abide by these moral codes.
9. To raise concern on franchise owners' ability to enforce codes of conduct when these codes run contrary to the interests of other powerful stakeholders.
10. To call attention to the differences in perceptions regarding leadership styles between CEOs and "equals" and CEOs and subordinate managers.

Meeting these objectives will give students a greater appreciation for the complexities encountered in an organization's pursuit of lucrative business opportunities and its ability to reach strategic decisions that are ethical and socially responsible.

Synopsis of the Case

This case considers the decision-making process of Marilyn Carlson Nelson, CEO and president of Carlson Companies, a global marketing, travel and hospitality company, as she and key executives weighed the companies' commitment to preventing child sex trafficking and the risk of possible litigation against a lucrative business opportunity in Costa Rica, a Central American country well-known for child trafficking. Carlson was faced with the decision of whether the company should expand its Regent hotel chain into an area blighted by child prostitution, much of it driven by powerful hostile stakeholders and tourist demand, or abandon the project altogether. Given that Carlson Companies had taken a leadership position against sex trafficking in the travel and tourism industry, the issue became whether Carlson should expand into an area blighted by child prostitution or abandon the project altogether. Would it be possible for a Regency hotel in Papagayo to simultaneously be profitable, allow Carlson to fulfill its obligation to prevent child sex tourism and avoid damaging litigation?

In addition, by expanding into a country rife with sex tourism, the company risked censure from the Code's monitoring body; a lack of return on its investment by working to prevent sex tourism; a lack of commitment by franchise owners; and, not least, failure to meet its obligations under the Code. Moreover, Carlson's executives feared litigation from those who might be victimized by traffickers utilizing the Companies' services or by ordinary tourists who might witness such victimization, despite efforts on the part of the companies to deter the practice. They also believed that the Code would have a negative impact on Carlson's employees and contractors by expecting them to assume the position of police in addition to their other responsibilities.

On the positive side, Carlson executives argued that it was better to meet the challenges of child sex trafficking by establishing ethical businesses in less than ethical environments than to forgo the opportunities both for business development and for positive community impact altogether. Moreover, the positive externality of empowering hotel employees to monitor and act against the exploitation of children in Carlson hotels could spill over into the communities of those employees. The employees themselves would serve as agents of social change. However, the power possessed by various stakeholders in the tourist industry could ultimately put Carlson employees at risk for corrupting the Code.

Teaching Strategy

This case is appropriate for graduate and undergraduate courses in Business Ethics and Social Responsibility. It presents a prolific learning opportunity in other management disciplines as well. It is probably best positioned in the course curriculum after the class has been assigned stakeholder theory and analysis and the basic principles of ethical analysis and decision making.

If the case is to be assigned for classroom discussion one might consider beginning the discussion by asking students to identify major issues Carlson Nelson should consider before giving the go-ahead for the Costa Rica facility. This should lead to discourse that identifies the major stakeholders involved and the challenges they present to the organization if it enforces the Code. Another way to begin discussion might be to ask whether Carlson would be acting in an ethical and socially responsible manner given the Papagayo environment and the pressures that will almost certainly be brought to bear on the organization and employees if the Costa Rican Regency project is to proceed. The discussion can be guided toward identification of the major stakeholders, the power of these stakeholders, and the ethical principles explaining their behaviors. If the case is assigned as a group project, students should be encouraged to go beyond the confines of the case. There is a wealth of information available on the internet about Marilyn Carlson Nelson, the Carlson Companies, key persons within the organization and sex trafficking in general from which students will benefit.

Possible Questions for Discussion

1. What are the major issues in the case?
2. What will be some the major challenges facing Carlson Nelson should she decide to give the go-ahead for constructing the Regency hotel complex in Costa Rica?
3. Identify Carlson Nelson's sources of influence within Carlson Companies.
4. Theoretical Constructs.

Stakeholder Theory

The main concern for Carlson in their Costa Rican venture is to keep the sex trade out of its resort hotel complex in that country and assess which stakeholders will have the most influence on whether or not Carlson will be successful. Drawing on Mitchell, et. al. typology of stakeholders, identify the major stakeholders that could influence Carlson Companies' decision to develop the hotel in the Papagayo region. Discuss these stakeholders in terms of their power, urgency and legitimacy regarding the sex trafficking issue.

--INSERT FIGURE 1 ABOUT HERE--

Ethical Principles of Analysis

Given Carlson Nelson's strong convictions against child sex trafficking, would she not risk compromising her ethical and moral values should she decide to go forward with the Costa Rican venture?

5. What possible burdens do businesses take on when they agree to abide by voluntary codes of conduct?
6. Discuss potential advantages to Carlson Companies if it decides to develop the hotel in Papagayo.
7. Discuss possible disadvantages to Carlson Companies if it decides to develop the hotel in Papagayo.
8. If the hotel project in Papagayo is successful and is widely adopted by other resort hotel complexes, what impact could this have on Costa Rica, a country whose economy is largely dependent on tourism?
9. What issues might surround the implementation of the Code at the new hotel in Papagayo, should Carlson decide to proceed with the project? How would the code's implementation actually play out?

Answers to Discussion Questions

1. What are the major issues in the case?
 - a. Economic opportunity versus social responsibility. Based upon data compiled by Carlson executives, they believed the expansion of its Regency brand into Costa Rica would be highly profitable. However, the Papagayo region, the area most favorable for recognizing these high returns, is one where success may be tied closely to child exploitation for sex and prostitution. Some may consider the expansion to be a violation of the code and Carlson's social responsibility.
 - b. The threat of litigation. The Marriott litigation underlined possible consequences if Carlson was unable to motivate its Regent employees to accept the code and to enforce it. The Marriott incident had a profound effect on Marriott's reputation and profits worldwide.
 - c. The role of business in social change. By bringing Regency to Costa Rica, Carlson hopes to play a significant role in social change by showing that it can be successful in an area highly dependent on the sex trade without embracing sex tourism.
 - d. The costs and potential benefits of corporate social responsibility. Should Carlson decide to continue with the project and strictly enforce the Code, it has potential to alienate some powerful stakeholders, possibly to the extent that the venture might not be able to turn an acceptable profit.
 - e. Carlson's strong leadership and sense of corporate social responsibility. Carlson was the only one of two tourism organizations in the United States to sign the Code, even though an estimated 25% of the sex tourists are from the United States, and there were valid reasons not to sign.
 - f. International norms and law versus local practice. Whereas most nations and international law condemn sex tourism, in some countries it is an important source of

revenue and is deeply engrained in the political, social, and economic structure of those countries. Forcing these countries to abide by international laws against sex tourism continues to be a problem.

2. What will be some the major challenges facing Carlson Nelson should she decide to give the go-ahead for constructing the Regency hotel complex in Costa Rica?
 - a. It is assumed that Carlson would have done a considerable amount of research regarding how other high-end hotel resorts rely on the sex trade in order to be successful. Since totally accurate information might not be readily available, Carlson might have to engage investigative data collecting on its own. Its outstanding reputation for socially responsible behavior and having sponsored many important social welfare programs would certainly be a positive factor.
 - b. One of the major problems will be how to motivate Regency managers and employees in Costa Rica to buy into the Code as part of their daily routines. A system must be put in place to monitor employee behavior as well as one that that will reward employees for following the code.
 - c. A third challenge will be how to deal with those stakeholders who oppose the Code. Given that the sex trade is a multibillion dollar industry, there could be a lot of pressure from some stakeholders to violate the Code in ways in which it would be difficult for Carlson to detect. Costa Rica is dependent on tourism for a large part of its national income and does not appear to be in any hurry to curb sex trafficking in the country. Indeed, national and local politicians, local law enforcement, hotel employees, and others benefit financially from payoffs by sex traffickers. Therefore, it is tempting for these stakeholders to ignore international laws against sex trafficking.
 - d. A fourth concern will be how to most effectively monitor the behaviors of the Regency employees. One option would be for Carlson Nelson to initiate an honor system that allows employees to monitor and police themselves. This option would be reinforced by a system of rewards. Another option would to hire a person or persons to monitor employee compliance to the Code. A third option would be for employees to decided whether they would like to be responsible for monitoring compliance to the Code or to have an outside party assume this responsibility.
 - e. A fifth concern would be that franchise opportunities may be less appealing to potential owners because training employees, monitoring clients for compliance with company policy, reporting incidents of trafficking would fall on them.
3. Identify Carlson Nelson's sources of influence within Carlson Companies.

First of all she has legitimate authority stemming from her position as President and CEO of Carlson and by the fact that Carlson in a privately held organization. She has referent authority. Her father, Curtis Carlson, was the founder and owner of the organization and he chose her to succeed him. Third, she had expertise power. She was well prepared academically as well as from positions held in the organization before being selected by her father to succeed him. As principal owner, CEO, and President she had the power to reward and to coerce. That she was an outstanding administrator and leader is highlighted

by the fact that company profits increased from \$31.4 to \$37 billion during her tenure as president. Marilyn Carlson is also recognized one of the world's most influential women.

4. Theoretical Constructs.

Stakeholder Theory

Student should be able to infer attitudes and behaviors of stakeholders stemming from exposure to stakeholder theory as presented in most Business Ethics and Social Responsibility textbooks. As documented in the case, sex trafficking is a multibillion dollar business: One capable of challenging the values and behaviors of all occupations and levels of society. The fact that child sex trafficking was a serious problem in Costa Rica country could not have been so without the support of politicians, law enforcement officials, resort personnel, etc. being on the take or turning a blind eye for some other reason. Students should have little difficulty predicting and explaining stakeholder behavior given the information presented in the case.

The main concern for Carlson in their Costa Rican venture is to keep the sex trade out of its resort hotel complex in that country and to assess which stake holders will have the most influence and whether or not they will likely be successful. Drawing on Mitchell, et. al. typology of stakeholders, identify the major stakeholders that could influence Carlson Companies' decision to develop the hotel in Papagayo. Discuss these stakeholders in terms of their power, urgency and legitimacy regarding the sex trafficking issue (Figure 1).

Definitive Stakeholders possess the power to influence the organization and other stake holders, their demands are legitimate, and there is an urgent need that action be taken.

Expectant Stakeholders possess two of the three attributes identified above.

Latent Stakeholders possess only one of these three attributes.

Some of the major stakeholders include:

Primary (market) stakeholders

- a) Carlson Employees
- b) Children/Victims of trafficking in Papagayo
- c) Traffickers
- d) Sex tourists
- e) Ordinary tourists

Secondary (nonmarket) stakeholders

- f) Travel agencies
- g) Other hotels in the region, and their stakeholders
- h) Organizations monitoring The Code of Conduct
- i) Nongovernmental organizations addressing trafficking (such as ECPAT)
- j) Local law enforcement
- k) The community of Papagayo
- l) Local politicians
- m) The Republic of Costa Rica

Of the stakeholders listed above, only the employees of the organization and tourists can be considered to fall in the *definitive* category. Employees possess the power to prohibit sex trafficking in their resort hotel, their concerns are legitimate and are supported by International Law, and the firm considers the elimination of child trafficking for sex is of highest priority.

Ordinary tourists have substantial power in that they can refuse to come to the area because of its reputation or sex trafficking; their concerns for this illegal activity are legitimate; and they perceive the problem needs to be resolved before they return. However, if urgency is not a concern for the ordinary tourist then they must be placed in the expectant category.

Most of the remaining stakeholders must at this time be considered as *expectant* or *latent*. Normally the Costa Rican government, elected politicians, and local law enforcement would be considered *definitive* but in this instance they cannot. Although these entities possess the power to stop sex trafficking and the laws of the country give them the legitimacy to do so, because of the hundreds of millions flowing into the country from sex trafficking, there is little urgency attached to enforcing existing laws.

The competing resort complexes that do participate in sex trafficking can also be looked upon as being *expectant* stakeholders. Although they have the power to stop these types of activities within their complexes and may believe these activities are unethical and illegitimate, the profits generated corrupt any sense of urgency and their power to participate.

International policing bodies and nongovernmental organizations dedicated to eliminating child sex trafficking are *expectant* stakeholders. Their claims are legitimate, as is their sense of urgency to put an end to the child sex trafficking. However, they lack sufficient power to achieve these goals, especially in countries where sex trafficking is critical to economic solvency.

Sex traffickers, sex tourists, and Papagayo residents behave as *latent* stakeholders. Sex traffickers and sex tourists do not see any sense of urgency to end these activities or see participation in child sex as being illegitimate, but do have substantial financial resources—power—to enable them to participate in the sex trade. It is likely that Papagayo residents see sex trafficking as legitimate means of stimulating the local economy and, therefore, have no sense of urgency to discontinue the practice. They have no power over the situation.

The implications here are that Carlson and its employees will have to essentially go it alone in Costa Rica, at least for the time being. This once more raises the issue of whether stringently enforcing the Code will allow the Costa Rican venture to achieve an acceptable rate of return on its investment.

Ethical Principles of Analysis

Given Carlson Nelson's strong convictions against child sex trafficking, would she not risk compromising her ethical and moral values should she decide to go forward with the Costa Rican venture?

Most certainly there will be considerable risk should she decide to go forward with the project. However, given the moral dilemma she faces, it is assumed that Carlson Nelson will carefully assess the impact her final decision will have on the firm's welfare and its stakeholders. We can only speculate as to her moral reasoning processes but we can assume that she gave considerable thought to which stakeholders would benefit and by how much, and to what degree others would be harmed. Consciously engaging in this line of reason would have served to assist her in identifying what was fair, just, and the right thing to do.

In dilemmas such as this, executives and managers could benefit from pondering the *Ten Principles of Ethical Analysis* listed below (Hosmer, 1994):

1. **Self-interests.** Never take any action that is not in the *long-term* self-interests of yourself and/or of the organization to which you belong. (Personal Long-term Self-interests)

Carlson must carefully weigh the odds whether this is really in the firm's own self interests. Should it be able to exclude the sex trade from the proposed resort it would be ethical to proceed with the project. However, if it was unable to eliminate the sex trade from the complex, it would definitely not be in its long term interest because of the negative publicity that would be generated.

2. **Personal virtues.** Never take any action which is not honest, open, and truthful, and which you would not be proud to see reported widely in national newspapers and on network television.

The fact that Carlson signed the Code and the company's commitment to it sends a message to the international tourist industry that the company is serious in its support of the Code. The act is one that portrays a positive forwarding-looking image of the Carlson Companies.

3. **Religious injunctions.** Never take any action that is not kind, and that does not build a sense of community, a sense of all of us working together for a commonly accepted goal.

Whether the Papagayo venture will build a sense of community depends upon the extent to which the region depends upon sex trafficking for a major part of its livelihood. If Carlson is successful in motivating its internal stakeholders to denounce the sex trade, proceeding with the venture would be the right thing to do.

4. **Government requirements.** Never take any action that violates the law, for the law represents the minimal moral standards of our society.

At the time of the case, laws against sex trafficking of children were lax in Costa Rica. According to this principle, it would not have been unethical for Carlson to proceed with the project

5. **Utilitarian benefits.** Never take any action that does not result in greater good than harm for the society of which you belong (Utilitarianism).

Although a fair number benefit from the sex trade internationally, a far greater number receive no benefits. Should Carlson be able to keep out the

sex trade in its new resort, it would be contributing to the greater good. If not, it would be sacrificing the greater good.

6. **Universal rules.** Never take any action that you would not be willing to see others, faced with the same or a closely similar situation, also be free to take (Deontology).

Carlson executives held strong convictions that it could be a positive force in eliminating exploitation of children and believed that all organizations in the tourist trade should adopt the Code. That it could well be a major influence in motivating other organizations to adopt the code would be a major consideration for Carlson when attempting to arrive at a final decision whether to enter the Costa Rican market.

7. **Individual rights.** Never take any action that abridges the agreed-upon and accepted rights of others.

From Carlson's perspective, not adopting and enforcing the Code would abridge the individual rights of those children who are victims of the sex trade in the tourist industry. Its ability to enforce the code, thereby protecting individual rights of children will certainly enter into its final decision concerning the project

8. **Economic efficiency.** Always act to maximize profits subject to legal and market constraints, for maximum profits are the sign of the most efficient production.

At the time of the case, exploitation of children was prevalent in the tourist industry in Costa Rica. A significant number of tourists came to various resort facilities for the purpose of engaging in sexual activities with children. There were very large sums of money involved for those tourist facilities that were willing to participate. One concern for Carlson will be whether it is possible to realize an acceptable rate of return on its investment should they undertake the venture.

9. **Distributive justice.** Never take any action in which the least among us are harmed in some way.

Should Carlson decide to proceed, it must willing to allocate the resources necessary to strictly enforcing the Code within the new resort to ensure that exploitation of the least among them, children sold for sex, is not possible. This could be a formidable challenge given the large sums of money that potentially come into play by either enforcing the code or choosing ignoring it..

10, **Contributive liberty.** Never take any action that will interfere with the right of all of us for self-development and self-fulfillment.

Any organization that turns a blind eye to child sex trafficking or doesn't do everything within its power to curtail it, is directly or indirectly interfering with a child's for self-development and self-fulfillment. Carlson has already committed to this ethical principle when it signed the Code. It will certainly enter into its decision making process.

Some might argue that since the goal of organizations is to maximize returns for its shareholders and because the Costa Rican government had not enacted or enforced laws prohibiting child sex trafficking that the principles of **economic efficiency** and **government requirements** outweigh all the other ethical principles. However, a large

majority will agree that the eight remaining ethical principles would most likely prevail in most organizations.

Although singly these principles seem to be a weak means of deciding upon the basic moral question whether a given decision or action that will harm an organization or others or abridge their rights is "right" and "just" and "fair," taken together most people find that these principles do form a powerful argument and do help to determine whether a given decision or action is "right" or "wrong," "just" or "unjust," "fair" or "unfair."

Having students weigh the positive and negative aspects of Carlson Nelson's decision using Hosmer's *Principles* invariably results in constructive dialogue during class discussions.

5. What possible burdens do businesses take on when they agree to abide by voluntary codes of conduct?

While abiding by voluntary codes of conduct can greatly enhance a firm's image, adoption may come with substantial costs to the organization. Often employees are required take on additional responsibilities and resources must be committed to train these employees. There may be additional costs involved in policing employees and customers. Reporting requirements can add to administrative costs. There will be increased scrutiny by monitoring agencies and the potential for increased liability if codes are violated. There also may be additional obligations for employees such as becoming familiar with local and international law and company policy, etc. There could be issues with local law enforcement and the community when international codes conflict with international law. The customer base could be eroded. Some companies might agree to voluntary codes of conduct to enhance their images without much commitment to the underlying values they represent—window dressing versus real social commitment.

6. Discuss potential advantages to Carlson Companies if it decides to develop the hotel in Papagayo.

The expansion of the Regency brand into Papagayo will result in Carlson's entry into the lucrative and growing market for higher-end accommodations in Central America. Research indicates that Carlson stands to make a significant return on its investment. In addition, if Carlson was successful without catering to the sex trade, it would set a positive example for other hotels in the region. By enforcing the Code in an area well known for sex trafficking, it would underline Carlson's commitment towards social responsible behavior. And, the venture, if successful would communicate the benefits of behaving ethically and responsibly even when doing so goes against local custom. Expansion could also result in growth of the companies' customer base. It could well lead to the adoption of the Code by other U.S. based travel and tourism companies and would most certainly enhance the reputation of Carlson Nelson and other decision-makers at Carlson.

7. Discuss possible disadvantages to Carlson Companies if it decides to develop the hotel in the Papagayo region.

There is a risk of financial loss resulting from the burdens of complying with the Code in a region rife with sex tourism. There is also the danger that Carlson will not be able to fulfill its obligations under the Code to prevent child sex trafficking at the new Regent property and,

if so, be censured by monitoring agencies for failure to comply with the Code. There may be harm to the Regent brand and decline in Carlson's customer base because of negative publicity linking the Carlson name to sex tourism even though it fights sex tourism at every opportunity. If Carlson fails to meet the challenge of running a profitable hotel while preventing sex tourism, it may discourage other hotels from taking steps to combat sex trafficking or adopting the Code. If it is unable to prevent sex trafficking at the new hotel, there could be even more reluctance on the part of Carlson executives to expand the Carlson brand into other areas of Central America.

8. If the hotel project in Papagayo is successful and is widely adopted by other resort hotel complexes, what impact could this have on Costa Rica, a country whose economy is largely dependent on tourism?

Although the case does not explore the impact of codes of conduct in general, one can speculate about the potential impact of one hotel in a region popular with tourists. It is possible that sex tourists simply go to other hotels. Such an outcome likely would not reduce child sex tourism in the region at large. But, if the hotel succeeded in its goals, it may have an impact on the hotel business in Costa Rica. In a best-case scenario should Carlson succeed on both fronts, it could have a domino effect and influencing other hotels to work to prevent sex trafficking and to adopt the Code. This would have a severe impact on Costa Rica's economy. It is also possible that any ripple effect would be limited. However, a thriving Regent hotel would serve to validate Carlson's "double bottom line" approach that considers both profitability and social responsibility as measures of success.

9. What issues might surround the implementation of the Code at the new hotel in Papagayo, should Carlson decide to proceed with the project? How would the code's implementation actually play out?

While the power of decision whether to build the hotel in Papagayo rests with Carlson Nelson, guided by her team of top executives at Carlson, the project's ultimate success or failure rests with the local employees who will assume the daily burden of the Code's enforcement. These employees will be charged with policing customers, contractors and one another for compliance with the Code, as Carlson in effect deputizes them to act on its behalf to prevent child trafficking. For long term success the company must find ways to motivate local employees to "own" this commitment. Given the prevalence of sex trafficking in the region and other hotels, it will be challenging for Carlson to secure the buy-in of local employees to this mission. It is likely that some of these employees will be recruited from other hotels that do not share Carlson's commitment to preventing child trafficking and may be accustomed to routinely overlooking it.

One must consider whether the Code conflicts with employees' notion of their own roles and responsibilities. Employees may well not want to act as informers or enforcers. They may not accept an obligation to protect children from abuse on the hotel premises as part of their responsibilities because of potential threats from sex traffickers. It is also possible that employees hired locally might receive pressure to ignore the code for the "greater benefit" of the community. On the positive side, benefits from compliance with the Code might spill

over into the employees' own communities, possibly affecting community norms in a positive manner.

Epilogue

Carlson Companies eventually decided to develop its Regent Hotels & Resorts, Carlson's luxury brand, in Papagayo, Costa Rica to provide higher-end accommodations to clients than was available through its Radisson brand. The decision to complete the project offered Carlson the opportunity to expand its luxury chain into a lucrative and growing Central American market. Management agreed that it was Carlson's obligation to go forward and recognize that the expansion of the Regent brand into the Papagayo region was a problem that could be "managed and solved over time." From an operational and social responsibility perspective, management believed it was doing more for the tourist industry by "entering into this environment and proving it could run a hotel in a legitimate fashion."

The Code is only part of the solution to the problem sex trafficking of children. It also addresses the demand side of trafficking, targeting the tourist who may think it acceptable to exploit children while abroad in foreign surroundings. An end to trafficking altogether will require a concerted effort by both government and the private sector in countries of origin as well as destination. To quote a past executive director of the United Nations Children's Fund (UNICEF):

It will take all of us, including travel professionals, lawmakers, educators and the international community alike, to make tourist destinations safe for all children. It is a win-win situation. Taking a firm stand against child sex tourism will attract consumers who are looking for ethical travel operators.¹

The Code of Conduct is a step in the right direction. However, in a business world that increasingly demands that companies "give back" to the communities in which they do business and adopt socially responsible business practices, future business leaders need to develop the necessary skills and sensibilities to navigate this and other complex terrains.

In all fairness, the reluctance of other companies to sign the Code was attributed by some to the fact that most of the other companies in the industry were public corporations rather than private companies like Carlson. They were structured differently and often lacked a strong leader like Carlson Nelson, a leader who would champion the adoption of the Code and had the power to get her/his way. In Carlson, the ultimate decision whether to adopt the Code was hers.

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Resources for Costa Rican Child Sex Trafficking

- A collection of reports (many from the U.S. government and the U.N. Committee on the Rights on the Child) on child sex trafficking in Costa Rica.
<http://www.gvnet.com/childprostitution/CostaRica.htm>
- 2010 U.S. State Department trafficking report on Costa Rica, which is listed as a Tier 2 country (out of three tiers; Tier 1 means that it is in full compliance with trafficking laws and best practices). Other Tier 2 countries include the Democratic Republic of the Congo (DRC), Afghanistan and Sierra Leone: <http://www.state.gov/g/tip/rls/tiprpt/2010/142759.htm>
- 2006 U.S. State Department trafficking report on Costa Rica (for comparison). In 2006, Costa Rica was also listed as a Tier 2 country, although the language describing the country varied from earlier reports, indicating a finding of greater efforts to combat trafficking:
<http://www.state.gov/g/tip/rls/tiprpt/2006/65988.htm>
- 2002 U.S. State Department trafficking report on Costa Rica (for comparison). In 2002, Costa Rica was listed as a Tier 2 country, although the language used to describe the country's efforts differs from more recent reports (as documented in the case study):
<http://www.state.gov/g/tip/rls/tiprpt/2002/10679.htm>
- Summary of the efforts in Costa Rica (published in 2005) to combat child sex trafficking. The introduction is particularly relevant in establishing the extent of the problem. In Spanish:
http://www.ecpat.net/A4A_2005/PDF/Americas/Global_Monitoring_Report-COSTA_RICA.pdf
- ECPAT's best practices in Costa Rica to combat child sex trafficking. Toward the end of the document, a great deal of information about trafficking in Costa Rica is provided, including a historical perspective (since the mid-1990s). <http://www.ecpat.net/ei/book.asp?id=32>
- Youth Advocate Program International lists Costa Rica as one of three top tourist destinations for child sex trafficking: <http://www.yapi.org/rpchildsextourism.pdf>
- A 2004 article from the Christian Science Monitor about child sex trafficking. The article includes some statistics on Costa Rica: <http://www.csmonitor.com/2004/0422/p11s01-wogi.html>