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An analysis of the CSR portfolio of cruise shipping lines

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Abstract

This paper focuses on the Corporate Social Actions (CSAs) that five major cruise companies conduct in order to improve their Corporate Social Responsibility (CSR). Through a content analysis, we examine the most recent sustainability reports of the five largest cruise shipping companies, based on their market share. The analysis shows that CSAs in the domains of environment, ethics and social/philanthropy are dominant within the cruise industry. However, substantial differences are observed between the leading companies in the industry. At the level of both primary and secondary stakeholders, CSR is implemented at the peripheral level of the business. This observation points towards either a high and stringent level of existing regulation preventing further proactive behavior in the core business activities, or the potential high cost of developing core business-related CSAs, combined with long and uncertain payback times. The study leads to many suggestions for further research, as limitations arise from the lack of available data on the resources invested in CSAs, as well as in-depth information from the companies in terms of the reasons and motives to engage in specific CSR activities. Further research will also require the development of cruise industry-specific guidelines on CSR reporting, as the current reports differ widely in the amount of information provided as well as the generic standards used. Finally, as this research was conducted before the COVID19 pandemic, we believe the results may be significantly altered in the aftermath of the resulting crisis in the cruise industry.

Keywords: cruise shipping, corporate social responsibility, portfolio analysis

An analysis of the CSR portfolio of cruise shipping lines

1. Introduction

This paper focusses on the corporate social responsibility (CSR) efforts that cruise shipping companies make in order to maintain or raise their license to operate, fulfilling the needs of various stakeholders. The main aim of this research is to develop CSR portfolios, categorizing the various Corporate Social Actions (CSAs) of the five largest global cruise parent companies and comparing the separate findings. Each identified CSA is positioned alongside two dimensions: (1) whether the CSA concerns the core business or peripheral activities of the company and (2) whether the CSA is oriented at primary or secondary stakeholders. As a result, both on an industry and a company level, a distribution (or portfolio) of CSAs according to four types (core vs periphery activity; primary vs secondary stakeholders) is established. Both evolutions on an industry level in terms of dominant CSA types, as well as differences between the cruise companies are highlighted. The findings suggest that cruise companies should examine their CSR strategies and make a proper reflection of their initiatives; for researchers, the exploratory nature of this research leads to the identification of several avenues for further research.

Due to the competitive nature of the cruise shipping industry, sustainability efforts (in)directly influence the profitability and shareholders' value creation of cruise shipping companies. Cruise shipping companies need to think beyond economic accomplishments to achieve 'social inclusiveness' and 'environmental resilience' (Tiba, Rijnsoever & Hekkert, 2019; Aguinis & Glavas, 2012). Globalization has led to a rapid growth of the cruise industry and cruise companies transported nearly 28.5 million global ocean cruise passengers in 2018 (CLIA, 2019). In 2018, the industry created ca. 1.1 million jobs and a \$134 billion contribution to GDP worldwide (CLIA, 2019). This leads to a debate on whether the positive impacts outweigh the negative ones on economic, environmental and social levels, including increased scrutiny and pressure from stakeholders. In turn, this stakeholder pressure has led to more detailed regulations and many (environmental) initiatives with mostly positive effects (Madsen & Ulhøi, 2001). Hence, the development and management of activities related to Corporate Social Responsibility (CSR) has become a fundamental part of cruise company management. However, CSR is a dynamic concept that shifts with larger environmental and social changes, partly caused by the changing expectations from stakeholders as well as changes in the particular industry structure (Font et al., 2016; Carroll & Shabana, 2010; Pallis and Vaggelas, 2020). CSR practicing and reporting are inevitably intertwined. Besides Klein (2011), who did research on the effects of the cruise tourism on host ports and communities, a limited amount of contributions have been made to analyze the CSR reporting and disclosure methods of cruise companies (Satta et al., 2017). In this paper, we examine the sustainability reports of large cruise companies through a content analysis to investigate and compare cruise lines' sustainability efforts, based on a framework linking core-periphery theory to the stakeholder concept (Van Balen et al., 2013). This paper attempts to find answers to the following research questions:

- 1) Which reporting standards are being used to publish cruise lines' sustainability reports?
- 2) Which CSR regulations and requirements are already implemented to determine cruise lines' voluntary corporate social responsibility actions?
- 3) Which differences can be detected between the different cruise lines' CSR portfolios?

Next, we proceed a literature study treating both general and industry-specific elements of Corporate Social Responsibility (and reporting). The third section presents the framework applied to categorize the CSAs, as well as the methodology of the content analysis. Section 4 offers the results, analysis and discussion. Section 5 discusses limitations and further research, while section 6 offers a conclusion and managerial implications.

2. Literature review

2.1. Corporate Social Responsibility (CSR) and Corporate Social Actions (CSAs)

The expansion of large conglomerate corporations and social movements in the 1960s, together with the emergence of the seminal literature of Freeman, Carroll and Drucker (Carroll, 1999), and the philanthropic evolution of Rockefeller and Cadbury about the social responsibilities and working conditions (Tiba et al., 2019), has propelled Corporate Social Responsibility (CSR) into an omnipresent phenomenon, considered as an integral part of the strategic and managerial decision-making of organizations. Due to national and cultural differences, the method and performance in the context of CSR can vary from firm to firm. Nevertheless, no firm can apparently escape or ignore their social responsibility (Bucur, 2013). Even more, the topic has moved from the periphery to the center of corporate (strategy) decision-making (Neergaard & Pedersen, 2012). CSR is expected to create a joint value for firm and society (Du, Bhattacharya & Sen, 2011).

In recent years, scholarly CSR research has expanded as the concept is now used in various domains (economics, finance, marketing, operations and sociology), underpinned by a variety of theories, such as, among others, stakeholder theory, resource-based theory, upper echelons theory, institutional theory, behavioral theory, economic theories of information and incentives (Wang, Gibson & Zander, 2020). This combination of theories has helped to discover and form the antecedents and consequences of CSR (Wang, Tong, Takeuchi & George, 2016).

Increasing stakeholder pressure, decreasing trust in businesses and increasing pressure from governmental institutions or agencies (UN, OECD, EU, etc.) (Dilling, 2010), have led companies to recognize that a proactive approach vanquishes a reactive one (Könnölä et al., 2020). Industries face new requirements for greater transparency and accountability (Coady, Lister, Strandberg, & Ota, 2013) in five dimensions: environmental, social, and economic dimensions of performance, the interaction with stakeholders and the existence of voluntarism (or developing initiatives ‘beyond compliance’) (Dahlsrud, 2008).

Corporate Social Actions or CSA’s are activities that a company undertakes to support its corporate social responsibility. These actions require monetary, social and environmental resources, and needs to be entirely voluntary, which means that no mandatory regulation could drive the action (Hall & Rieck, 1998). In this paper, we investigate every CSA taken out of the sustainability report of the five biggest cruise shipping companies. The final inclusion of the CSA depends on a number of steps, which are further explained in the methodological section. Based on their underlying objective, we used the following generic categories of CSAs: environment, ethics, safety & security, social & philanthropy and stakeholder interaction.

Stakeholders can be an individual or group of persons, who are interested in, or affected by cruise lines’ actions or inactions (Satta et al., 2017) in a direct or indirect manner; for example, the government, employees, unions, suppliers, etc.. They can be divided into primary and secondary stakeholders depending on their influence. This distinction is based on the

definitions of Clarkson (Clarkson, 1995), who describes a primary stakeholder as one whose participation is fundamental for the survival of the process and its system. They have more power to influence the company and its activities. A secondary stakeholder on the other hand is defined as one who influences the system but are not associated and engaged in essential transactions for the firm's existence (Clarkson, 1995). The identification and influence assessment of diverse stakeholders turns out to be crucial factors to improve companies' relationships with these stakeholders (Madsen & Ulhøi, 2001).

Sustainability or CSR reports have become one of the fundamental elements for companies to reveal CSR information and commitments to its customers and stakeholders. It reports non-financial information concerning environmental and social influence of companies and organizations (Rupley et al., 2017). A CSR report is "*required to be meaningful and credible to maintain public trust and legitimacy for many business activities*" (de Grosbois, 2016). It reports the responsibilities that corporations take in the process of setting goals and taking measures to ensure a long-term sustainable economy in combination with firms' profitability and stakeholders trust.

2.2. CSR in the Cruise industry

For the shipping industry and cruise in particular, there has been limited attention on the role of stakeholders influencing shipping companies towards increased responsiveness towards sustainability objectives (Parviainen et al., 2018). This in spite of research by Satta et al. (2017), showing that the cruise shipping industry has been criticized by many stakeholders concerning environmental, employment and social policy decisions. Due to increasing growth rates in cruise tourism, cruise lines are operating on an ever increasing scale leading to a higher stakeholder complexity. Therefore, cruise companies are forced to adapt their attitude to simultaneously manage multiple stakeholder pressures. Stakeholders gain power by implementing direct but also indirect strategies, such as alliances with NGO's, unions, national and international regulatory organizations, etc. (Parviainen et al., 2018).

Financial and economic impact

In general, the cruise industry contributes to the economy (Diakomihalis, 2007) due to the growing demand of cruise services. Although cruise passengers are less likely to spend the same amount of money for off board activities compared to land tourists, research shows that growing numbers of passengers, cruise lines, expenditures per passenger, and expenditures per cruise line generate positive direct economic impacts (Chen et al., 2019; BREIA, 2019; Vaya et al., 2018), although this impact was considerably lower in emerging markets. Opinions about the cruise industry's economic impact on the local community are divided. The United Nations World Tourism Organization (2016; 2017), on one side, believes that tourism can benefit the local community development in an economic way. On the other side, several authors (MacNeill & Wozniak, 2018; Bonilla-Priego, Font & Pacheco-Olivares, 2014; Brida & Zapata Aguirre, 2010) are doubtful regarding improvements for local communities, especially in lower taxation and regulation regions with incompetent and inadequate (private) involvement initiatives and business opportunities. Their arguments, at the expense of the local community, are an increase in corruption, environmental damage and food scarcity.

Environmental impact

Probably the biggest concern of cruise industry stakeholders is the environmental impact of the cruise shipping industry as cruise ships generate several, voluminous waste streams and diffuse air pollutants (Kennedy, 2019; Pallis and Vaggelas, 2018; Brida & Zapata Aguirre, 2008). In the past, environmental problems and accidents have occurred, causing discharges to the marine environment, like sewage, waste water, hazardous waste and oil (Klein, 2002). The industry requires further review of its sustainability and green development, as there is a trade-off to be made between the needs of the ecosystem and the industry as a whole (Ruiz-Guerra et al., 2019).

The overall environmental costs and impact of the cruise sector are difficult to quantify (Brida & Zapata Aguirre, 2010; Maragkogianni & Papaefthimiou, 2015), despite the introduction of high environmental standards. Although environmental conservation is a never-ending process, the main cruise industry business models involve relatively modest objectives towards sustainability and green development (Jones, Comfort & Hillier, 2019).

Social impact on port cities and local communities

Due to the changing needs of cruise ship companies and its customers, cruise ports need to constantly evolve to maximize the societal integration of ports with the surrounding urban communities (Pallis & Vaggelas, 2020; Pallis et al., 2018). These port facility improvements are financed by the destination ports and cities, whereas cruise lines finance the vessels, thus creating a certain type of joint venture (Gui & Russo, 2011). Studies on the cruise industry's impact on local community development are scarce and the use of 'multidimensional community asset evaluations' are rarely done (MacNeill & Wozniak, 2018). Smaller cities with a high cruise tourists / inhabitants ratio (e.g. Bahamas) could experience an overload (Brida & Zapata Aguirre, 2008), which in turn harms the local community and its flora and fauna. Therefore, cruise companies face some challenges concerning port cities and its functions. First, cruise lines compete with cargo shipping companies in the same port for port space and time (Brida & Zapata Aguirre, 2008). Next, cruise passengers generate revenue for the local businesses, but the resources injected into the local economy per cruise tourist are substantially lower than for other types of tourism (Seidl, Guiliano & Pratt, 2006), due to the fact that cruise ships already offer a broad assortment of onboard activities. As a result, sustainable development of a cruise destination comes with a very high cost (Brida & Zapata Aguirre, 2008); some port cities and local communities combat these costs with a cruise passenger head tax (Klein, 2002).

Interaction with stakeholders

In order to control and guide the growth of the cruise industry, the industry and its stakeholders need to cooperate and collaborate in order to manage complex challenges and maximize the potential of the cruise tourism industry. Therefore, a proactive attitude is required to cope with the planning and development of the cruise shipping industry (Lester & Weeden, 2004).

CSR Reporting in the cruise shipping industry

Cruise companies attract significant global attention as they operate in a customer service industry and are subject to environmental attention. Therefore, CSR reporting also became an essential part of cruise companies' operational activities, but remains an under-researched topic (Satta et al., 2017; Bonilla-Priego et al., 2014). It is seen as a valid practice, and therefore a

legitimizing tool (Adams, 2004), to find out how corporations acknowledge responsibilities towards their stakeholders (Kaptein, 2007; Krippendorff, 1980). Large cruise lines such as Carnival and Royal Caribbean created the first sustainability reports around 2010, focusing on primarily soft indicators (Font, et al., 2017; Bonilla-Priego et al., 2014). Other large companies have followed with extensive CSR reports (Coady et al., 2013), mainly focusing on environmental aspects, improving safety measures, quality management and transparency (Yliskylä-Peuralahti & Gritsenko, 2014; Hall et al., 2017). Less attention is paid to ‘economic and employment’ matters, as well as ‘diversity and accessibility’ (Satta et al., 2017). While past events are being explained in most detail, future goals also appear in the reports (de Grosbois, 2016).

As cruise lines differ in their CSR goals, strategy implementation- and reporting methods (de Grosbois, 2016), skepticism still reigns about the CSR commitments of cruise companies, including their reporting efforts and voluntary disclosure (Jones et al., 2019). CSR reports are considered as an (cost) efficient manner to counter negative news and hold off stakeholder pressure (Jones et al., 2019; Bonilla-Priego et al. 2014). Therefore, cruise companies need to (re-)analyze their current CSR reporting as sustainability gains more importance in risk- and reputation management (Ruiz-Guerra et al., 2019). A more structural analysis of CSR strategies is thus warranted, and the CSR portfolio concept as applied in our study provides an interesting starting point.

3. Methodology

3.1 Selection of cruise companies and data collection

Based on the annual report (2019) retrieved from Cruise Industry News (CIN) (32nd edition), we determine the five largest parent companies, based on market share. Table 1 presents the parent companies with their subsidiary cruise lines (or brands), their market shares, berths and amount of ships. The ranking is based on the total market share of the parent company, calculated as the sum of the total passenger capacity of the ships of the cruise lines that operate under the parent cruise shipping company. We focus on the parent companies to ensure a global approach (Jones et al., 2019; Satta et al., 2017), and to avoid data gaps as the subsidiary cruise lines do not provide enough information to perform an exhaustive research (Bonilla-Priego et al., 2014).

Table 1: Largest cruise companies worldwide in 2018 (Cruise Industry News Annual Report, 2019)

<i>Rank</i>	<i>Parent company</i>	<i>Cruise line</i>	<i>Ships</i>	<i>Berths</i>	<i>Market share</i>
1	Carnival Corp. & plc.	Carnival	26	69.890	16,3%
		Costa	14	34.847	6,9%
		Princess	17	45.180	6,8%
		AIDA	13	30.212	3,8%
		Holland/America	15	26.022	3,1%
		P & O	7	17.311	2,1%
		P & O Australia	5	7.710	1,7%
		Cunard Line	3	6.712	0,8%
		Seabourn	5	2.558	0,3%

2	Royal Caribbean Ltd.	Royal Caribbean	25	80.690	16,1%
		Celebrity	13	25.330	3,1%
		TUI (50%)*	6	14.784	1,9%
		Pullmantur (49%)*	4	7.358	1,5%
		SkySea*	1	1.800	0,5%
		Azamara	3	2.122	0,2%
3	Norwegian Cruise Line Holdings Ltd.	Norwegian	16	46.930	8,6%
		Oceania	6	5.256	0,5%
		Regent Seven Seas	4	2.660	0,3%
4	MSC Cruises	Mediterranean Shipping Company	15	44.640	8,0%
5	Genting Hong Kong Ltd.	Star Cruises	4	6.505	2,6%
		Dream Cruises	2	6.800	1,8%
		Crystal	3	2.104	0,2%

*Partnership

The first step in the process towards the development of a CSR portfolio involves data collection that enables the identification of CSAs. All five parent companies have publicly available CSR, sustainability or stewardship reports. For reliability and simplicity purposes, we only used the sustainability reports provided by the parent companies and did not take any other information into account from other websites or third parties (e.g. press articles), or separate reports related to their brands. At the time of the research, most of the companies had published their sustainability report of 2018, except Royal Caribbean and MSC. All the sustainability reports are available on the companies' websites. MSC provides a full sustainability report (2017) for the MSC Group. This includes corporate social actions of the passenger and cargo department of the company. Thus, we only included the CSAs that are specifically mentioned to be related to the cruise department of the company.

Table 2 shows the reporting standards that were used in the sustainability reports to make sure a consistent research process was possible. The sustainability or stewardship report of Norwegian Cruise Line Holdings Ltd. did not mention any reporting standards; direct contact confirmed that no standard was used.

Table 2: Reporting period and number of pages of sustainability reports

Parent company	Reporting period	Nr. of pages	Reporting standards used in reports
Carnival Corp. & plc	Fiscal Year 2018	152	GRI G4 index with general and specific standard disclosures
Royal Caribbean Ltd.	Fiscal Year 2017	54	GRI G4 index with general and specific standard disclosures
Norwegian Cruise Line Holdings Ltd.	Year 2018	33	No specific reporting standards
MSC Cruises	Year 2017	74 +1 page website	GRI standards and external auditors
Genting HK Ltd.	Year 2018	28	ESG Reporting Guide: Appendix 27, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

			(HKEx)
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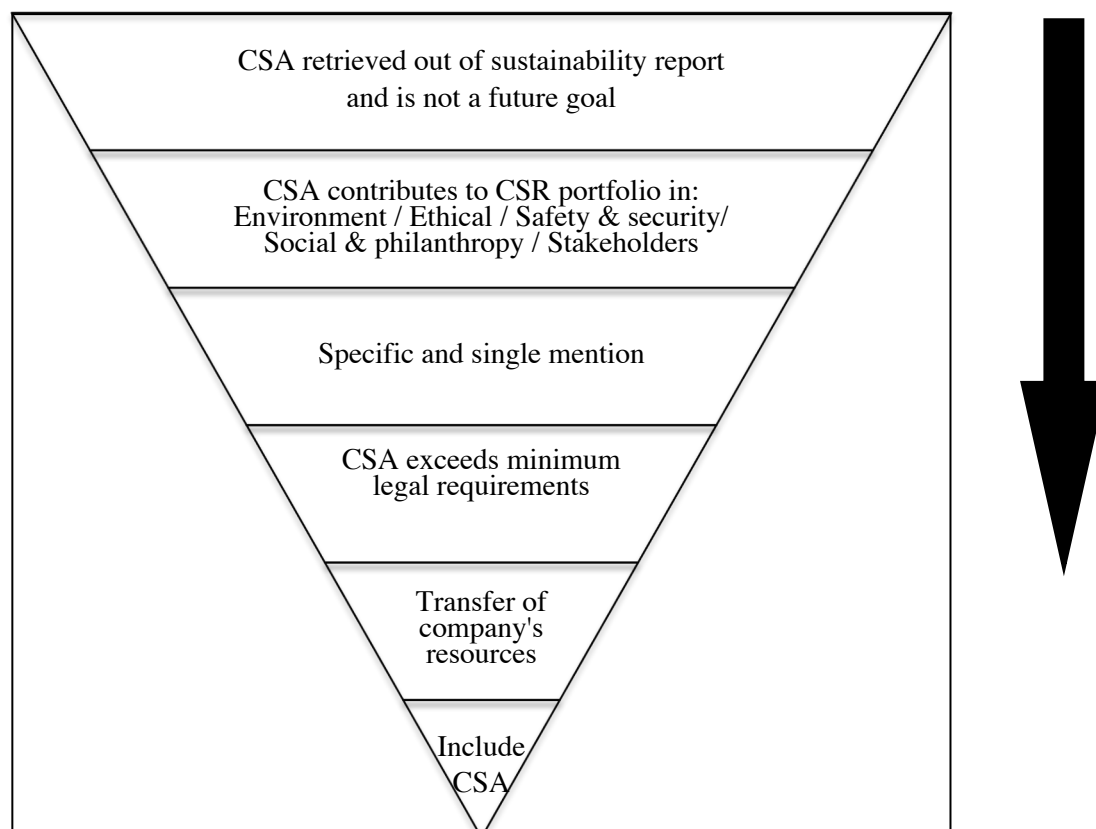
3.2 Data analysis: CSA extraction and coding

In the process of determining the CSA initiatives, we need to follow certain steps (see figure 1).

The first step in the process was to extract the information of the sustainability reports of all companies and place the CSR initiatives separately into a text file. A total of 341 pages were analyzed. We applied content analysis, which is the dominant research approach for gathering empirical evidence in the line of social and environmental accounting and reporting (Guthrie & Abeysekera, 2006; Parker, 2005; Silverman, 2009; Steenkamp, 2007).

In the second step of the process, a screening process was executed to isolate the CSAs that are used further in the research process (see Figure 1).

Figure 1: Screening process CSAs, adapted from de Herdt & Doods, 2020; Satta et al., 2017; Coady et al., 2013)



Here, we follow the principle of Ismail (2009) that confirms the explicit voluntary nature of CSR activities. Therefore, CSAs that are executed as minimum legal requirements imposed by governments, legal institutions and/ or protocols, are deleted during the screening process, as these are not voluntary or beyond legislation.

Appendix A provides an overview of the regulations against which CSAs were assessed for

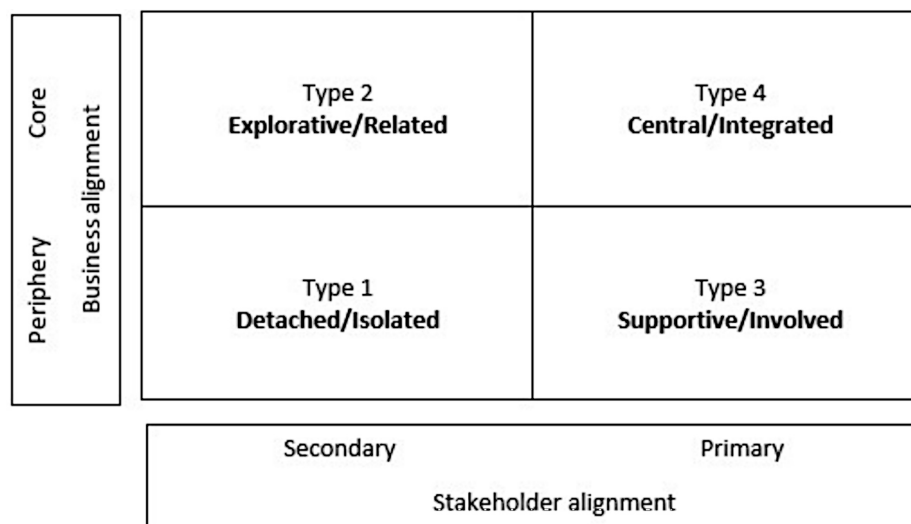
inclusion in the CSR portfolio. Appendix B presents an example of the extraction process following the abovementioned steps in Figure 1.

In total, through this screening process, 155 CSAs were identified, and independently verified by two coders. Each CSA was allocated to one of the 5 generic categories, as well as positioned according to core-periphery alignment, and to which stakeholders the CSA was oriented.

3.3. Data analysis: coding of CSAs into the portfolio framework

After extracting the appropriate CSAs, we categorize them in the framework of Van Balen et al. (2013), to illustrate how CSAs are positioned using the core-periphery thesis and stakeholder theory. This framework defines 4 types of CSAs, each with its own specific focus (see figure 2).

Figure 2: CSA classification framework, based on van Balen et al., 2013



For each CSA, the business alignment dimension of the framework was determined, whereby the core business relates to the fundamental activities that the company undertakes to enable and ensure high-quality business execution in line with the companies' missions and values in the field of CSR. The peripheral part of the business alignment does not contribute to the fundamental, operations oriented CSR activities but is more supplementary or complementary to the core CSR activities. The elimination of these CSR activities will not lead to a change in the company's fundamental operations.

Next to business alignment, a distinction is made between primary and secondary stakeholders' alignment of the CSA. Table 3 identifies the primary and secondary stakeholders of cruise line companies (based on De Herdt & Dooms, 2020, and Clarkson, 1995).

Table 3: Primary and secondary stakeholders of cruise line companies

Primary stakeholders	Secondary stakeholders
<hr/>	

<ul style="list-style-type: none"> ▪ Customers ▪ Employees ▪ Governments ▪ Investors ▪ Suppliers and business partners ▪ Port authorities / Terminal operators ▪ Ship building companies 	<ul style="list-style-type: none"> ▪ Community ▪ NGO's and academia ▪ Unions ▪ Media ▪ Maritime sector associations ▪ Consumers
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Table 4 provides concrete examples of the coding and positioning of CSAs in the portfolio.

Table 4: Examples of coding and positioning

Description	Core/Periphery alignment	Stakeholder orientation	Category
Partnership with WWF on ocean conservation	Core	Secondary	Explorative
Support for education of environmental schooling and to conserve local habitat (Donsol – Philippines)	Periphery	Secondary	Detached
Education of crew members and clients for trafficking awareness (e.g. sales of wildlife trophies)	Periphery	Primary	Supportive
Sustainable food sourcing (MSC/ASC label)	Core	Primary	Central

4. Results and discussion

4.1. CSAs shares per generic category

The findings of the categorization, concerning the contribution to a cruise line's CSR portfolio of the included CSAs, are presented in Figure 3. CSAs mostly contribute to the social and philanthropic activities; safety and security represent the lowest share of CSAs.

Figure 3: Total CSAs per category five cruise lines combined

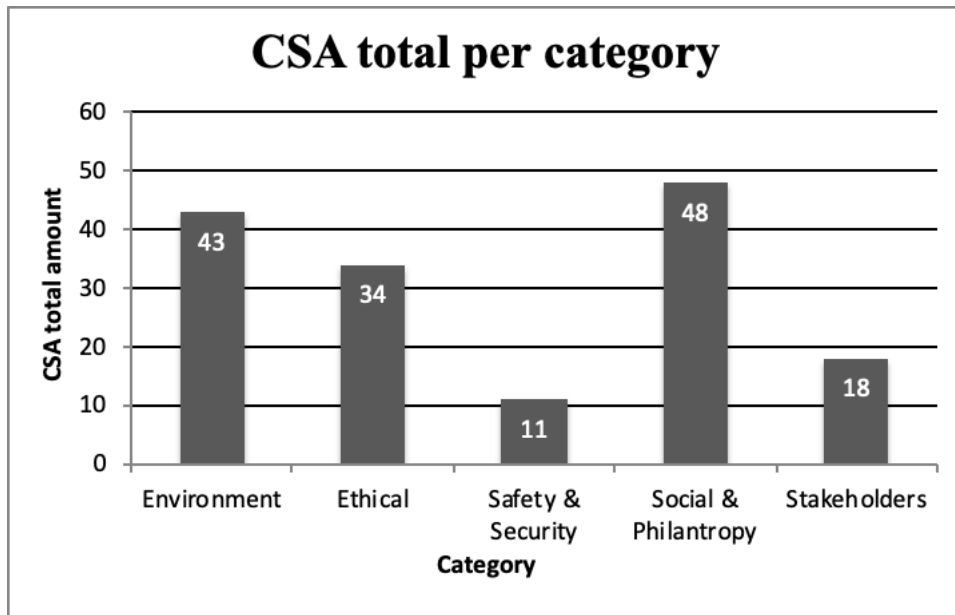
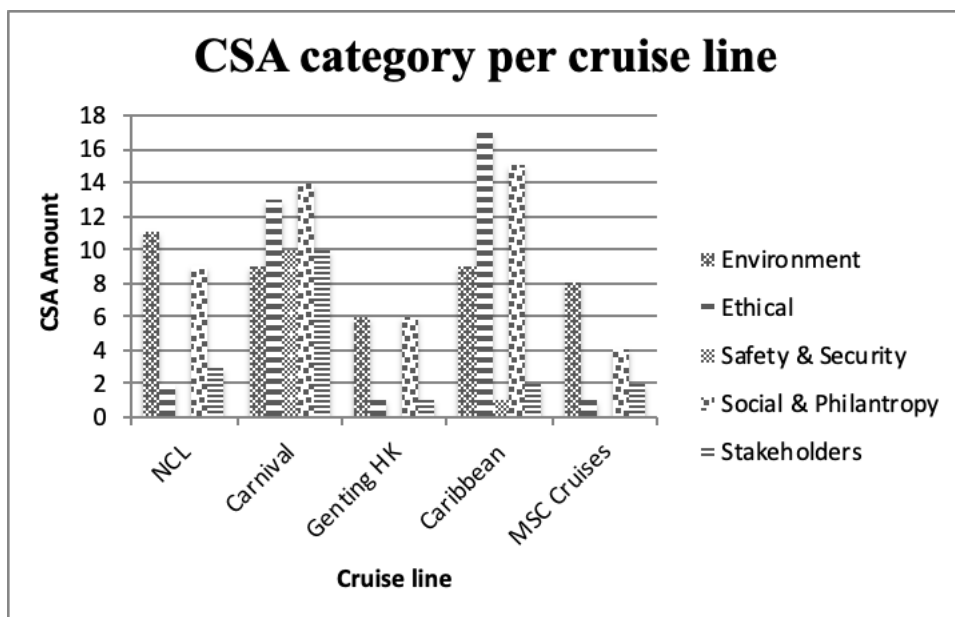


Figure 4 shows us the amount of CSAs per category, for each cruise line. For most cruise lines, the CSAs contribute mostly to environment and social & philanthropy. However, there are exceptions. We notice that Caribbean Cruise Line invests more in ethical actions, making it the largest CSA category of this cruise line. With the exception of Carnival, the ethical CSA contributions of the other cruise lines are relatively low compared to the total amount of CSAs per cruise line. Furthermore, we observe that safety & security related CSAs are only observed for Carnival and Caribbean. The actions geared towards stakeholder interaction are rather low, except for Carnival as it reports a similar amount compared to the other CSA types. As a conclusion, while environment, ethical and social/philanthropical CSAs dominate the overall amount of CSAs over the five companies, we observe large differences in the distribution between cruise shipping lines.

Figure 4: Amount of CSA contributions per category per cruise line



4.2. CSR Portfolios of cruise shipping lines

Figures 5 and 6 shows the distribution of different CSA types based on the core-periphery – stakeholder framework, across the whole sample of CSAs and for each shipping line. We observe that supportive and detached CSAs are dominant, and that explorative CSAs are not well represented. Only Genting HK and Royal Caribbean contribute a small amount of their CSAs to this core activity of the company related to secondary stakeholders.

Figure 5: Overall distribution of CSA types

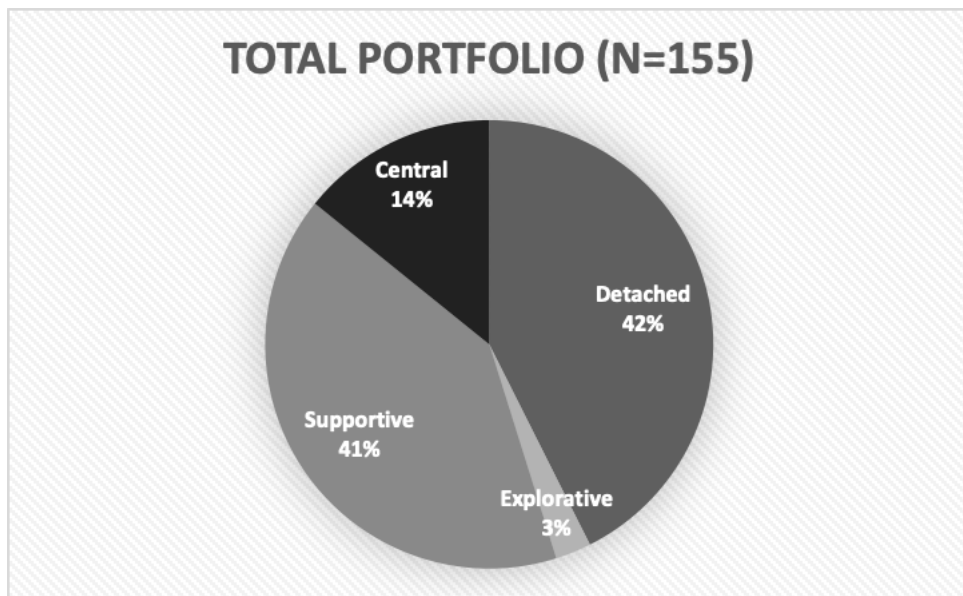


Figure 6: CSA types per cruise shipping line

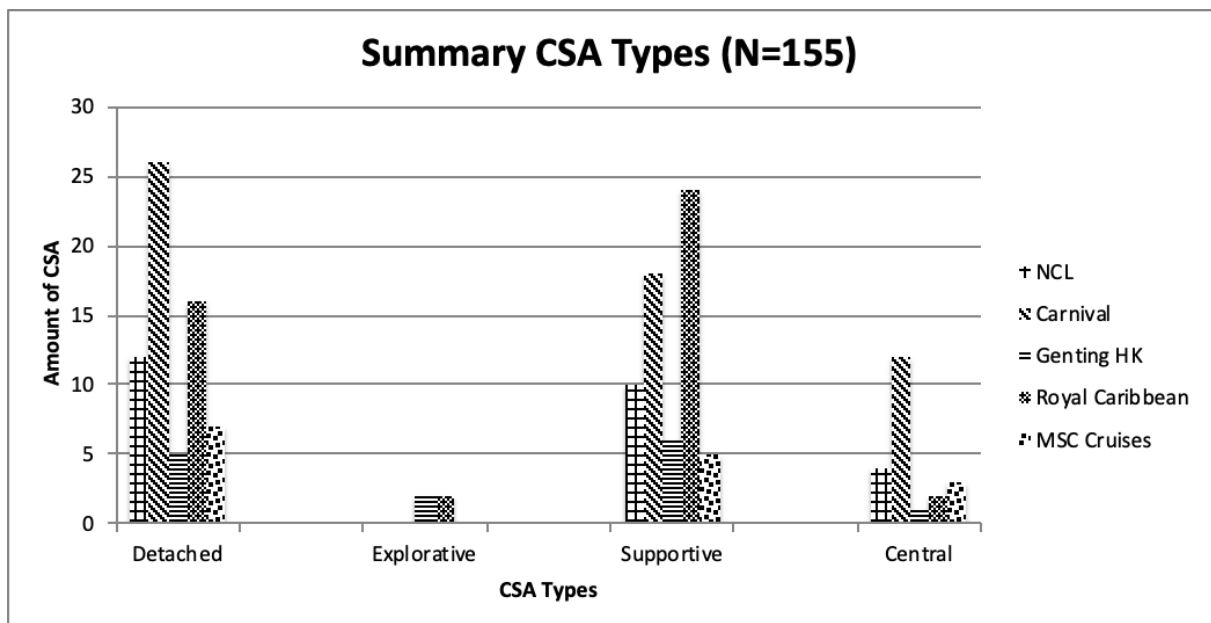


Figure 7 shows the individual portfolio of the five cruise lines, in percentages of the total portfolio, in a comparative way. Figure 8 shows individual graphs of each cruise shipping line's portfolio. Detached and Central CSAs are dominated by Carnival, while Royal Caribbean exhibits the largest amount of supportive CSAs. Explorative CSAs are equally distributed between Genting HK and Royal Caribbean.

Figure 7: Comparative overview of CSR portfolios of cruise shipping lines, in percentage of complete portfolio

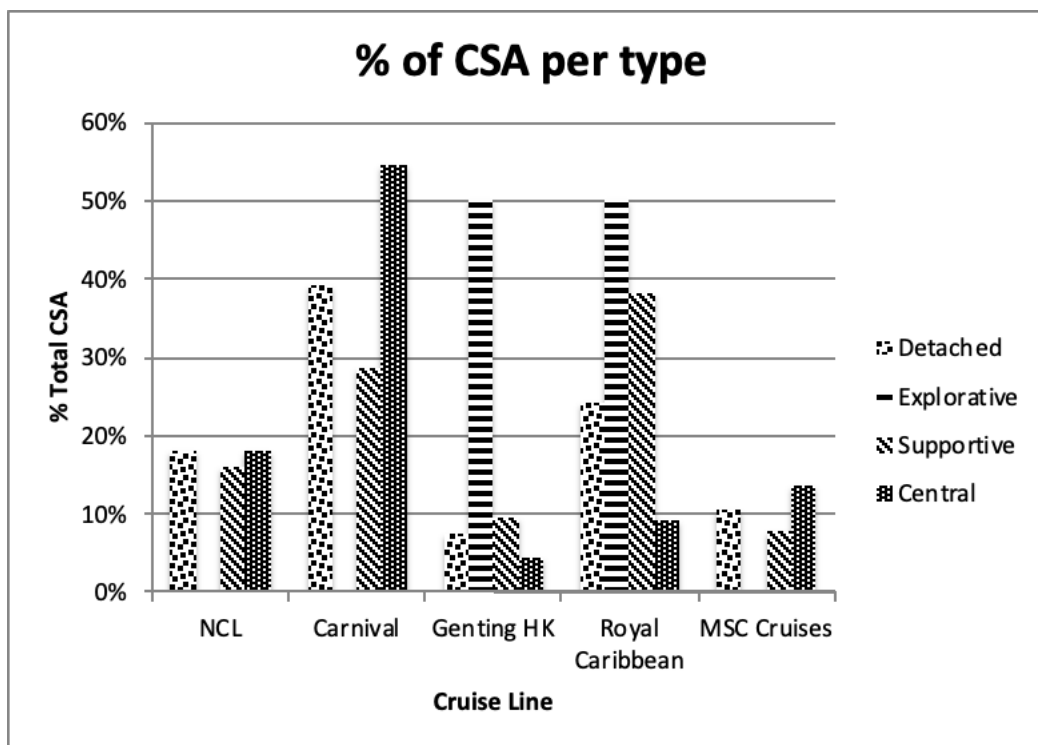
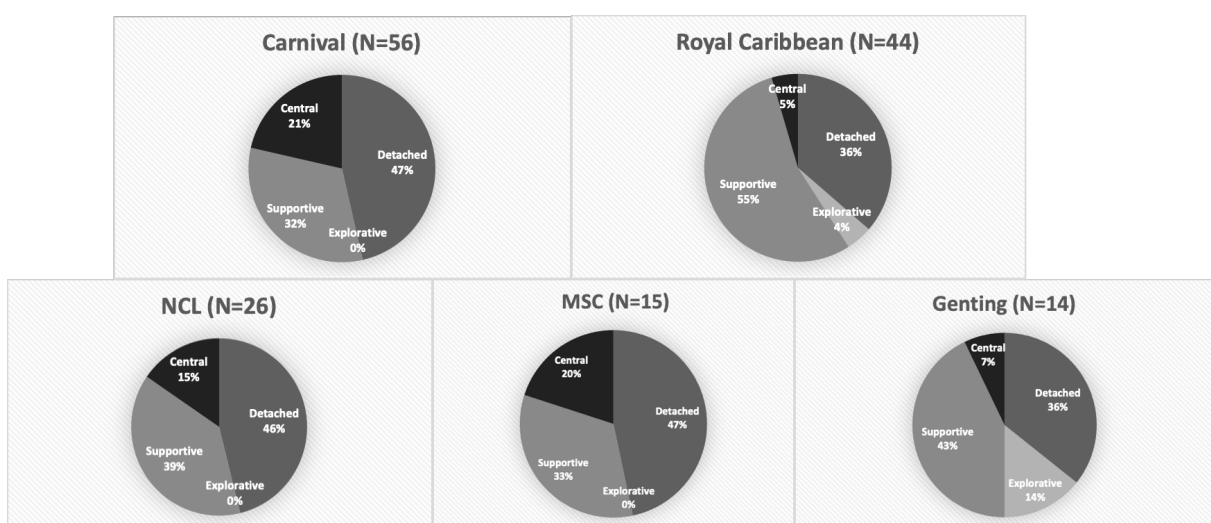


Figure 8: Individual portfolios of cruise shipping lines



4.3. Discussion

Overall characteristics of CSR reports

Following the published CSR reports, we can conclude that some CSR reports are far more condensed than others and provide a considerable variation amongst the amount and type of CSA initiatives. One explanation could be the different use of reporting standards or the rather diverging focus on various sustainability topics. However, we can summarize that most cruise line companies are mainly developing environmental, social and philanthropical CSAs, whereas only two companies performed safety and security initiatives. Furthermore, external stakeholders were more targeted by CSA initiatives, which could refer to strategic decision-making rather oriented at fending off external stakeholder pressure.

Categorization of CSAs

Based on the core/periphery – stakeholder framework, the categorization of CSAs highlights the periphery business - and primary stakeholder alignment, resulting in a dominance of the supportive/involved type of CSAs conducted by cruise companies, followed by detached initiatives. The number of explorative/related CSAs was very limited. These results mainly arise from peripheral targeting of sustainability efforts due to possible difficulties to connect and manage the core business segments with sustainability initiatives. The relative lack of central initiatives, i.e. connected to the core business and aimed at primary stakeholders, could be related to the stringent global regulation already present at the level of both environmental, safety and security and to a certain extent social legislation, leading to limited room and high investments to develop and implement additional CSAs in these domains. Further, central initiatives might require considerable more resources, leading potentially to competitive disadvantages (e.g. costly re-engineering of engines and/or investments in green technologies with longer payback times).

CSAs as elements of differentiation

The analysis also suggests that smaller cruise companies are differentiating more based on CSR arguments as opposed to the larger competitors; they exhibit a higher amount of CSAs relative to their market share. E.g. Genting shows a relative large amount of central CSAs as opposed to its larger competitors. This suggests a potential for further research on cruise shipping lines strategies and the integration of sustainability or CSR features in their product offering (Boehe and Cruz, 2010, Li et al., 2019).

Stakeholder orientation of CSAs

Finally, we observe a relatively small amount of CSAs oriented at stakeholder such as cities and port authorities (or cruise terminals), pointing towards a relative ‘inward’ orientation when it comes to developing relationships with these stakeholders. This in spite of various documented growing tensions between cruise shipping lines and cruise tourism in specific locations such as Barcelona, Venice, ... (Seraphin et al., 2018; Bertocchi & Visentin, 2019)

Table 5 summarizes the results of the CSR portfolio analysis and how our research complements the insights of the extant literature of CSR implementation in the cruise shipping industry.

Table 5: Comparative table - Literature vs. CSR Portfolio based Research

		<u>Cruise industry CSR literature</u>	<u>CSR Portfolio Research results & analysis</u>
CSR reporting	General	<ul style="list-style-type: none"> ➤ Increased CSR reporting due to stakeholder pressure. ➤ No uniform accepted reporting framework. ➤ Question the transparency and credibility. ➤ Main priority is 'Reputation Risk Management' and PR activity. 	<ul style="list-style-type: none"> ➤ Recent stakeholder, environmental pressure pushing cruise companies to increased reporting. ➤ Much variation in published CSR reports concerning length, lay-out and emphasis. ➤ Cruise lines describe report as a voluntary action and thus transparent. ➤ CSR reports disguise the truth by not performing genuine attempts to disclose the negative impacts, often presenting goals instead of facts.
	Standards	<ul style="list-style-type: none"> ➤ No industry specific reporting standards. ➤ GRI most used framework. 	<ul style="list-style-type: none"> ➤ No cruise industry reporting framework requirements. ➤ 3 out of 5 cruise lines uses GRI Standards as reporting framework.
Regulations and regulatory frameworks		<ul style="list-style-type: none"> ➤ Increased efforts by IMO and ILO in an already highly regulated industry. ➤ Lack of Flag Of Convenience (FOC) shipping regulatory initiatives. 	<ul style="list-style-type: none"> ➤ Confusion concerning FOC shipping regulations, cruise industry taking profound advantage of FOC. ➤ Multiple overlapping requirements and statements from regulatory institutions, conventions, treaties,...
Type of CSA		<ul style="list-style-type: none"> ➤ Focus on environmental issues and environmentally related stakeholder pressure. 	<ul style="list-style-type: none"> ➤ Dominance of social and philanthropy CSAs, followed by environmental.
Factors principal framework (van Balen et al. 2013)		<ul style="list-style-type: none"> ➤ Stakeholders' influential power not yet assessed. ➤ No specific literature regarding the categorizations of stakeholder or business alignment. ➤ Only comprehensive research e.g. Clarkson (1995). 	<ul style="list-style-type: none"> ➤ Division between primary (55%) and secondary (45%) stakeholders. ➤ Division core (15%) and periphery (85%) business alignment.
Further research		<ul style="list-style-type: none"> ➤ Focussed on environmental issues and regulations. 	<ul style="list-style-type: none"> ➤ Prescribing standards to compare cruise lines' CSA efforts to make benchmarking possible.

5. Limitations and future research agenda

5.1 Limitations of the current study

There are a few limitations or biases regarding the study that should be considered when assessing the research findings.

First of all, the research focusses on the five biggest parent cruise companies, based on their market share (2018) following the data of the Cruise Industry News Annual Report of 2019. These numbers might have fluctuated from the time the research was conducted (September 2019) and the actual date of publishing, in particular due to the COVID19 crisis. Notwithstanding, the ranking of the top leader cruise lines has not changed in the last couple of years due to the high financial entry barriers and aggressive merger and acquisition landscape. All cruise lines operate on a global scale, with some regions more addressed than others. The sustainability reports are therefore also region specific. The previously mentioned specificities declare that the research might not extrapolate to other periods.

Next, we only analyzed the sustainability reports of the five biggest parent companies. Those parent companies consist of many subsidiary cruise lines with their own strategic decision making, including CSAs. Most of the CSR actions in the reports are conducted by the parent company or implemented within the operations of several cruise lines, but it is unsure whether actions were specifically assigned to a certain subsidiary cruise line. The research could therefore only generalize the CSAs for the parent companies to maintain the integrity and consistency of the analysis. Further research on whether there exists differentiation at the level of CSR strategies between the subsidiary cruise lines of the same parent company, may be executed in the future.

The third limitation concerns the publicly available sustainability reports of the different cruise lines. The research used secondary data that was published on the parent companies' website. It is thus possible that irrational, subjective and even non-specific sustainability reasons were the base of some of the published CSAs. Further research on the motives of cruise managers towards CSR portfolio development is thus needed (and whether a portfolio perspective is adopted in the first place when making strategic decisions on CSR).

Furthermore, the reporting requirements, for a cruise industry's sustainability report, have not yet been standardized. Because of this reason, cruise lines publish reports that use different kinds of reporting methods and standards (e.g., GRI or ESG). For Norwegian Cruise Line, there was no implemented reporting format to be found. Probably the most uncompromising limitation to make an accurate comparison came from the absence of a cruise specific sustainability report of MSC cruises.

As there is much confusion about the reporting initiatives and CSR efforts of cruise line companies, it would be helpful to include expert interviews within the companies in order to understand their conscience CSR actions and ambitions in a wider operational system. This could also be a way to ask in-depth questions concerning the used reporting standards. A more sensitive approach could ask more specific questions related to stakeholder influence on the firm leading to core and periphery CSR actions as it would improve the validity of the research.

5.2 Development of a broader research agenda on CSR in the cruise industry

The exploratory analysis presented by our study leads to a number of topics for further elaboration in future research.

Development of weighted portfolios

The portfolios presented are not weighted for the financial and human resources that support the implementation of different CSAs. CSR reports do not contain information on the amounts of resources invested both at the level of capital and operating expenses. Integrating these data into the analysis would potentially provide another perspective on the relative importance of the different categories in the portfolio (e.g., central CSAs might entail higher expenditure). However, this would require access to analytical accounts of all companies in terms of recording both the financial and human resources linked to each CSA. While it is likely that companies have budget lines for CSR, it is not likely this detailed information would exist at the individual CSA level. Moreover, the sourcing of e.g. MSC/ASC labeled food would need to be compared to non-labeled food, complicating further the data collection. In a first stage, a more qualitative approach to weighing through expert interviews might be developed.

Ad-hoc versus structural CSAs: the need for industry-wide reporting standards

CSR reports might not report all CSAs implemented at a given time. Further, we noticed the existence of ad-hoc CSAs related to events such as natural disasters. It is unclear whether these CSAs then lead to structural implementation, independent from the natural disaster relief they were created for. This confirms the need to have a more longitudinal approach, e.g. looking at longer term changes within portfolios, i.e. developing a more dynamic view on the portfolio evolution over time (e.g. shifts between types of CSAs). This further strengthens the need to establish industry-wide reporting standards on CSR.

Increased attention for contextualization, path dependencies and organizational culture

Further research might integrate interviews with company experts in order to validate stakeholder classification, and explain in a more detailed way the observed differences between companies. Cruise companies might be subject to different stakeholder pressures depending on the markets and destinations they serve, or portfolio composition can be path dependent, such as certain calamities companies were exposed to in the past (e.g. the Costa Concordia accident in 2012), elements of organizational nature such as executive preferences, or specific values embedded in the organization, as well as specific stakeholder conflicts an organization needs to deal with (Hamann et al, 2005).

Adoption of a wider value-chain approach towards CSR strategies

CSR portfolio analysis might be conducted from the broader ecosystem of stakeholders, i.e. integrating CSAs from ports, terminals and destinations (cities) into the analysis, as they make an integral part of the cruise tourism value chain. In this context, the interactions and collaborations taking place between stakeholders provides a topic for further research, including the question on the different boundaries of responsibilities between stakeholders when it comes to the implementation of CSR in the context of cruise shipping activities. Elements to be considered in such research are the different profiles of cruise ports (e.g. home ports) as well as the issue of ports having both cruise and non-cruise activities in their business portfolio, which could have an impact on the type of CSAs implemented.

Assessing CSR portfolios against other performance measures, including the strength of the social license to operate

The link between CSR portfolio and the social license to operate of individual companies might need to be explored from an instrumental perspective. In other words, which type of portfolio arrangement is more likely to contribute to a stronger license to operate (balanced portfolios versus focused portfolios)? Likewise, CSR portfolio composition might be linked to other variables such as financial performance.

6. Conclusion and managerial implications

This research provides a first comprehensive view on the composition of CSR portfolio of cruise shipping lines. The analysis shows that CSAs in the domains of environment, ethics and social/philanthropy are dominant on an industry level. However, substantial differences are observed between the leading companies in the industry. These differences become more apparent when applying a framework combining ‘core-periphery’ and ‘stakeholder’ alignment. While the individual portfolios show a dominance of both detached and supportive CSAs, there are remarkable differences at the level of the adoption of central and exploratory CSAs. At the level of both primary and secondary stakeholders, CSR is implemented at the peripheral level of the business, pointing towards either a high and stringent level of existing regulation preventing further proactive behavior, or the potential high cost of developing CSA’s within the core business, combined with long and uncertain payback times.

The study leads to many suggestions for further research, as limitations arise from the lack of available data on the resources invested in CSAs, as well as in-depth information from the companies in terms of the reasons and motives to engage in specific CSR activities. Also, a more dynamic view on CSR portfolios, analyzing the portfolio composition in a 5 to 10 year perspective, will provide deeper insights into CSR strategies of cruise shipping lines. Further research will also require the development of cruise industry-specific guidelines on CSR reporting, as the current reports differ widely in the amount of information provided as well as the generic standards used.

From a managerial perspective, we identify two major implications. First, we believe the monitoring and more structured and integrated analysis of CSR portfolios by the individual companies may contribute to a better understanding of the actual drivers behind their CSR strategies, i.e. whether these are deliberate or emergent strategies, as well as whether strategies are driven by external pressures, competitive advantage, or internal values and beliefs. Second, at the level of the industry, further efforts of the individual companies, in particular industry leaders, may be required to standardize CSR and sustainability reporting. As the industry increasingly suffers from contestation by various stakeholders, be it governments, local communities or environmental interest groups, a common exercise across the industry leading to more standardized reporting guidelines, endorsed by stakeholders, could lead to a stronger social license to operate for the industry as a whole in the longer term.

Finally, while the research was performed before the COVID19 crisis, important shifts within CSR portfolios might be expected in the aftermath. First, as the cruise industry as part of the broader tourism industry is suffering in disproportionate terms, financial resources might be redirected away from the implementation of new and innovative CSAs. Further, reductions for explorative and detached CSAs may be expected as they concern secondary stakeholders, less

relevant for the survival of the companies. Second, in terms of the various domains of CSR, health and safety CSAs both towards employees and customers might gain in importance, and could even become differentiating elements in the product offering, at the expense of e.g the environmental domain, which has gained in importance in recent times. How cruise companies will deal with new legislation, guidelines and protocols within the health and safety domain following the COVID19 crisis, and whether specific CSAs will be developed based on the wider COVID19 ramifications, might thus significantly alter the conclusions of this research. This explicitly calls for a re-assessment of our research results within a 3 to 5 year framework.

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Appendix A: Overview of the compatible regulations in the cruise shipping industry

Regulations and conventions	Date into force	Initiator / Control	Description (EPA, 2019; Homeland Security, 2003; IMO, 2019; ILO, 2006/2019; EU, 2019; UN, 2019; Port of Venice, 2017; WHO, 2019)
International Convention for the Safety of Life at Sea (SOLAS)	1980	IMO	<i>"Specification of minimum standards for the construction, equipment and operation of ships, compatible with their safety"</i> .
Long-Range Identification and Tracking (LRIT)	1980	IMO	<i>"Provides for the global identification and tracking of ships"</i> .
International Ship and Port Facility Security Code (ISPS Code)	1980	IMO	<i>"The IMO's main legislative framework to address maritime security related matters"</i> .
Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation	1988	IMO	<i>"To ensure that appropriate action is taken against persons committing unlawful acts against ships"</i> .
International Convention for the Prevention of Pollution from Ships (MARPOL73/78)	1983	IMO	<i>"Regulations aimed at preventing and minimizing pollution from ships, both accidental pollution and routine operations"</i> .
MARPOL Annex I	1983	IMO	<i>"Prevention of pollution by oil, safely building of ships to prevent oil spilling"</i> .
MARPOL Annex IV	2003	IMO	<i>"Regulations regarding the discharge of sewage into the sea from ships, including regulations regarding the ships equipment and systems for the control of sewage discharge"</i> .
MARPOL Annex V	1988	IMO	<i>"Regulations for the prevention of pollution by garbage from ships and applies to all ships, which means all ships of any type whatsoever operating in the marine environment"</i> .
MARPOL Annex VI	2005	IMO	<i>"Limits the main air pollutants contained in ships exhaust gas, including SO_x and NO_x, and prohibits deliberate emissions of ozone depleting substances (ODS)"</i> .
Sulphur Oxide Emissions	2020	IMO	<i>"Limit for sulphur in fuel oil used on board ships operating outside designated emission control areas will be reduced to 0.50% m/m (mass by mass)"</i> .
International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) Chapter I - VIII	1984	IMO	<i>"Prescription of minimum standards relating to training, certification and watchkeeping for seafarers which countries are obliged to meet or exceed"</i> .

International Safety Management code (ISM)	1998	IMO, under SOLAS	<i>“International standard for the safe management and operation of ships and for pollution prevention”.</i>
International Ships and Port Facility Security code (ISPS)	2004	IMO	<i>“Basis for a comprehensive mandatory security regime for international shipping”. (under SOLAS chapter XI-2)</i>
International Convention on the Control of Harmful Anti-fouling Systems on Ships	2008	IMO	<i>“Prohibits the use of harmful organotin in anti-fouling paints used on ships and establishes a mechanism to prevent the potential future use of other harmful substances in anti-fouling systems”.</i>
International Convention for the Control and Management of Ship’s Ballast Water and Sediments	2017	IMO	<i>“Prevention of the spread of harmful aquatic organisms by establishing standards and procedures for the management and control of ships' ballast water and sediments”.</i>
International Code for Ships Operating in Polar Waters (Polar code)	2017	IMO, under SOLAS	<i>“The full range of design, construction, equipment, operational, training, search and rescue and environmental protection matters relevant to ships operating in the inhospitable waters surrounding the two poles”.</i>
The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships	Not yet into force	IMO & ILO	<i>“Aimed at ensuring that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risk to human health and safety or to the environment”.</i>
Maritime Labour Convention (MLC)	2013	ILO	<i>“Sets out seafarers' rights at work, including employment terms, health and safety, living and working conditions, access to medical care and social security”.</i>
Center for Seafarers’ Rights (CSR)	2013	ILO	<i>“Provides professional legal services for seafarers around the globe”.</i>
Human Rights At Sea (HRAS)	2013	ILO	<i>“Aims to raise the profile, awareness, implementation and accountability for human rights protections throughout the maritime industry”.</i>
International Transport Workers Federation (ITF Seafarers)	2013	ILO	<i>“Provides background information on the Maritime Labour Convention MLC, answer questions about additional basic rights for seafarers and provide information resources for seafarers worldwide”.</i>
Seafarers’ Rights International (SRI)	2013	ILO	<i>“An independent center dedicated to advancing seafarers’ interests through research, education and training in the law concerning seafarers”.</i>

International Health Regulations (IHR)	1969, updated 2005	WHO	<i>“Health requirements for ship operations. There are global standards regarding ship and port sanitation and disease surveillance, as well as response to infectious diseases”.</i>
General Data Protection Regulation (GDPR)	2018	EU	<i>“One set of data protection rules for all companies operating in the EU, wherever they are based”.</i>
The Montreal Protocol on Substances that Deplete the Ozone Layer	1989	UN	<i>“Multilateral environmental agreement that regulates the production and consumption of nearly 100 man-made chemicals referred to as ozone depleting substances (ODS), also used by cruise shipping companies”.</i>
UN Convention on the Law of the Sea	1994	UN	<i>“A comprehensive regime of law and order in the world's oceans and seas establishing rules governing all uses of the oceans and their resources”.</i>
<i>Examples of port state requirements and legislations</i>			
Maritime Transportation Security Act (MTSA)	2002	USA	<i>“Designed to protect the nation's ports and waterways.”</i>
Vessel Incidental Discharge Act (VIDA)	2018	USA	<i>“national standards of performance for commercial vessel incidental discharges and to develop corresponding implementing regulations.”</i>
Venice Blue Flag Agreement	2017	Italy	<i>“Cruise companies employ a lower sulfur fuel level (less than 0,1%, much lower than required by Eu and Italian regulations) during their permanence in the Marittima Terminal Cruise”.</i>

Note. Based on Brynolf, 2016; Linné & Svensson, 2016; Armellini, Daniotti, Pinamonti & Reini, 2018; Zhen, Li, Hu, Lv & Zhao, 2018; Carnival Corp., 2018; EPA, 2019; EU, 2019; Homeland Security, 2003; ILO, 2006; ILO, 2019; IMO, 2009; IMO, 2019; UN, 2019; Port of Venice, 2017; WHO, 2019

Appendix B: Example extraction process with additional type 1-4 categorization

No Step 3	Our initial targets focused on reducing carbon emissions and ensuring sustainable seafood procurement. In June 2016, we upped those commitments by announcing additional 2020 targets, related to sustainable sourcing strategies for key soft commodities, as well as the sustainability of our tour operators and destinations.				
Yes Ethical	On March 3, 2016, World Wildlife Day, Royal Caribbean Cruises Ltd. (RCL) joined 16 other companies and the U.S. Wildlife Trafficking Alliance (USWTA) to crack down on wildlife trafficking and educate consumers on the dangers trafficking poses to animals around the world.	Financial support of conservation-nists	Periphery	- External - Secondary	Type 1 Detached/ Isolated
Yes Social	In 2016 we challenged ourselves to expand our conservation and sustainable business practices and so we partnered with one of the world's most respected conservation organizations, World Wildlife Fund (WWF). Together we have set out on a five-year journey to help ensure the long-term health of the oceans. The relationship officially launched in January 2016 by setting specific and measurable sustainability targets to reduce our environmental footprint, raise awareness about ocean conservation among our more than five million guests, and support WWF's global oceans conservation work with a philanthropic contribution of \$5 million over five years.	Partnership WWF for conservation of the oceans	Core	- External - Secondary	Type 2 Explorative/ Related
Yes Safety	Body cameras - equipping every RCL onboard security guard with a body camera to record any interaction with a guest. Before using the cams, privacy laws were researched at each of the ports visited by RCL to assure compliance.	Body cams on security guards	Periphery	- Internal - Primary	Type 3 Supportive/ Involved
Yes Environment	Responsible seafood dining. To make that choice more accessible for our guests, our aim is to source 90% of wild-caught seafood from Marine Stewardship Council (MSC)-certified fisheries, and 75% of farmed seafood from Aquaculture Stewardship Council (ASC)-certified farms in North America and Europe. Additionally, we will achieve MSC and ASC chain of custody certification for our global fleet, affirming that both wild-caught and farmed seafood all the way back to a sustainable fishery or responsible farm are traceable. Our challenge will be the	Sustainable and traceable seafood	Core	- External - Primary	Type 4 Central/ Integrated

	ability to source enough certified MSC or ASC product in specific regions.				
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