

## **THE IMPORTANCE OF ENVIRONMENTAL MANAGEMENT AND THE BENEFITS OF ITS IMPLEMENTING BOTH FOR LARGE AS WELL AS FOR MEDIUM AND SMALL-SIZED HOTEL UNITS**

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### **ABSTRACT**

It is a fact that in the last years there has been a significant shift in preferences regarding holidays and in particular the changes observed in the way of choosing the target destination and accommodation, as well as the type of holiday. A growing number of tourists, as a result of increasing their awareness towards the destruction of the environment, are choosing hotels that have developed actions and implemented practices to reduce the environmental degradation. There are many factors that contribute to the adoption and implementation of environmental management practices, but regardless of the motives that each company has in order to implement them, their importance is great and their benefits are huge, both for the protection of the environment as well as for companies and the society as a whole. An environmental management system should be an integral part of the strategic management of each hotel unit regardless of its size. The truth is that although medium and small hotels constitute the majority of the tourism industry, few are the ones that implement environmental management practices, because of the major difficulties they face in implementing relative action-protocols, such as investment cost, limited available resources and lack of skills and knowledge. The policies they finally apply are mostly simple, inexpensive, without being integrated within a coherent environmental management strategy. The literature review reveals that the adoption of an environmental management system is not a simple process, the expected benefits though, both internal and external, from its implementation, such as cost and natural resources saving, offer indisputable incentives for the development of such a system. This paper deals with the incentives that motivate hotels in adopting environmental management practices with the reduction of operating costs referred as the major one, the barriers primarily faced by small and medium-sized units within their adoption efforts and finally the benefits of the implementation of the environmental management, both for large as well as for medium and small-sized hotels, that until yesterday believed, that the economic cost of the adoption of such practices is higher than the benefit derived.

**Keywords:** degradation of natural environment, environmentally friendly trend, hotel industry, environmental management, incentives, benefits, barriers

### **1. Introduction**

In order to ensure the smooth operation of a hotel business within its natural environment with the less possible burdens and preserve the natural wealth and sustainability of a tourist destination, it is necessary the implementation of actions and measures that contribute to this end. Environmental management is a broad concept which covers a wide range of practices, aiming at reducing the negative impact on the environment caused by corporate products and services. In particular for companies within the hotel industry, environmental management constitutes an attempt to sustainable tourism development and an important component of their corporate social responsibility. Although there is a growing progress and turn of the hotel industry towards sustainability, hotels that commonly adopt environmental management practices are

mostly the large ones or members of multinational chains. This is mainly due to the fact that large hotels have the needed resources and capabilities for implementing the above practices, factors that usually are inhibiting for medium and small units that consider the cost of investing in such practices as an obstacle, ignoring thus the long-term benefits of such an investment.

## **2. The concept of environmental management**

The concept of environmental management is multifunctional and involves a wide range of policies and practices that have the sole aim of reducing the negative footprint left on the environment by the operation of companies. These practices can be separated and sorted into two categories: the "organizational" and the "functional" ones (Alvarez Gil *et al.*, 2001). The organizational practices are related to the development and implementation of an environmental management system that aims to identify and prudently and effectively manage the environmental impact of running a company. Some indicative examples of such organizational practices are the environmental education of personnel and the setting of targets with ecological content. The functional practices, opposed to the organizational ones, are able to improve the environmental performance directly through the modifications they result into the production and the operation of a company's system.

## **3. Incentives**

Many hotels nowadays apply environmental management practices and try to communicate them to all interested parties, in order to improve their reputation, build a strong brand-name, further enhance their customer loyalty and avoid the negative effects of regulations related to the environmental protection (Bird *et al.*, 2007).

According to Bruns (2000) hotels that plan and adopt environmental policies aim at reducing their operating expenses, such as cost savings by reducing water and energy consumption. Areas that offer excellent opportunities for cost savings are the management of water, energy, and wastewater, the reduction of solid waste and the supply of ecological materials and products. Finally, Bohdanowicz's research (2005) on European hotels concluded that the most important incentives for hoteliers, that encourage them to adopt more environmentally friendly practices are prioritized to a / the decrease in operating costs derived by their implementation, b / the customers' requirements, c / the improvement of the hotel image, d / the desire of a company to reduce the burden on the environment and e /the proposals of the administration.

## **4. Barriers**

Despite the growing pro-environmental trend and the popularity of environmental management systems, the findings of Álvarez Gil *et al.* (2001) showed that mainly the biggest hotel companies finally implement environmental management practices. Similar conclusions resulted by the research of Chan (2011) on hotels in Hong Kong, indicating that the hotels, which were certified with ISO 14001 were large and recognized ones or members of multinational groups. The size therefore appears to be a key factor for the environmental performance of a hotel according to Elsayed (2006), since it determines the organizational capacity of a company to adopt initiatives relating to the environmental protection.

After studying the obstacles faced by small and medium-sized hotel companies related to the implementation of an Environmental Management System (E.M.S), we should mention the difficulties associated with their limited resources, the high related cost and the lack of knowledge and time (Hobson & Essex, 2001). As a result, small businesses tend to apply limited and fragmented environmental management practices, without a formal environmental policy (Dewhurst and Thomas, 2003). These companies do not generally have an organizational structure which is clearly defined and usually environmental concerns are not part of their values (Schaper, 2002). Also, the implementation of environmental management policies in this kind of hotels is limited and not among the priorities of the ownership and the administration, due to their limited resources, which are a common problem for small and medium-sized enterprises (Emeksiz *et al.*, 2006). Moreover, perceptions, attitudes and values of hotel managers can also be potential

obstacles. Managers of small-sized hotels believe that the big ones burden the environment more; therefore they should worry more about protection issues (Mensah, 2006).

Finally, the contribution of Chan's research (2011) is of great importance, since it identifies and highlights obstacles related only with small and medium-sized hotels, such as «a) the lack of the sense of urgency, b) the ambiguity of E.M.S. standards, c) the lack of qualified verifiers / consultants, d) the conflicting guidance and e) the inconsistent support» (Chan, 2011: p.15).

The actions taken by smaller hotels mainly concern simple low-cost practices without innovations and the active participation and involvement of hoteliers (Hobson & Essex 2001). Some hoteliers fear that adopting environmental management practices involves high investment costs, therefore the road to environmental sustainability is prohibitive in economic terms, because of market fluctuations and reduced profits caused by the general economic recession, wars and health issues (Bohdanowicz, 2005).

## **5. Benefits**

Small and medium sized hotels are an important part of the tourism industry and can collectively contribute to the sustainable tourism development of the society where they belong to. The final adoption of environmental management practices entails significant benefits for small and medium hotels despite the initial difficulties that often hinder their effort towards this aim. These benefits are both internal and external ones.

The internal benefits have to do with organizational enhancements such as the overall improvement of quality management, the introduction of education and the encouragement of innovation. There are also benefits included that have to do with human factors, such as the improvement of the attitude, knowledge and skills of the employees. Finally, as far it concerns the internal benefits, very important are also the economic ones, such as cost savings (Hillary 2004). The external benefits of hotel units have to do with the environment, namely the improvement of their environmental performance, the natural resources saving, the increase of recycling, the reduction of environmental pollution and their legal compliance. Additional external benefits are also the ones related with matters of commercial and communicative nature, such as the introduction into new target markets characterized by environmental sensitivities by satisfying their environmental requirements, the acquisition of competitive advantage over other hotels and the improvement of their image (Hillary 2004).

## **6. Further implementations and recommendations**

In order to develop the awareness of the importance of the conservation and protection of natural resources on tourists, local residents and hotel personnel, it is essential the environmental education of all interested parties, which working together, can increase the quality of a customer's experience (Tsaur *et al.*, 2006). Employees, for example after an educational and training period, are able to meet the environmental management practices with greater motivation (Ayuso, 2006). In addition, hotel managers should make substantial changes in their management style, since their commitment to the implementation of environmental management strategies and the development of learning processes can lead to success (Aguiló *et al.*, 2005). Managers know that the adoption and implementation of environmental management practices can attract the type of tourists who share relevant environmental values, which they take into account in their decision-making process (Butler, 2008). Successful companies and sustainable development are closely linked. Since measures for the reduction of environmental concerns are increasingly considered of great importance, particularly for maintaining the green image and reputation of a company, it is important for the hotels to take more actions on the adoption and implementation of environmental management initiatives (Singal, 2014). The results of Singal's survey (2014) showed that investments made in practices that mitigate environmental concerns by hospitality and tourism companies in the length of a certain period, had positive effects on their creditworthiness over the next period. The commitment of managers in sustainable development can be a source of competitive advantage and the key to long term success for a company (López-Gamero *et al.*, 2011). Through these findings becomes perfectly clear therefore, the importance of adopting preventive environmental programs by enterprises of the tourism industry.

## 7. Conclusions

The increase of global environmental sensitivity creates an opportunity in the macro-environment of hotels, which enables them to gain an advantage over the competition.

This opportunity is related with the implementation of environmental management policies. There are significant obstacles though. The barriers to adopting pro-environmental practices, concern mainly small and medium sized hotels, are categorized to internal and external with the internal ones playing a more significant role and have to do mainly with the hotel size, the cost of the adoption, the lack of the necessary skills and knowledge and the perceptions, attitudes and values of hotel managers (negative company culture). The incentives on the other hand are very appealing, including among others the reduction of their operating costs and the improvement of their reputation and image towards their customers. Once a hotel has embarked an environmental management system implementation there are extensive benefits derived, both internal and external, such as cost savings, organizational improvements through the optimization of total quality management, introduction of training, innovation stimulation, enhancement of the environmental performance, natural resources saving and penetration into new target markets. Hotels, that are pioneers in implementing green practices can settle in the minds of tourists as leaders and may expand more their competitive advantage, contributing in the same way to the protection and preservation of the environment and the sustainability of a touristic destination.

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