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## **Sustainability motivations and practices in small tourism enterprises**

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Abstract: A survey of around 900 tourism enterprises in 57 European protected areas shows that small firms are more involved in taking responsibility for being sustainable than previously expected, including eco-savings related operational practices but also reporting a wide range of social and economic responsibility actions. TwoStep cluster analysis was used to group the firms on three groups based on their motivations to be sustainable. Competitiveness driven firms practice fewer eco-savings activities and are commercially oriented. Legitimization driven firms respond to their perceived stakeholder pressure and report a broad spectrum of activities that are harder to quantify. Lifestyle and value driven firms report the greater number of environmental, social and economic activities. No profile has a higher business performance than average, but lifestyle businesses are more satisfied with their economic performance. The study has implications for policy programmes promoting sustainability behaviour change based primarily on a business case argument.

## 1. INTRODUCTION

This study analyses the pro-sustainability behaviour of tourism small and medium enterprises (SME) through different profiles of motivation against the implementation of sustainable measures and generic business variables. Pro-sustainability behaviour refers to voluntarily applying practices to reconcile environmental preservation, social equity and economic demands. These vary according to the type of firm, ranging from well-rehearsed water and energy saving measures, to purposefully purchasing locally or ethically produced products, providing labour conditions above the legal requirements, or promoting cultural and heritage preservation. The motivations for pro-sustainability behaviour vary, yet the existing literature has been primarily written to justify a business case for large enterprises engaging in Corporate Social Responsibility (CSR). The issue is that SMEs are not “little big enterprises” that should adopt scaled-down versions of the techniques and requirements of bigger enterprises to engage in sustainability through traditional and standard CSR activities [1, 2]. In comparison with large enterprises, SMEs are both challenged and motivated by CSR in different ways and also engage with it differently [2]. One could therefore speak of the difference between explicit CSR, a systematic process with higher managerial skills often associated with larger enterprises, and implicit CSR in SMEs embedded through habits and the very nature of the product or service, rather than formalised plans [3].

In different contexts and sectors, it has been argued that SMEs owners/managers have a good grasp of sustainability concepts without knowing the theory [4]. SMEs are in general managed by their owners, mainly oriented towards solving day-to-day problems, establishing more informal relations and communications with their stakeholders, and largely dependent on internal market dynamics determined by larger enterprises [5, 6]. Decision-making is often an extension of the owner-manager's personality and characteristics, often shaping the SMEs' culture and enacting values and habits in ways other than shaped by profit [4]. SME owners have the advantage of being able to react quickly to address sustainability issues, and the disadvantage of lacking information both on market requirements and opportunities for change [7]. In this sense, SMEs will be less organised to explain or be accountable for their sustainability, but that does not mean they are disengaged.

The reasons for engaging in sustainability are usually presented in the general literature using three frames that are often looked at independently. *Cost reduction competitiveness* has been the most referenced frame [8-10]. It explains enterprises taking sustainability actions that accrue a direct operational and internal benefit and is related with the traditional resource-based interpretation of the enterprise suggesting that enterprises will undertake sustainability actions that can provide a competitive advantage, based on cost reduction, differentiation or other economic elements. It has a direct association with literature trying to justify the introduction of responsibility in terms of its relationship with financial performance and it has been especially useful to analyse great enterprises' behaviour. Going beyond purely economic reasons, a second frame [11-14] that has been usually used to understand pro-sustainability motivations can be called *societal legitimisation*, and presents enterprises taking sustainability actions visible or expected by others. In the traditional business case analysing big enterprises this has been interpreted basically through *stakeholders' theory* but for SMEs this has been interpreted from *social capital* literature. Finally, and considering the particular nature of SMEs ownership and management, literature highlights another frame beyond (but still including) the expectation of economic gain and associated with the values and lifestyle of their owners. This third frame [15-17], that we have told *lifestyle-value drivers* differs from this first two frames in explaining pro-sustainability behaviour because of personal choices and habit and sometimes is presented in conflict with an exclusive pursuit of economic gain.

Despite the prevalence of SMEs in tourism industry, there is scarce evidence about the reasons for and barriers to these enterprises being sustainable, the measures implemented, and the impact of these measures. As we'll see in the background section there are some references related with tourism SMEs analysing CSR motivations and management dynamics from a qualitative perspective but there are few references analysing tourism SMEs quantitative data related with CSR motivations, practices and their impact on other business' variables. The authors' main motivation in this regard is to know what the main reasons are for SMEs to act more sustainably, and how they compare with those of larger tourism enterprises for whom competitive elements have traditionally dominated the literature. Given the general characterisation of SMEs, the authors think that it is important to consider factors related to the owners' values and habits [18]. Finally, this study seeks to find out if

these reasons to be sustainable could generate distinct profiles in terms of the implementation of sustainability actions and/or other business variables.

The structure of the paper is as follows. First, the background outlines sustainability drivers. Next we explain our study methods, including the research design, responses and data analysis, and then we present results, including the sample characteristics, sustainability practices and reasons for acting sustainably. These results are then contextualised in the discussion where we argue the case for three complementary explanatory models to understand small firms' pro-sustainability reasons. We finish the paper with some conclusions, limitations and future recommendations.

## 2. BACKGROUND

### *2.1. Cost Reduction Competitiveness*

The traditional resource-based view of enterprise suggests that enterprises will undertake sustainability actions that can provide a competitive advantage, because competitors cannot (or will not) quickly imitate them [25]. However, although individual sustainability actions cannot be classed as valuable, rare, imperfectly imitable, and not substitutable [26]. Sustainability overall can be explained this way because most enterprises competing in the same market do not see it as a strategic opportunity for competitiveness [27]. It is possible for successful enterprises to be copied by other more commercial enterprises in a way that would suggest the resource-based view of the enterprise applies to sustainable tourism [15].

There clearly are "best practice" sustainable SME case studies; beyond these, we find low eco-literacy and inward-looking motivations [28] fuelled by the belief that, for them, sustainability is expensive and complex [9, 29-31]. These beliefs and motivations result in shallow eco-friendly behaviour, where sustainability actions are taken without really disturbing the status quo of current practices. Sustainability is not seen as part of the enterprise's *raison d'être*, and the only environmentally related actions taken are those that lead to easily gained financial bottom line improvements [28, 32]. From this point of view, cost is therefore a barrier as much as a driver for

sustainability change in SMEs [31, 33], and these enterprises rely especially on green taxes, incentives or subsidies to change behaviour [27].

Much of the literature relating to the search for competitiveness suggests that this is originated by the belief in the existence of a relationship between CSR and corporate financial performance [10]. However, the same literature is inconclusive on this relationship; finding positive, neutral and negative associations [23, 24]. This has also been criticised for an excessive bias considering CSR only as a business case [34]. The literature also suggests that in this relationship there is an optimal level of CSR activity that supports enterprise performance, and acting beyond that current level can only be explained by reasons that are not purely commercial [8].

For the tourism sector, different studies on large enterprises and hotel chains, major transport enterprises or casinos have suggested that environmental performance unequivocally means improved economic performance [35-37]. With regard to the search for competitiveness, few studies have considered the distinctive features of SMEs other than to mention weaknesses, such as lack of capital, management structures, planning, decision making and particularly information control, financial instability and risk exposure [15, 38]. Early studies identified the introduction of basic environmental practices for eco-savings [39, 40], and more recently, tax incentives or subsidies [27]. While useful, this first frame leaves much current sustainability behaviour unexplained.

## *2.2. Societal Legitimation*

An alternative approach is to explain engagement in sustainability as a search for societal legitimisation in the eyes of stakeholders. While stakeholder theory has been primarily developed from the study of large enterprises, the concept is still valid for small enterprises yet the methods and reasons for societal legitimisation will differ. SMEs do not use the term ‘Corporate Social Responsibility’, nor do they design standardised operating procedures as a way of creating a corporate personality with a set of shared values. SMEs are naturally driven by the owner’s values and in this sense the theory of social capital can better explain how SMEs engage in CSR [41]. Social capital resides in the value of the individual or organisation’s network. It is defined as “the nature of power and meaning that exists as structures and mechanisms guiding everyday social practice” [12]. This includes intangible assets that compose

the guiding principles of the long-term performance of SMEs: reputation, trust, legitimacy and consensus [6]. This is often influenced through behaving responsibly towards partners, customers and society in general.

Sustainability is related in this context with responsibility and is defined by the owner's values. These might include being reliable, paying on time or collaborating with competitors. As such, industry associations or destination-wide efforts to introduce sustainability values may encourage SMEs to realise the salience of sustainability activities as part of this social capital [4]. SME sustainability champions are more likely to explain their reasons for engagement for moral and ethical arguments together with pride and the sense of 'doing the right thing'. This can be linked to the development of social capital, with most benefits being unquantifiable and most enterprises not wanting to look at sustainability in economic terms, even when such benefits were also realised [1, 33, 42].

Social capital also helps explain some of the responses to market demand for sustainability. This is part of gaining an enhanced image as a reliable, trustworthy enterprise that provides quality products where sustainability information has an impact on purchasing behaviour [43, 44]. The communication of ethical actions or awards gained helps create symbolic capital that can create competitive advantage through protecting reputation. This is despite SMEs generally feeling uncomfortable with "boasting"; something seen as a "big business" thing to do [1, 15]. Typically communications (rather than marketing) are used to promote the CSR agenda, as opposed to the aim of gaining some commercial advantage from their own CSR actions.

The relationship between sustainability and enterprise success through societal legitimisation is also complex. On one hand, the emphasis continues to be in explaining the potential competitive advantage of applying normative theories of social capital to SMEs [12] somehow to disprove the theory that business ethics are a "luxury good" [11]. On the other hand, as here, sustainability is explained through the relationship between business and society, as the expectation of being socially responsible increases with the increased perception of success of the enterprise, not just business size [45]. This suggests that more financially successful businesses will implement CSR actions to legitimise their status. Furthermore, proximity to customers

and other of stakeholders (usually the result of being a small enterprise) determines an enterprise's perception of having to behave ethically [12].

### *2.3. Lifestyle-value drivers*

The last explanatory frame suggests that much of the pro-sustainability behaviour observed is best explained through lifestyle choices and habits informed by values rather than conscious actions. The concept of lifestyle entrepreneurship has been put forward when speaking about sustainability in tourism SMEs [16, 46]. This is understood as maintaining a certain quality of life sustained by income generating opportunities conditioned by lifestyle and value choices. Their multiple goals can be explained as “utility maximisation” (as opposed to profit maximisation) based on a trade-off between income/growth and quality of life goals [47]. ‘Success’ for these owner/managers is grounded in their own circumstances [17] which at times (but not always) means managing an enterprise based on sustainability values [15]. This latter group would form the basis of a lifestyle-value driven cluster.

Whilst non-altruistic lifestyle enterprises and altruistic yet commercially driven enterprises can be found, there is some merit in trying to explain the interface between both. Lifestyle, values and world-views are the centre of the decisional factors for going green in tourism SMEs [42, 48]. This is not a decision taken at a single point in time, as could be in larger enterprises, but can be seen as a journey, reflecting a series of personal choices. While there is intent behind these lifestyle choices, what makes them more effective is the large element of habit and routine (as opposed to a conscious managerial structure) that makes them part of the DNA of the enterprise [49].

Protected areas in particular attract entrepreneurs who seek lifestyles based on “alternative values” to those of profit maximisation. The literature reports examples of rejecting economic growth for lifestyle values, be it sustainability [15] or family and community [50]. The designation of these landscapes as protected areas often means these values include sustainability. Sampaio et al. [48] suggest that some CSR practices related to ‘experiencing nature’ were not perceived as providing any economic gains or competitive advantage but they contributed to the non-economic goals pursued for ‘lifestyle’ reasons. They found owners engaging in sustainability practices without economic gains yet choosing to neglect cost-saving opportunities,

because of their way of viewing and valuing the world. The case in point here is not that owners purposefully engage with activities that do not challenge their lifestyles, but that they naturally behave in a sustainable manner through their lifestyle choices [3].

There are different reasons to expect lower profits from this group. There is evidence of SMEs underestimating the skills necessary to run a tourism enterprise and so influencing the practices they could implement [31]. This, in turn, lends itself to implementing those actions that best fit their values and current lifestyle and that they feel most comfortable with [48]. Personal ethics are a determinant key of their lifestyle behaviour. This is equally important to providing a quality service and often more important than profit maximisation [15, 16]. Interestingly this often leads to higher customer satisfaction and loyalty. In any event, a small segment of lifestyle altruists will be true sustainable entrepreneurs that stand out for both their sustainability and business skills. This approach helps to look beyond the dichotomy that it is a case of either profit or lifestyle.

### 3. STUDY METHODS

#### *3.1. Research Design*

The empirical research was conducted with European protected area members of the network EUROPARC [51]. First, a questionnaire was developed to analyse the relationship between sustainability practices, reasons for implementing them, business performance, and characteristics. It was piloted in 2010 in Catalonia, Spain, where a population of 3,838 accommodation enterprises was approached reaching 394 responses (12% response rate) after two reminders [14]. Lessons learned from the pilot included randomising the order of some possible answers, adding new questions related to the establishment's main business, and differentiating between full-time and part-time employees. The results gave us the confidence to improve and extend the study across Europe, including more types of business but keeping being based in protected areas as a common factor. An improved version of the pilot questionnaire was developed in 2011 during a workshop with eight protected area representatives from across Europe.

The 2011 questionnaire first asked SMEs owners/managers questions about themselves: gender, age (less than 40, 41 to 60, 61 and over), qualifications (from primary to university postgraduate), and role (owner, manager, supervisor). The next section asked about their business characteristics: name, address, postcode, years since business creation (5 and under, 6 to 10, 11 to 20, over 20), affiliation to some brand or chain, whether they are a family businesses, business type (hotel, self-catering holiday apartment, villa, cottage or flat, guesthouse or Bed and Breakfast, mountain hut, excursions organiser, campsite, restaurant, activity provider, other), category (in stars), number of employees (5 or less, 6 to 10, 11 to 20, over 20), capacity (people per day), average occupancy (in percentage), average expenditure (euros), business performance (current financial health and change in the last two years) and customer data such as average length of stay and mode of travel (with an organised trip, with the family, as a couple, with friends, alone).

Respondents were then asked to state which environmental, social and economic measures they undertake (see Table 2), whether they perceived their customers value these efforts and how that information is gathered, how sustainability is communicated to customers (in the parks, on internet, in leaflets, in welcome brochures, through documentation in bedrooms and public areas, telling them during their stay, they can see it for themselves, others) and the impact that sustainability has on their business. Finally, they were prompted to state the three top reasons to act sustainably among a group of thirteen possibilities extracted and ever related with the three pro-sustainability frames mentioned in the literature (see table 3), the barriers to implementing sustainability measures (lack of time, lack of money, lack of motivation, don't know what to do, the customers haven't asked for it, nobody will value it), and the kind of tasks they preferred to work with (that require learning something new, that they think they can succeed at, that they can get a subsidy or grant for).

Staff from 102 EUROPARC protected areas opted to distribute the survey in their destinations in summer 2011. The protected areas had the survey translated, and our team created separate mirror *URL* portals for every single park using their logo and park name to increase ownership and improve response rates. The survey team sent instructions to each park staff on how to explain the benefits of participating in the

survey, which they would distribute as a URL link in an email amongst tourism enterprises in and around their park. All enterprises (and not simply those known for their sustainability efforts) were encouraged to participate, although park staff recognised it was easier to get commitment from more active enterprises. The sampling methods varied; parks that saw a benefit in gathering this data printed the survey and distributed it in meetings, while others did little more than forwarding an email to a mailing list. During the collection of responses, every two weeks parks received an updated list of their enterprises that had responded, as an encouragement to engage further businesses. As an incentive, parks knew that after project closure they would be sent a comparative summary of their own park results against the national and European averages, so they could use this for internal benchmarking of their park-level efforts to promote sustainability.

### *3.2. Responses*

A total of 910 responses were received. As many parks wanting to participate had done their own translation, a higher participation rate was assumed than finally achieved. In practice 59 parks participated and 70% of all responses were facilitated by 17 parks. Interviews with the park staff reveal that invitations to participate were not always sent to all enterprises in the region. Often they were sent only to those that have a working relationship with the park; for example by participating in their sustainability forums. Most parks did not have data on the population of tourism enterprises nor methods to contact them. This means that no comparisons were possible to assess response rates, sampling errors or confidence levels. In addition, we expected an inevitable self-selection bias from the value-action gap typical in online and ethical surveys [52, 53] and social desirability issues in certain questions (i.e. financial performance).

Having said this, three measures were used to ensure validity. First, non-response bias was assessed by comparing early respondents with late respondents [54]. The dataset was divided into thirds according to the order of the surveys completed. Pearson's Chi Square tests and Student's t between the first and last thirds indicated no statistically significant differences in the mean responses for all the variables measured. Therefore, non-response bias is presumed not to be a problem in this dataset. Second, because it was not feasible to ask for more than one respondent in

SMEs, we checked for common method variance [55] using Harman's single factor test. 20 factors were extracted, with the first factor accounting only for 7% of the total variance. As such the observed relationships among constructs were not mainly accounted for by the systematic variance associated with the measurement technique. It should be added that it is common that by increasing the number of survey items, we find more factors, and this does not invalidate the results [56]. Finally, on site interviews with enterprises were used to test the consistency between the narratives describing business practices and social responsibility [12, 57], which demonstrated some aspirational responses but a general consistency between the survey and business practices.

### 3.3. *Data analysis*

Frequencies and cross-tabulations of significant relationships mapped the data, before using Cluster Analysis to group respondents based on the motivations to introduce sustainability measures. We searched for significant statistical differences among possible clusters in CSR motivations, testing relationships with CSR measures and business characteristics.

Clustering is a powerful tool when used in combination with other methods to test sophisticated theoretical models [58, 59]. We use the original sample (without ordering variables, as it produces slightly different results) to test clusters based on all CSR motivations and then compare the clusters against other variables to better define the profiles of SMEs. TwoStep cluster analysis was the best option [60] to search for clusters from dichotomous variables (with binary yes/no responses). TwoStep cluster analysis solves some of the problems of the widely used clustering algorithms, k-means clustering and agglomerative hierarchical techniques [61] and uses the hierarchical clustering method in the second step to assess multiple cluster solutions, giving the possibility of automatically determine the optimal number of clusters for the input data.

As our objective was to identify patterns related with the different pro-sustainability profiles previously established in literature, we began our analysis introducing all the survey's pro-sustainability reasons and testing the resulting models. Early tests resulted in models with limited validity but they were very useful to know which variables might be less able to generate clusters (predictors with less

importance). The model with the best explanatory capacity and statistical fit gave us three different clusters based on three pro-sustainability motivations: “to protect the environment”, “it’s for personal, lifestyle motivations” and “for cost savings”, that were among the four most commonly reported reasons (only excluding “to protect society”). The statistical fit was excellent (0.7 in the silhouette measure of cohesion and separation) [62], the cluster sizes were optimal (the size of the smallest cluster was 27.1% of the sample and the one of the largest was 37.5%), and all the predictors had enough relative importance in conforming the clusters. Table 4 shows how each cluster can be effectively related them with previous literature findings.

The first cluster, that we called “Lifestyle”, was formed by a group of 302 enterprises all of which were responding to the lifestyle and environment protection reason but not interested in cost savings. It is interesting to add that they constitute 72% of all lifestyle responses, a 41% of environment responses and a half of the sample’s enterprises not interested in cost savings. A second cluster, that we called “Business”, was formed by 321 enterprises most of which were especially interested in costs (77% of them) and also in environment (65% if them) but not in lifestyle. Considering the whole sample, in this cluster we found all the enterprises responding the cost savings reason and all that weren’t interested in environment. Finally, in a third group, that we called “Legitimization”, 232 enterprises weren’t interested in costs and lifestyle but focused on environment protection (conforming a 32% of the sample responding that reason). A crosstab analysis shows relationships with other pro-sustainability reasons, specially related in that third group, whose companies were relatively more motivated by variables related with image or stakeholder legitimization such as “for marketing and image”, “to gain new information, advice and networks”, “to meet legal requirements”, “to meet the requirements of our chain/group” or “in response to customer demand”. We then searched for differences between clusters using cross-tabulations and chi-square statistics for qualitative and categorical variables, and means analysis with an analysis of variance “ANOVA” statistic for quantitative variables, which are presented in the results section.

## 4. STUDY RESULTS

### *4.1. Sample characteristics*

Responses portray a profile of family enterprises with fewer than five staff, not affiliated to a brand, run by middle-aged owners, equally male and female, and with average education. Most businesses were classed as micro or small enterprises, with fewer than five stars and were relatively recently established. The types of enterprises vary, the most typical being apartments/self-catering accommodation, followed by hotels, guesthouses, restaurants, activity providers and campsites. This profile (Table 1) does not vary fundamentally from previous studies [63].

\*\*\* insert Table 1 here

A large proportion of respondents say their establishment's financial health is about average, but also a quarter of them said it is good. Over the past two years, three quarters of the sample said that their financial situation has not changed or has improved, but the number of establishments where it has worsened is also considerable. A large number of these businesses have average occupancy and the difference of the daily expenditure per customer between high and low season is typical. Low occupancy is, in part, due to weekend bookings which leave weekdays unoccupied, with four to seven day bookings being important. Families and couples represent the typical party compositions. Respondents claim that quality and location are the key reasons why their clients choose them, and not price (multiple choices allowed). Recommendations from past clients and the information on the enterprise's website are believed to be very important, but not social media, and even less advertising and they rely heavily on repeat clients.

#### *4.2.Sustainability practices*

These enterprises report a high number of sustainability practices, as seen in Table 2. The environmental variables show a high percentage of companies claiming to use environmentally friendly products, encouraging customers to be to be environmentally friendly in both the property and in nature or introducing eco-savings and waste recycling. Notable social practices include claims of supporting local community development and heritage conservation, promoting gender equality, encouraging respect for culture and language or even introducing adapted facilities for disabled people. Finally, these SMEs report economic practices such as encouraging customers to consume local products or choosing local staff wherever possible.

\*\*\* insert Table 2 here

There is a positive relationship between the environmental, social and economic measures and the enterprises' financial situation evolution in the last two years and there are also different individual positive relationships (with measures as energy and water savings, waste recycling, collaborate with social and charity projects, encourage people of all abilities to apply for job, choose local staff, encourage customers to participate in social projects and to consume local products and choose suppliers that contribute to local development). There are also positive individual relationships between different measures and the enterprises' current financial situation. For example, businesses with good financial health (69.2%) were more likely (sig .03) to implement energy and water savings than those with average (66.3%) or poor health (55.4%). Similar differences were found for waste recycling or choosing local staff. It was however found that sustainability does not contribute to improved results in the ratio of low season to high season price, or affect customers' average length of stay, so improvements can only result from higher occupancy rates.

It is worth noting that there is no significant difference in the total number of sustainability actions taken by age of the respondent. However, analysing different cross-tabs between the age variable and the CSR practices we found that older respondents report the introduction of actions that lead to greater income or savings (in particular environmental savings), while younger respondents are more likely to claim socio-economic actions, such as staff salaries above the industry average and promoting gender equality. For example, 65.3% of respondents are introducing eco-savings, against 77.3% of 61 and overs (sig .00). For staff salaries, 42.3% of respondents claim to pay salaries above industry average, while 57.4% respondents younger than 40 years old claim to do so (sig .00). Finally 55.1% of the younger respondents claim to promote gender equality, against a 46.6% average. There is a logical exception related with social issues: 46% of older respondents encourage customers to contribute to social and charity projects, against a 35% average.

Better qualified respondents undertake more sustainability actions. Belonging to a brand or chain is positively (and significantly) related to undertaking different sustainability practices. Non-family SMEs report being more active; only recycling is more typical in family enterprises (66.8% against an average 63.2%, sig .00). Size impacts on either the number of actions or the awareness of undertaking them, as

larger enterprises report implementing more actions than smaller ones. The star category is also a relevant variable, with four or five star properties reporting the greatest number of actions. As expected, enterprises holding sustainability certificates also undertake more sustainability practices.

The reported barriers are primarily lack of money (70%), time (45%), not knowing what to do (12%), customers not asking for it (8%), lack of motivation (6%) and believing that nobody will value it (3%). Respondents overwhelmingly prefer to work with tasks they believe they can succeed at before they start (64%), followed by tasks where they need to learn something new or require innovation (56%), and finally tasks for which subsidies are available (40%).

#### *4.3. Profiling reasons for acting sustainably*

Respondents were asked to select their three main reasons for acting sustainably. Protection of the environment (87%) and improvements in society (47%) speak of altruistic reasons, whereas lifestyle (49%) reasons speak of personal choices made by the owner/manager that reflect their values. “Business case” reasons play a lower but not insignificant role, as cost savings (29%), image and marketing benefits (19%), customer demand (10%), and meeting legal requirements (8%). Reasons can be seen in Table 3.

\*\*\* insert Table 3 here

As commented in section 3.3. TwoStep cluster analysis provided three respondent profiles out of the reasons for undertaking sustainability actions. Table 4 shows the size of each cluster and their distribution against the three reasons used as predictors to determine the model. Here we can see the number of enterprises in each group answering yes or no to each of these reasons and the percentage within the valid responses of the total sample (855). We already mentioned that this cluster result had a good explanatory capacity because it included the three different profiles related with the three most referenced pro-sustainability frames presented in literature and was statistically consistent.

\*\*\* insert Table 4 here

The next step was then to know if these three motivation-based clusters could show some differences CSR implementation (table 5) and business characteristics, using

cross tabulations. This produced some interesting characteristics for each profile discussed in turn. The first cluster, with 302 respondents (35.3% of the sample), has been labelled as “Lifestyle”. As commented in the literature, this group is motivated by environment protection, society improvement and lifestyle and is not interested in costs, marketing and legitimization reasons. Importantly, as shown in Table 5, companies in this group implement more responsibility measures, excelling in virtually all environmental and social measures. This is the cluster that introduces more actions that generate income or savings, and also those that increase operating costs.

The Lifestyle cluster groups predominantly middle-aged females and has a higher proportion of university postgraduates and owners and family micro-enterprises. We have found also significant statistical differences in the proportion of hotels (13% versus the 21% of the sample) and restaurants (10% versus 14% of the sample) since it is predominantly made up of self-catering accommodation, guesthouses, activity providers and other businesses types. It has also a higher proportion of 4 and 5 stars establishments. Respondents state that their customers don’t choose them for their competitive prices (40% versus 45% of the sample), but for their quality. Owners communicate responsibility actions by public advertising and telling customers personally (in higher proportions than the sample average). Finally, there is a higher proportion of respondents in Spain, England and Germany.

\*\*\* insert Table 5 here

We labelled the second cluster "Business", because companies identify their CSR motivations on the traditional “business case”. These are enterprises with economic pro-sustainability motivations, especially cost-savings but also obtaining subsidies or grants. Most respondents (65%) are also motivated by environment protection, logically as they are located in protected areas but they are not interested in social improvement, image or legitimization. Table 5 shows that this cluster stands significantly above the sample’s mean in the implementation of two measures. One of them is closely related with its cost-savings objective: the introduction of renewable energy sources, but curiously the second seems a more “lifestyle” measure: seek to balance work and family life for their staff. The number of actions implemented by businesses in this cluster is closer to the average..

This “Business” cluster is the largest sample’s group, with 321 companies and is composed equally by middle-aged men and women. Is the group with a higher proportion of respondents with secondary education and a large proportion of family businesses (although similar to the previous group). It is also composed mostly by guesthouses or bed and breakfasts, restaurants and other types of accommodation of similar category/star classification as the whole sample. These businesses are more likely to claim that their customers choose their product as a result of offering competitive prices. Overall, this is a group whose respondents belong to different European nations, but disproportionately higher from France and Latvia.

Finally, the third cluster, with 25.5% of the sample, has been labelled as “Legitimization”. Businesses in this group are motivated by a range of legitimization or “image” motivations, as environment protection (100%), improve society (55% vs a sample average of 47%), marketing and image (34% vs 19%), to gain advice and networks (10% vs 7%), to improve business management data (10% vs 6%), to meet legal requirements (13% vs 8%), to meet the requirements of the chain/group (7% vs 3%) and in response of customer demand (13% vs 9%). Besides this stakeholder focus, they are also distinct by not having lifestyle cost motivations. Table 5 shows that businesses in this group implement fewer responsibility measures, standing out only for a greater propensity to introduce facilities are adapted for disabled people.

The “legitimization” cluster is the smallest with 232 businesses. We find a higher proportion of men and also people under 40 years. Surprisingly it has both the greatest number of individuals with only primary education and also university graduates. In this cluster we also find most managers and supervisors and fewer family enterprises, although owners remain the majority (70% vs 78% sample average) . Proportionally this group has more hotels, and 3 star establishments. They have average scores on reasons for customers to choose them (price and quality primarily) and in how they communicate responsibility implementation (we would have expected this to be higher due to their legitimisation focus). Respondents are more likely to be from Spain and Italy, and less likely from England and Germany.

It is worth mentioning there are no significant differences between the three groups for some variables. These include: age of the establishment, membership of a brand or chain, number of part-time employees, occupancy levels, differences between high

and low season prices, or market channels. This list also includes variables such as how the enterprise values their financial situation (now and over the last two years), how customers may value the implementation of sustainability measures, and how sustainability measures are communicated to customers, being sustainability certified or the perceived barriers to implementing measures. Table 5 also shows some sustainability practices without significant differences between the three clusters, these are: encouraging customers to be environmentally friendly in your property (a practice likely to appeal to all profiles for different reasons), encourage respect for the culture and language of the area, encourage customers to contribute to social initiatives, work-related social practices including promoting gender equality and encouraging people of all abilities to apply for jobs; and essentially all economic practices (except of choosing suppliers that contribute to local development, where the lifestyle cluster highlights).

## 5. DISCUSSION

This study confirms the literature in showing that tourism SMEs' sustainability reasons and practices are not homogeneous. The types of actions these enterprises engage in and the relationships with their business characteristics have been identified in relation to economic factors and also with altruistic and personal motivations. This provides a more complete picture of how and why small tourism enterprises take responsibility for being sustainable. This is the first survey of this size to measure motivations to be sustainable with three complementary profiles around the issues of expected benefits, notions of wanting to give something back, and personality or lifestyle choices [11, 38].

In our analysis we find a group called "Lifestyle" and in this study's results, habit and lifestyle explain a large part of the sustainability behaviour. Results show they report taking the most sustainability activities and do it implicitly as part of their routine. For this group, sustainability does not have a direct relationship with financial performance, but is related to satisfaction with this performance, corroborating the multiple goals seen in lifestyle enterprises. The results are in line with the explanation from Ateljevic and Doorne [15], who described enterprises fitting in this profile as the most confident in their quality, being averse to sustainability communications and marketing in commercial terms, and showing a general dislike to marketing.

Individual barriers to being part of this cluster include the relative importance of sustainability values in the entrepreneur's overall value system, as well as generic practical barriers of access to resources, time, knowledge, encouragement, facilities and so on [65].

The cost-reduction motivation of achieving competitive prices is explained by the resource-based theory of the enterprise; expecting enterprises to be rational profit-seekers. The "business case" often promoted by policy makers resonates with the 35% of the respondents falling in this profile, that we called "Business" identified as "Unconvinced Minor Participants" [38] at the early stages of implementing actions for increased business efficiency reasons [8]. The perception of part of the literature that environmental practices will not provide substantial savings that impact on the bottom-line (and so not justify the effort required) [30] cannot therefore be justified in its entirety. It was expected that the size of investment in the enterprise would determine how commercial the business motivations are and the level of formality of their sustainability activities.

Finally, the "Legitimization" cluster use sustainability actions to influence stakeholder perceptions as a way of gaining social capital. This is an outward-oriented group, especially interested in improving their image by complying with social norms. Our results are consistent with the literature [13, 64] finding that enterprises motivated by legitimacy reasons undertake fewer and vaguer actions. The literature would expect that successful enterprises would perceive a greater pressure for legitimisation- for example older, more established or financially successful enterprises [12], while the primary data suggests that it is the larger enterprises that feel that pressure, but not necessarily belonging to a brand or chain.

The data shows that enterprises undertaking more sustainability actions were more likely to perceive financial improvements in the last two years, and many sustainability measures were positively correlated with both their perception of their financial performance at present and changes in recent years. Although the sustainable entrepreneur [15] does not appear as a cluster in its own right, all three profiles share some of their characteristics. The findings show how tourism SMEs can have a commercial motivation but define themselves in other ways [66] which further accentuates the difficulty of developing clusters with financial performance as a

critical variable. Sustainability actions investigated have not shown a direct relationship on business performance variables. This paper does not question that sustainable entrepreneurs exist, for they can be seen winning industry awards, collecting sustainability certifications, showcased in the academic literature, and are used to set government policies. However, there may be issues profiling them by their reasons for engaging in sustainability, whether they are sufficiently different to other respondents, and how representative they are of the total number of individuals engaging in sustainability actions.

Finally, it is worth reiterating that ethics and sustainability research is a value-laden topic. It is fully expected that some of these pro-sustainability behaviours are the result of over-reporting to create a positive impression, however it is item desirability that will play a stronger influence in self-reporting socially desirable behaviour [57]. Perceived item desirability causes social desirability bias in ethical research, and this varies across cultures as what each culture values is different [67]. This analysis did not attempt to identify if regional variations for responses were due to external factors (lack of infrastructure), economic factors (extremely short term paybacks) or socio-cultural norms (resource-poor or highly populated countries will be more environmentally conscious) [68]. For this reason, little time was spent looking at geographical differences.

## 6. CONCLUSIONS

This paper contributes to the understanding of the reasons, practices, and impacts of sustainability management in tourism SMEs. We have seen that the main motivations are related with economic and financial goals but especially with owner's lifestyle and legitimisation among the society. The reasons differ in great measure due to the importance that owner's values have in tourism SMEs (as in other sectors). The study reports that SMEs can improve their pro-sustainability behaviour with both fairly standard but also advanced and organisational CSR measures. Finally we have seen that most of these measures have a positive and significant relationship with some economic performance-related variables, as owner's satisfaction with financial results and expectations with financial evolution.

The literature on CSR which uses quantitative data primarily refers to large enterprises, in tourism those are hotel chains and tour operators, while SME studies

are usually qualitative. Most studies have examined one explanatory framework (e.g. cost, legitimization, and lifestyle) at a time, only partly explaining a segment of the industry. The contribution of this work is significant because it surveys a large amount of tourism SMEs to make a quantitative analysis of their most reported pro-sustainability reasons (and not only some of them) and links them to the implementation of CSR practices. Our results show that enterprises motivated by business motivations undertake some operational internal actions that lead to operational savings but are also introducing some advanced measures. Those motivated by legitimization undertake externally different measures, highlighting facing actions, seeking marketing and image benefits from being seen to respond to society's demands. It is those enterprises that state being driven by lifestyle, values and habits that undertake most sustainability actions. The enterprises taking more sustainability actions are also more satisfied with their economic performance even if they don't necessarily perform better than average.

The data has implications for how we understand small service sector firms. Previous studies have focused on using large firms' language with emphasis on systems and policies, and also focusing in eco-savings [69-72] in a quest to identify how corporate social responsibility improves business performance. This study shows that broadening the number of sustainability measures provides a much richer picture. It also shows that assuming a profit maximisation view of the world is unhelpful to understand small firms. Sustainability perfectly fits with lifestyle, habits and routines for most of SMEs and this is positively correlated with improving performance. However, small firms are shy to communicate their sustainability messages and they are also making limited use of their sustainability actions to attract customers. A more nuanced analysis of how small firms engage with sustainability is therefore needed. The results also have implications for policy makers, as a stubborn emphasis on "the business case" for engaging enterprises to engage in sustainability may be misplaced. Instead, having a more thorough understanding for how the manifold reasons for acting relate to the actions undertaken and the enterprise's characteristics would provide a better platform to encourage behaviour change. Instead of one size fits all projects, policy makers can then segment the market of SMEs according to their

motivations and suggest different reasons for engaging that match their values and preferred learning styles.

This study has a number of limitations. First, results are applicable only to businesses based on protected areas. Second, we rely on self-reported answers primarily from owner/managers, which would benefit from a more detailed *in-situ* study beyond the few interviews conducted to test validity. Qualitative studies are required to both appreciate the gap between self-reported and actual behaviour, and go deeper into the reasons for acting sustainably. Third, we acknowledge that there may be no singular model to explain pro-sustainability behaviour, and that our study presents one plausible explanatory model (or indeed three complementary ones). Both qualitative and longitudinal researches are desirable as this study presents only a snapshot. What is unknown is the life-cycle of the sustainability-engaged enterprise. In particular whether the starting point is emphasising eco-saving commercial reasons to the disengaged profit-driven enterprises, and how this may eventually realise societal appreciation for their efforts, slowly embedding some aspects of sustainability into personal values and lifestyle choices. The literature in adult and organisational learning would be invaluable to understand the sustainability trajectory. Finally, further research is necessary to add dimensions of perceived internal influences. In particular reasons for being in business, generic business skills, and external influences to determine pro-sustainability attitudes and behaviour would have great explanatory power.

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**Table 1. Sample Characteristics**

<b>About the respondents</b>	
Businesses managed by their owners	78%
Female respondents	50%
Owners-managers aged 41-60	64%
Owners-managers with secondary/ university education	44/ 35%
<b>About the businesses</b>	
Family businesses	78%
Operating less than ten years ago	49%
5 or fewer full time employees	80%
Poor/average/good financial health	14/ 61/ 24%
Financial situation has improved/ stayed the same/worsened in the 2 last years	24/41/35%
<b>About their customers</b>	
Customers' average length of stay 2-3/ 4-7 days	46/ 40%
Daily spend per customer in high/low season	50/ 38 euros
Customers travelling with the family/ couple/ friends	45/ 29/ 13%
Customers choosing the business by competitive prices/ quality/location	44/ 82/ 76%
How customers to find the business: recommendations/ internet search/ repeat clients	77/ 75/ 65%

Source: Own elaboration

**Table 2. CSR practices**

<b>Environmental</b>	<b>Respondents</b>	<b>%</b>
Use environmentally friendly products	651	75.3
Encourage customers to be environmentally friendly in your property	586	67.8
Energy and water saving activities	562	65.0
Waste recycling	544	63.0
Encourage customers be environmentally friendly in nature	543	62.8
Renewable energy sources (solar, wind, biomass...)	379	43.9
Choose environmentally friendly suppliers	376	43.5
<b>Social</b>		
Support local community development and heritage conservation	551	69.8
Promote gender equality in your employment practices	366	46.4
Actively encourage respect for the culture and language of the area	342	43.3
Facilities are adapted for disabled people	321	40.7
Collaborate with social and charity projects	281	35.6
Encourage customers to contribute to social and charity initiatives	273	34.6
Seek to balance work and family life for your staff	271	34.3
Choose suppliers that demonstrate their social responsibility	239	30.3
Encourage people of all abilities to apply for jobs	178	22.6
<b>Economic</b>		
Encourage customers to consume/use local products	660	78.9
Choose local staff wherever possible	460	55.0
Encourage customers to contribute to charitable activities	371	44.3
Staff salaries are above industry average	355	42.4
Choose suppliers that contribute to local development	346	41.3

Source: Own elaboration

**Table 3. Reasons for being sustainable in tourism SMEs**

	<b>Respondents</b>	<b>%</b>
To protect the environment	744	87.0
It's a personal, lifestyle choice	421	49.2
To improve our society	401	46.9
For cost savings	249	29.1
For marketing and image benefits	162	18.9
In response to customer demand	82	9.6
To meet legal requirements	69	8.1
To gain new information, advice and networks	59	6.9
To improve business management data	51	6.0
Because it was easy to implement	47	5.5
To obtain subsidies or grants	38	4.4
To meet the requirements of our chain/group	26	3.0
To meet the requirements of a tour operator	5	0.6

Source: Own elaboration

**Table 4. Sustainability motivation clusters and main predictors**

	n	For cost savings				It's a personal, lifestyle choice				To protect the environment			
		Yes		No		Yes		No		Yes		No	
Lifestyle	302	0	0,0%	302	49,8%	302	71,7%	0	0,0%	302	40,6%	0	0,0%
Business	321	249	100%	72	11,9%	119	28,3%	202	46,5%	210	28,2%	111	100%
Legitimization	232	0	0,0%	232	38,3%	0	0,0%	232	53,5%	232	31,2%	0	0,0%
	<b>855</b>	<b>249</b>	<b>100%</b>	<b>606</b>	<b>100%</b>	<b>421</b>	<b>100%</b>	<b>434</b>	<b>100%</b>	<b>744</b>	<b>100%</b>	<b>111</b>	<b>100%</b>

Number and percentage of clusters' enterprises responding each motivation. Source: Own elaboration.

**Table 5. CSR practices-clusters and overall results**

	$\chi^2$	p	Lifestyle	Business	Legitimization
<b>Environmental</b>					
Use environmentally friendly products	14.22 7	<b>.001</b>	<b>83</b>	75	70
Encourage customers to be environmentally friendly in property	5.453	.065	74	66	66
Energy and water saving activities	26.38 7	<b>.000</b>	<b>72</b>	70	52
Waste recycling	9.067	<b>.011</b>	<b>68</b>	64	55
Encourage customers be environmentally friendly in nature	21.35 9	<b>.000</b>	<b>74</b>	56	61
Renewable energy sources (solar, wind, biomass...)	10.69 3	<b>.005</b>	47	<b>49</b>	36
Choose environmentally friendly suppliers	22.57 1	<b>.000</b>	<b>55</b>	40	36
<b>Social</b>					
Support local community development and heritage conservation	11.36 7	<b>.003</b>	<b>76</b>	63	71
Promote gender equality in your employment practices	0.085	.959	46	46	48
Actively encourage respect for the culture and language of the area	0.295	.863	44	44	42
Facilities are adapted for disabled people	<b>7.202</b>	<b>.027</b>	34	44	<b>45</b>
Collaborate with social and charity projects	9.627	<b>.008</b>	<b>43</b>	35	29
Encourage customers to contribute to social and charity initiatives	10.57 8	.005	42	31	31
Seek to balance work and family life for your staff	9.746	<b>.008</b>	36	<b>39</b>	26
Choose suppliers that demonstrate their social responsibility	13.14 4	<b>.001</b>	<b>39</b>	26	26
Encourage people of all abilities to apply for jobs	1.391	.499	22	25	21
<b>Economic</b>					
Encourage customers to consume/use local products	2.614	.271	82	80	76
Choose local staff wherever possible	1.397	.497	52	57	55
Encourage customers to contribute to charitable activities	4.348	.114	49	40	45
Staff salaries are above industry average	2.409	.300	39	42	46
Choose suppliers that contribute to local development	7.819	<b>.020</b>	<b>47</b>	42	35

Note: In Lifestyle, Business and Legitimization columns is the percentage of respondents in a profile selecting that response. Bold cells show significant

differences between clusters. In all cases 0 cells (.0%) have expected count less than 5.  $\chi^2$  = Chi-square value, p=significance. Source: Own elaboration