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# Doing good to do well? Corporate social responsibility reasons, practices and impacts in small and medium accommodation enterprises

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### ABSTRACT

Corporate social responsibility practices have been mostly analyzed in the large manufacturing business context, with little attention paid to the service sector and even less to small and medium-sized accommodation enterprises. This study aims to fill this gap through analyzing how these enterprises take responsibility. A survey of nearly 400 enterprises showed that the main reason for acting responsibly is altruistic, although competitiveness reasons are also important. Aspects of the “resource-based view” of the firm are validated through the positive impact of environmental cost-savings in financial performance, but also because other practices (not always related with economic reasons) are influencing their competitiveness. The article concludes that further implementation of these practices is necessary to achieve the full potential of competitive advantages.

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## 1. Introduction

This study analyses the main reasons for small and medium accommodation enterprises (from now SMAE) in a developed tourist destination to accept responsibility towards sustainable management, and whether this impacts on their financial performance. The literature has reviewed this relationship extensively for large manufacturing enterprises, comparing corporate social responsibility (CSR) with corporate financial performance (CFP), yet there is little evidence from the service sector and even less for small enterprises. In Western countries, these SMAE represent a large percentage of the accommodation and tourism sectors, so it is especially important to have more information about these processes if we really want to know if any transformation towards sustainability is taking place.

The structure of this paper is as follows. First, we review the literature that has analyzed the impact of CSR in CFP, moving on to the analytical evidence of this relationship for tourism enterprises and finally SMAE. Next we present our instrument design and methodology. This is followed by the quantitative results, discussed against the main theories from the literature on the reasons for enterprises to engage in sustainability actions, drawing lessons on how applicable these are for SMAE. Finally, we present our main conclusions, limitations and proposals for future research.

## 2. Corporate social responsibility and its impact on corporate financial performance

CSR is a complex term broadly defined as the active and (sometimes) voluntary contribution of enterprise to environmental, social and economic improvement. The concept has evolved largely with the historical development of the notion of what an enterprise is in relation to society. As a result of this constant change and the complex and dynamic nature of the enterprise–society relationship, it is better not to take a prescriptive and fixed approach and better to take a “principles” approach (Wood, 1991) which could have validity for different scenarios. This approach is based on a gradual conception of responsibility from the institution, passing through its organization and finishing in individual action. One of its main consequences is to consider the role and influence of stakeholders (shareholders but also employees, customers, public administration and many other actors) in enterprise activity.

This point of view overcomes the traditional liberal conception (Friedman, 1970) of a corporation having responsibility only for towards its shareholders, but having to go beyond to include stakeholders who are impacted by the enterprise (Swift, 2001). Enterprises are therefore at the service of and accountable to society, beyond and independently of economic results. As CSR is an evolving concept and therefore a moving target, enterprises are likely to prioritize actions that fulfill their CSR obligations that also have a positive financial impact. Academia has also given much attention to identifying the business case for CSR in measuring the relationship between CSR and CFP.

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Academic data is however inconclusive in explaining this relationship, reporting positive, neutral and even negative associations (Griffin and Mahon, 1997; Margolis and Walsh, 2001). While there is no consensus, two basic approaches stand out. The “slack resources” approach (Seifert et al., 2004) argues that better CFP results in the availability of slack resources accessible to implement CSR, while the “good management” approach (Garriga and Melé, 2004) argues that CSR improves CFP when it is one more element of a well-managed enterprise. De Bakker et al. (2005) considered that most CSR research is repetitive, without looking at the underlying factors affecting the relationship. Therefore the research question should be not only whether CSR and CFP are related, but also how, and what the nature of that relationship is.

Wood's (1991) principles approach is precisely helpful in that sense by focusing on the reasons for CSR engagement within organizations and the stakeholder impacts caused. Stakeholder theory was put forward in the 1980s to explain the interaction of the enterprise with different stakeholder groups with two arguments, legal (explicit compliance with some stakeholders) and economic (implicit compliance) (Freeman and Reed, 1983). Wood (1991) added that responsibilities stretch beyond the legal and economic, to include the ethical and discretionary responsibilities. The main reasons driving enterprises to implement CSR will tell us which stakeholder interests are these enterprises responding to. Enterprises driven by competitiveness reasons will focus normally on shareholders and investors, those driven by legitimization respond to a broader range of stakeholders (employees, consumers, public administration. . .) that engage with the company, while altruistic reasons respond to societal concerns (both local and global).

By honoring contracts with some stakeholder groups, the enterprises implicitly make choices that can influence their CFP. Academics have developed two explanations of the results of these choices. The “resource based view” (RBV) of the enterprise (Barney, 2001; Branco and Rodrigues, 2006) suggests sustainable competitive advantaged can be gained from implementing CSR practices, acquiring resources and developing skills that result in a product that cannot immediately be imitated by competitors. Alternatively, proponents of Transaction Cost Economics (Williamson, 2005) argue CSR implementation makes business sense because it avoids higher costs from more formalized contractual compliance mechanisms. Competitiveness reasons have been typically explained by RBV, while legitimization is explained by Transaction Cost Economics. Altruism has received less attention in this particular literature. In any case, CSR–CFP literature reports primarily studies in large manufacturing enterprises. The next sections review the academic contributions in tourism and small accommodation enterprises.

### 3. CSR reasons, practices and impacts in the tourism sector

Tourism CSR literature is scarce (Bohdanowicz, 2006) and analyzes the reasons for CSR at the same two levels as in other industries: personal/individual and organizational (El Dief and Font, 2010). On the one hand, according to the “Human Cognitive Process” approaches (Ayuso, 2006) the personal or individual level explains that CSR engagement is sometimes driven by managers' environmental paradigms or belief systems. On the other hand, the organizational level research aims to explain engagement through organization-wide espoused environmental values (less has been written on socio-economic or ethical values). The potential orientations of environmental responsibility (competitiveness, legitimacy and altruism) used to explain tourism business behavior correspond to those in the broader literature.

Competitiveness, mostly related with a RBV orientation, aims to explain firm environmental behavior as a result of believing

that environmental protection may favor the development of some valuable capabilities, such as stakeholder integration, continuous innovation or higher-order learning. This is the most widely quoted argument for business engagement, aligned with the classic objective of maximizing returns and obtaining competitive advantages through cost reduction, sales increases, new market opportunities and enhanced company image. Different studies identify competitive advantages as reasons behind the adoption of sustainable practices in tourism businesses (Knowles et al., 1999; Stabler and Goodal, 1997). The “legitimacy” approach is close to institutional theories, viewing CSR as a manner of compliance with social norms and values to maintain reputation among a broader range of stakeholders affected by the enterprise activity (Cheyne and Barnett, 2001; Ian, 1996). Finally, altruism aims to explain enterprise behavior as “doing good” from accepting society and nature as the greatest stakeholders (Ayuso, 2006; Rivera and de Leon, 2005; Tzschentke et al., 2004).

The reasons outlined above explain the CSR practices recorded. CSR practices in tourism can be classified into organizational and operational activities (El Dief and Font, 2010). Organizational practices are relevant to the development and implementation of a CSR management system that helps enterprises identify and manage responsibility issues and consequences related to their operations in a holistic and consistent way (Hooghiemstra, 2000), while operational activities fall under the traditional environmental, social and economic dimensions (Holcomb et al., 2007; Inoue and Lee, 2010). Management systems do not reduce impacts in themselves but they introduce mechanisms to improve the environmental performance through a structured and systematic process. Operational practices involve modifications in both the production and operations systems and are industry-specific (Alvarez et al., 2001; Carmona et al., 2004). In tourism-related enterprises these practices are broad and sometimes ambiguous, as in other industries (e.g. environmental management, community involvement, customer relations, and employee relation), yet dominated by environmental actions that will cut operating costs, minimize resource consumption and introduce green procurement (Ayuso, 2006; Bohdanowicz, 2006; Kasim, 2007b).

Following RBV thinking, several tourism academics propose that CSR can have a positive correlation with CFP and is a source of competitiveness in this sector, reporting how CSR positively affects reputation, consumer satisfaction, attractiveness of a firm as an employer, and employee commitment. The development of firm's unique resources and capabilities provide the basis for a new strategy that usually has a positive impact on results. The CSR actions reported in the literature are however limited to environmental operational practices, most of which have a positive business efficiency impact. Environmental operational advantages may have short and medium-term returns (mainly ecosavings), that require organizational practices to become longer term returns from improvements in efficiency, enhanced product quality, increased market share, reduced responsibilities, access to new markets, motivation and employee satisfaction, improved relationships community, access to financial assistance and welfare benefits resulting from competition or legislation, as outlined below.

Early studies reported hotel environmental policies and activities responding to direct financial rewards (e.g. energy and waste management) and governmental requirements (Kirk, 1995). Alvarez et al. (2001) concluded that age of facilities, size, chain affiliation, stakeholder environmental pressures and using operational management techniques exert a lasting influence on the degree of implementation of environmental management practices by hotels and they also showed a positive relationship between environmental management and financial performance. Carmona et al. (2004) suggested that affiliation to a group is associated with

a higher level of environmental performance but not necessarily with economic performance. Claver et al. (2007) reported that environmental proactivity does not strongly impact on organizational performance, although performance levels increase alongside environmental proactivity. Meanwhile Rodríguez and Armas (2007) found a positive relationship between CSR and return on assets, and Nicolau (2008) concluded that CSR is considered value-added share prices.

There growing tourism literature studying the CSR–CFP relationship explicitly (Inoue and Lee, 2010; Kang et al., 2010; Lee and Park, 2009) has found a positive relationship in both the short and long terms. Using an aggregate CSR measure, Lee and Park (2009) found a positive CSR–CFP relationship in hotels and no relationship in casinos. Kang et al. (2010) examined the effects of positive (proactive) and negative (reactive) CSR activities on CFP for tourism-related industries (airline, casino, hotel, and restaurant) and for hotels and restaurants they found a positive impact of positive CSR activities on firm value, but no significant impact on profitability. Finally, Inoue and Lee (2010) disaggregated CSR into five dimensions based on corporate voluntary activities for five primary stakeholder issues and examined how each dimension would affect financial performance among enterprises within four tourism-related industries (airline, casino, hotel, and restaurant). While all CSR dimensions were proposed to have positive financial effects, results revealed that each dimension had a differential effect on both short and long term profitability and that financial impacts varied across the four industries.

#### 4. CSR reasons, practices and impacts in small and medium accommodation enterprises

The study of CSR practices in SMAE is limited to pro-environmental behavior and therefore broader small and medium firms' (SME) literature is used to complement this section. As Tzschentke et al. (2008b) indicate, few studies have considered their distinctive features, namely lack of structured decision-making and information control, financial instability, greater risk exposure mixed with a strong need for independence and also a great importance of owners' values and a strong identification between owners and their enterprise.

Early studies of CSR engagement in SMAE identified the introduction of simple practices, usually related to cost savings, which not needed an organizational system of innovation and environmental management. Different authors (Kirk, 1995; Knowles et al., 1999) report eco-savings driven environmental actions while Tzschentke et al. (2004) report the importance of ethical and social reasons alongside economic ones. Both show that scarcity of resources and the pursuit of competitive advantage played a crucial role in SME decisions, while legislative practices (particularly green tax incentives or subsidies) also influenced developing new policies or practices (Bonilla et al., 2011). Both Tzschentke et al. (2004) and Sampaio et al. (2012) found substantial savings made in energy, recycling and water management, that most (environmentally certified) respondents were not aware or able to identify because they did not have methods of monitoring or because they were introduced for altruistic reasons.

In a subsequent study, Tzschentke et al. (2008b) reported value-driven decisions to become environmentally friendly for SMAE, influenced primarily by the development of environmental consciousness and personal, socio-cultural and situational factors of the individual business-owners. The fact that the values and beliefs were a powerful motivator to implement CSR meant that if the most frequent barriers (usually budget) were largely eliminated, taking action was likely. Sampaio et al. (2012) also found that owners'

worldviews, higher self-efficacy beliefs and mastery goal orientation were critical in guiding the level and type of environmental practices chosen for adoption.

Both studies reported above focused on sustainability certified SMAE, and would differ from the average behavior of tourism firms. Other authors found that positive environmental attitudes rarely translate into concrete actions (Tilley, 2000), with owner-managers less financially oriented being less willing to adopt innovations (including CSR), whereas those willing to introduce CSR also had financial expectations from adopting them (Sampaio et al., 2012). Kasim's (2009) study of explicit CSR–CFP relationships reports that managers did not go beyond the basic common sense of cutting their water and energy costs, indicating a lack of clear and adequate knowledge about environmental management, and their tendency to be "politically correct" in relation to CSR issues.

Some studies have also shown that enterprise size and lack of resources in particular affect the proactivity of environmental strategies and that SME's because they think it can reduce their profitability (e.g. Russo and Fouts, 1997). It may therefore lead to the argument that RBV of the enterprise should be reinterpreted for SMAE, given that their acquisition of resources, skills development, strategies and the resulting product cannot be the same as in large enterprises, in the same way that they have different CSR reasons (Aragón et al., 2008).

#### 5. Instrument design

The literature has provided the background to study the reasons for SMAE to engage in CSR practices, the dimensions and categories of the implemented practices, the relationship between CSR and CFP (if any), and finally how managers' reasons influence the relationship (and its sign) between CSR and CFP. Following that, an on-line survey was constructed with (among others) three main sections: (1) enterprise characteristics and financial health, (2) CSR practices and (3) explanatory variables to interpret the relationship between the previous two, highlighting the reasons for CSR engagement.

Enterprise characteristics include issues that previous studies have shown to impact on ability and willingness to engage in CSR. Beginning with management variables include gender, because previous research suggests that females are more likely to implement CSR measures (Deng et al., 2006; El Dief and Font, 2010). Another variable was the manager's age (measured in three levels: less than 40, 41–60 and 61 and over) thinking that the era in which one is brought up is central to determine its values, attitude and behaviors (Petts, 1998; Rivera and de Leon, 2005). Educational level (measured in four levels: primary secondary, university degree and university postgraduate) was included given the possible relationship of education with CSR behavior (Ewert and Baker, 2001; Rivera and de Leon, 2005).

Enterprise variables included the establishment antiquity (Shrivastava, 1995b) measured in six levels (less than 3, 4–10, 11–20, 21–30, 31–40 and 41 and over), aiming to test if older and most stable enterprises are more willing to implement CSR. Another important variable was the affiliation of the establishment to a brand or chain (Carmona et al., 2004), with the purpose of detecting whether the fact of belonging to a group facilitated the implementation of CSR because of the pressure of this stakeholder (Alvarez et al., 2001; Ayuso, 2006; Bohdanowicz, 2006). Family-ownership (Getz and Petersen, 2005) was one of our key variables, because if we are talking about SMAE is very likely to find a large number of family businesses and this should have a significant impact on the management of the company itself and the reasons and behavior related to responsibility, especially in relation to working conditions and other social measures.

Establishment type and category (Alvarez et al., 2001) was measured for all types of accommodations (hotels, self-catering, pensions, campsites and rural tourism suppliers). Considering that most hotels and pensions are located in the urban and coastal territories and rural houses in inland spaces, we could also see if there are differences related to location (Carlsen et al., 2001). Size was another key variable (Aragón et al., 2008; González-Benito and González-Benito, 2006; Henriques and Sadorsky, 1999), with most studies having focused on large firms. In this study size was measured through two parameters, the number of employees (less than 5, 6–10 and over 10) and bed spaces (less than 5, 6–10, 11–100, 101–500 and over 500).

This was followed by questions on the financial performance of the enterprise, using as proxies the number of months in high season, the average prices in low and high seasons, the financial situation of the establishment and the managers' level of satisfaction with the financial situation (Alvarez et al., 2001; Carmona et al., 2004; Claver et al., 2007; Inoue and Lee, 2010; Kang et al., 2010; Lee and Park, 2009; Nicolau, 2008; Rodríguez and Armas, 2007). Both financial situation and its related satisfaction were measured in three levels (poor, average, good). We have included the satisfaction because it could be possible that CFP was in an average or poor situation but the present satisfaction could be good, and that could have an impact in the reasons related with CSR implementation, specially thinking in altruistic behaviors.

The analysis included also variables on quality and environmental certification because different studies (Chan and Wong, 2006; El Dief and Font, 2010) have shown the importance of certification as a vehicle to respond to stakeholder CSR demands. In the survey we asked the establishment if it was certified or not and if so what was this certification. For the CSR practices section, both organizational and operational variables were included (El Dief and Font, 2010), the latter as a battery of environmental, social and economic variables (Holcomb et al., 2007; Inoue and Lee, 2010; Kang et al., 2010). Among the environmental measures were evaluation of the environmental impact, energy and water saving activities, use of alternative energy sources, waste recycling, use of environmentally friendly products, the fact of choosing environmentally friendly suppliers, to encourage customers to save energy and water, to encourage customers to use environmentally friendly products, to encourage customers to contribute to initiatives for the protection of the environment and an open response to introduce other measures.

Related with social measures they were evaluation of the social impact, collaboration with social projects, support to local community development and heritage conservation, adaptation of facilities for disabled people, promotion of gender equality in the employment practices, to choose staff with disabilities wherever possible, seek to balance work and family life for the staff, to choose suppliers that demonstrate their social responsibility, to encourage customers to contribute to social initiatives, to encourage respect for the language of the area, to encourage customers to respect the destination and an open response for other measures. Social dimension of responsibility is not as popular as environmental and with these variables we wanted to contribute to knowledge in this sense, making a wider consideration of CSR.

Finally, the economic measures were evaluation of the economic impact of the business activities in the local community, to choose local staff wherever possible, the fact of having staff salaries not below industry average, to encourage customers to consume/use local products, to encourage customers to contribute to charitable activities, to choose suppliers that contribute to the local development and, another time, a open response for other economic measures. If we said that social measures have generally been neglected by CSR analysis, with economic measures this is even truer. It seems that economic factors could be excluded from the

influence of responsibility, but without including this dimension we thought that it was not possible to really speak about CSR.

The final part of the survey reviewed the altruistic, economic and legitimization reasons for implementing CSR. As explained in previous paragraphs these were the three main reasons to understand the introduction of CSR. Altruistic reasons included environmental protection (Bansal and Roth, 2000; Morrow and Rondinelli, 2002) and personal values and lifestyle (Ayuso, 2006; Rivera and de Leon, 2005; Sampaio et al., 2012; Tzschentke et al., 2004; Tzschentke et al., 2008b). Economic reasons were competitiveness cost-reduction and marketing/image strategy (Nicolau, 2008; Porter and van der Linde, 1995; Shrivastava, 1995a). Legitimization reasons were legal and governmental compliance (Chan and Wong, 2006; González-Benito and González-Benito, 2006; Kasim, 2007b; Rivera, 2004) and stakeholder pressure (Alvarez et al., 2001; Cheyne and Barnett, 2001; El Dief and Font, 2010; Henriques and Sadorsky, 1999; Ian, 1996). The final questions on reasons to implement CSR were related to the capacities and abilities of managers to implement them (Sampaio et al., 2012) and the barriers or obstacles to CSR engagement (Kasim, 2007a; Tzschentke et al., 2008a).

Related with this we have asked the owners/directors about their capacity to identify measures to make the business more responsible, to manage unexpected problems that come up in implementing these practices, to find useful information on environmental and social actions, to share experiences with other businesses, to ask advice to public sector organizations, to identify business activities that can be detrimental to the environment and to identify business activities that can be detrimental to the local and global society. Finally, related with the barriers we have asked what stop them from taking more sustainability measures, considering lack of time, lack of money, do not know what to do, the fact that the customers have not asked for it and the fact that anybody will value it, based on the research by Sampaio et al. (2012).

## 6. Methodology

Our empirical research was conducted in Catalonia, a traditional developed tourist destination in Spain. Tourism is a key economic driver in the region, with 11% of GDP and about 200,000 people employed in this sector (Idescat, 2010), mostly in small and medium sized companies. Catalan micro-enterprises (with 10 or less employees) are around 90% of the enterprises in tourism (INE, 2003–2010), in keeping with the European average (EU, 2004). There should be no major differences with other mature tourist destinations in developed countries: the reasons and behaviors of managers, its resources, the environmental, social and economic conditions or stakeholder pressures do not differ significantly, despite these indicators and the history of tourism development in the destination, and even considering the existence of specific cultural elements, such as sensitivity to protect the own language.

### 6.1. Sample and data collection

A self-completion questionnaire was distributed to all accommodation managers (all ratings of hotels, self-catering, pensions, campsites and rural tourism suppliers) regardless of their current level of CSR engagement, as previously done by Carlsen et al. (2001) and Revell et al. (2010). The survey was tested with in depth interviews and mailing tourism academics, CSR experts and hoteliers to strengthening the content validity of the study. Academics helped to adjust questions to the literature and the CSR experts pointed at different shortcomings in the study, as for example the need to incorporate different levels of agreement/disagreement in the answers about the entrepreneur's ability to introduce responsi-

ble practices, to introduce questions about local identity and other socio-cultural issues and also to consider customer feedback.

The refined questionnaire was subjected to further testing this time with two accommodation managers (one specialized in small tourism enterprises and another with large chain hotels). They identified shortcomings in measuring financial performance and working conditions that they suggested managers would not respond to in their current format. As a result, questions perceived to be potentially problematic were left optional, although 95% reported their academic level and 77% the financial situation of the enterprise or managers' satisfaction with CFP. The survey was distributed both in Catalan and Spanish for cultural sensitivity and to improve response rates, as suggested in the pre-testing phase.

The population for this study was the entire accommodation sector in Catalonia, composed by 5906 establishments in 2009 (Idescat, 2010). The sampling frame was a database with tourist accommodation enterprises (including emails) provided by the Catalan regional government (DIUE, 2010) with 3838 establishments, of which 3225 had valid accommodation emails (excluding those that did not work and also instances where one email was used for several linked properties). The survey began with a soft release to 150 enterprises as a further test. When the survey method was further validated, three rounds of data collection including two reminders were used to gather responses over a 6 week period, in September–October 2010.

The response rate of 12% (394 establishments) provided valid and reliable results with a sampling error of 5%, a confidence level higher than 95% (Fischer, 1956) and a level of heterogeneity of 50% considering the traditional assumptions of a normal distribution. The Cronbach's Alpha Statistics for the main CSR variables resulted in  $\alpha$ s positive and near 1, suggesting that differences between non-participant and participant enterprises were not statistically significant. The sample and population have similar percentages of enterprises by its size and number of employees (INE, 2003–2010). This cautiously suggests generalizability within the constraints of working from a sampling frame of businesses with emails, and directing the survey to the enterprise manager reduces the participation of enterprises where the person receiving the survey might not be best placed to answer.

## 7. Results

The sample received reflects closely the profile of accommodation enterprise in Catalonia: 77% of the respondents have five or fewer workers and 86% have ten or fewer. It is important to remember that these are SMAE, with 86% being micro-enterprises, and it is unlikely that any of the remaining 14% will have more than 250 employees to qualify as large firms. This is also confirmed by the fact that 33% have fewer than 10 bed spaces and 86% have fewer than 100. Furthermore, 90% of them are family enterprises, 55% have been in operation less than 10 years, and 80% are independent enterprises, not affiliated with any brand or hotel chain. 55% are rural houses mostly in the countryside, with 26% being traditional hotels, mostly middle and lower class, many of which are located in cities and by the coast (8% are campsites and 11% pensions). Only 24% have some sort of quality certification. The average price for a double room is relatively low and there is little difference in prices between seasons (62 Euros in high and 55 Euros in low season). About 75% have less than 4 months of high season, yet only 10% said their financial situation was bad and only 15% are not satisfied with their business results in the last two years (although majority of responses said that the situation was regular).

These managers believe customers choose their accommodations primarily for their quality (30%) and location (24%), while price is perceived to not be very important (5%). 52% of the cus-

tomers used the Internet as the primary means of finding the accommodation provider, followed by word of mouth (20%) and repeat customers (13%), while advertisements in traditional media, travel agencies and tour operators are almost negligible market sources. The main markets are regional (67% of customers are from within Catalonia), international (19.5%) and other Spanish regions (13.5%). The profile is family groups (40%) and couples (22%) staying two to three days (78%) arriving by car (90%).

### 7.1. Sustainability practices

Most of these enterprises claim that they are introducing environmental practices that go beyond initial assumptions that only simple operational eco-savings practices would take place. While the widespread environmental responsibility practices reported are waste recycling (88%) and energy and water savings (77%), between 30 and 45% of enterprises report some other operational and organizational practices, as environmental accountability, use of alternative energy sources and ecological products, environmental promotional initiatives among customers and also working with responsible suppliers.

Social responsibility practices reported suggest support of local development and heritage conservation (68%), promotion of the regional language (66%), promotion of civic attitudes among customers (65%) and gender equality (56%). Between 30 and 45% of enterprises report cooperating in social projects, installing infrastructure suitable for disabled customers or work-life balance practices. Economic responsibility practices reported were promoting local products consumption (80%), recruitment of workers from the same locality where the establishment is located (59%), choosing providers that promote local development (56%) and payment of a salary higher than the sector average (54%). Respondents believe that customers occasionally value these practices (almost 70%), that 22% value them positively and that only 8% see them negatively. Sustainability actions are communicated mostly informally (61%) and less often on the enterprise website (17%).

### 7.2. CSR–CFP relationship

The analysis provided interesting correlations between sustainability practices and financial health of the establishments (see Table 1). Environmentally, eco-saving practices correlate positively, albeit slightly, with the financial situation of the enterprise (Pearson .161, sig. .005) and the financial expectations of managers (Pearson .141, sig. .009). Environmental impact assessment has also a positive correlation (Pearson .109, sig. .045) with CFP satisfaction. In analyzing social practices, there is a positive correlation between social impact assessments and managers' CFP satisfaction (Pearson .146, sig. .007). In economic practices, fair wages correlates positively with CFP (Pearson .120, sig. .037). Another finding is in the direction of the CSR–CFP correlation. We have found that there is a bidirectional relationship between some CSR practices and CFP but these models have a very low  $R^2$  (between 0.01 and 0.03) because CFP is obviously explained by many more variables, and finally we have chosen to conservatively not include these results in our analysis.

Although 86% of the sample is made up of micro-enterprises, the establishment size has some impact on the results and the practices implemented. Considering size as the number of workers, there is a positive relationship between a larger establishment and different result indicators (higher occupancy rate, higher prices, better CFP), but curiously a negative association with CFP satisfaction. Size and CSR correlations offer new results. While there is a positive correlation with eco-savings, environmental protection, collaboration with social projects, adapted facilities, contracting workers with disabilities and local people, gender equality measures and paying

**Table 1**  
CSR–CFP correlations in small and medium accommodation enterprises.

	Environmental impact assessment	Implementing energy and/or water saving practices	Social impact assessment	Paying fair wages
<i>Corporate financial performance (CFP)</i>				
P. correlation	.057	.161**	.030	.120*
Sig. (2-tailed)	.325	.005	.608	.037
N	302	302	302	302
<i>Satisfaction with CFP in the last two years</i>				
P. correlation	.109*	.141**	.146**	.034
Sig. (2-tailed)	.045	.009	.007	.531
N	337	337	337	337

\*  $p < .05$ .\*\*  $p < .01$ .

fair wages, we found negative correlations with local development support, heritage protection and promotion consumption of local products. In any case, what is more important for us is that the establishments with less than 5 workers report a higher CSR–CFP relationship in the same issues that in the whole sample (with the exception of fair wages) and new positive correlations in other practices, as contracting responsible suppliers and balancing work and personal life. Finally, there is no correlation in any variable for the rest of the groups (6–10 and over 10 employees), which seems logical given their little weight in the sample.

It is also worth adding that there are significant correlations between having a quality certification and the introduction of CSR practices, especially in the case of the environment, but results need to be read with caution as certified enterprises made up 25% of the total sample (i.e. disproportionately high compared to the population). It is also important to add that family businesses are more willing to introduce labor welfare, which is logical given that the workers are mostly part of the same family, and rural tourism SMAE are usually more satisfied with their financial performance. Related with the barriers, it is finally worth pointing that the enterprises believing their main limitation to introduce CSR to be the lack of budget correlate negatively with CFP satisfaction (Pearson  $-.127$ , sig.  $.019$ ), which may be related to those owners who are more sensitive to the economic management of their enterprise.

### 7.3. Reasons and barriers for engaging in sustainability

The reasons reported for accepting responsibility for sustainability are varied. Respondents were asked to choose four reasons out of twelve. Altruistic reasons related to environmental protection (85%), lifestyle (64%) and social commitment (61%) are the three top reasons reported. Economic and competitive reasons are important, but remain in secondary and only in relation to reduction of costs (56%) and the need to differentiate the enterprise image (40%). Legitimization to public sector and private sector stakeholders (tour operators and hotel chains) is less important, with legislation compliance (29%) being the only significant response.

The main reported answer for preventing SMAE from taking more sustainability practices (the barrier) is the lack of budget (76%), implicitly assuming that being sustainable means increasing costs, or at least making investments without short repayment periods. Related with their capabilities, most respondents believe they could improve their CSR accountability (6.6 out of 10), overcome CSR implementation challenges (6.5), find useful information (6.4), share experiences with other enterprises (6.6), seek advice from public bodies (5.9), and identify enterprise activities harmful to the environment (7.3) and people (6.9). Managers were questioned also on their capacity to perform new tasks, showing a significant correlation between the preference for tasks that require learning new things and being satisfied with their financial situation (Pearson  $.127$ , sig.  $.020$ ), and undertaking most environmental,

social and economic accountability practices. We interpret this to potentially be reflecting a substantial percentage of owners oriented to entrepreneurship (74%).

### 7.4. CSR engagement and the relationship between CSR practices and CFP

The next step was to assess the influence of sustainability engagement (CSR) on financial results (CFP). For the largest group of enterprises whose main motivation was environmental protection for its sake (85% of the sample), there is a correlation between self reported healthy enterprise performance with managing energy and water consumption (Pearson  $.138$ , sig.  $.025$ ). However, the 15% of the enterprises said to not implement CSR activities for this altruistic reasons show a considerably higher correlation between a good financial situation and eco-saving actions (Pearson  $.329$ , sig.  $.038$ ), use of alternative energy (Pearson  $.334$ , sig.  $.035$ ) and specially waste recycling (Pearson  $.444$ , sig.  $.004$ ). The same type of relationship (stronger correlation among respondents without altruistic reasons) is found in the social impact assessment variable. Finally, in economic practices, we only find a strong relationship between CFP and fair wages (Pearson  $.468$ , sig.  $.002$ ) for those 15% who do not have this altruistic environmental motivation.

Among the group of enterprises whose main motivation was lifestyle (64% of the sample) we have found a significant correlation between managers' CFP satisfaction against practices for water and energy savings (Pearson  $.176$ , sig.  $.008$ ). It is worth highlighting that the relationship is not against enterprise performance, but their satisfaction against their own expectations. And again, the 35% that did not engage in sustainability for lifestyle reasons have a much greater correlation with engaging in eco-savings (Pearson  $.224$ , sig.  $.025$ ). Related with this latter group and the implementation of CSR practices, there are also positive correlations with the satisfaction of financial performance on two practices, environmental impact assessment (Pearson  $.159$ , sig.  $.017$ ) and collaboration with social projects (Pearson  $.133$ , sig.  $.046$ ) and no correlations within economic CSR and CFP.

A third variable suggesting altruistic reasons was that of social commitment (61% of the sample). In this case there is a slight correlation between the environmental impact evaluation and financial performance (Pearson  $.145$ , sig.  $.045$ ) and financial satisfaction (Pearson  $.148$ , sig.  $.032$ ) but again there is a stronger correlation between the introduction of eco-savings and financial performance (Pearson  $.271$ , sig.  $.004$ ) and between eco-savings and financial satisfaction (Pearson  $.298$ , sig.  $.001$ ) for those who do not have this motivation. Social and economic practices have only weak positive correlations between CFP and social impact assessment, introduction of gender equality and implementation of fair wages.

Two reported economic reasons were analyzed, engaging in CSR for cost savings (56% of the sample) and image differentiation (40%). There is a significant CSR–CFP correlation for respondents

not engaging in CSR for cost saving reasons (Pearson .204 and .185 between financial satisfaction and eco-saving practices and alternative energy sources), while the correlation is lower for those engaging in CSR for cost savings (Pearson .159 between financial performance and eco-savings implementation). Social and economic CSR and CFP practices did not correlate to the same extent in this group. There is a positive correlation between the promotion of gender equality and financial performance (Pearson .178, sig. .021), between social assessment and financial satisfaction (Pearson .171, sig. .018) and between the establishment of fair wages and financial results (Pearson .165, sig. .032).

The enterprises seeking image and marketing differentiation benefits behind their CSR engagement show also more interesting results. Both CFP variables (financial performance and managers' satisfaction with it) are correlated with eco-savings practices (Pearson .242, sig. .006 and .214, sig. .012) and there is also a slight correlation between financial performance and the promotion of ecological products. Among the social practices it is only possible to highlight the correlation between the CFP and social impact evaluation for those who do not have this motivation and between economic practices there is no significant correlation. Finally, the stakeholder legitimization motivation of legal compliance, reported by 29% of the sample, shows another strong correlation with both CFP variables (financial performance and managers' satisfaction with it) and eco-savings practices (Pearson .302, sig. .008 and .279, sig. .008), but no significant correlation between CFP and social or economic practices.

## 8. Discussion

Most previous studies have used one prism to explain CSR engagement, while this research corroborates for the first time three reasons that are not mutually exclusive. Environmental and societal altruistic and lifestyle reasons bring entrepreneurs to make decisions that, for them, must not be exclusively related to business profits (Carlsen et al., 2001; Tzschentke et al., 2008a; Vernon et al., 2003). Conversely, economic and competitiveness reasons, especially cost-reduction and image differentiation, explain a considerable part of why enterprises engage in sustainability. Finally legitimization reasons ranked as a low third, but we have to consider that many altruistic reasons could be implicitly understood as broader stakeholder reasons.

CSR practices reported partially coincide with previous studies, with cutting operating costs and minimizing resource consumption being the most common (Ayuso, 2006; Bohdanowicz, 2006; Kasim, 2007a,b; Kirk, 1995; Tzschentke et al., 2004). But, as a new contribution, this research has also shown that there are other meaningful practices implemented across the triple bottom line beyond these early eco-savings, reporting relevant social and economic practices such as local development and heritage conservation, promotion of identity, civic attitudes and consumption of local products, recruitment of local workers, fair wages and gender equality. This is relevant because most literature has focused on environmental issues, but also because these socio-economic activities are not influenced by the same eco-savings mentality that has dominated much of the rhetoric being the business case for sustainability. More research is needed to understand whether these actions are taken at least partly to be responsible towards the local society and economy, or for other reasons.

Some of these practices appear to be directly motivated by competitiveness reasons, whether in the short term or for the purpose of gaining competitive advantage in the long term, as understood by the RBV (Aragón et al., 2008). However other practices cannot only be explained by economic reasons, but legitimization and altruism. For example, while saving energy and water (77% of the sample)

would have an economic motivation (although not exclusively), recycling (88% of the sample) is less likely to have an economic incentive in the Spanish context and its origin could be placed in stakeholder pressure (probably local or regional administration or social norms) or in altruistic reasons.

Because both CSR reasons and practices are self-reported, one needs to be cautious before drawing conclusions without further research. Furthermore what is not clear from this data is up to which extent the CSR practices reported are explicitly taken for moral reasons, habit and convenience, or other unexplained variables. This is particularly important for the less researched socio-economic practices. However we should not dismiss the results because they do not fit well with some earlier thinking there is increasing evidence of "business case" CSR proactivity in SME (Revell et al., 2010) that goes well beyond the reported apathy from ten years earlier (Hillary, 2000; Tilley, 2000) suggesting that the awareness-value-action gap is closing.

Furthermore, the holy grail of the CSR-CFP literature is to prove that enterprises do well by doing good. Perhaps the most important result of this research is to prove a positive CSR-CFP correlation for SMAE, considering that most previous research focused on manufacturing and large service sector enterprises. In this sense, the implementation of eco-savings, one of the most discussed practices in literature (Kirk, 1995; Knowles et al., 1999), resulted in a CFP improvement but this study also revealed a previously unreported positive correlation between CFP and CSR triple bottom line actions such as environmental assessment, social impact assessment and paying fair wages. This supports a "good management" argument in keeping with the findings that motivating staff in meeting the objectives of the enterprise also results in better CFP (Holcomb et al., 2007; Inoue and Lee, 2010). These results can be also interpreted as a form of CSR driven by (staff) stakeholder legitimization, or they can also be partially explained by the large proportion of family enterprises surveyed who may not have staff other than family members.

We have also seen that size matters, but curiously in the opposite direction previously reported: enterprises with less than 5 workers had a strongest CSR-CFP positive correlation. Another new finding is related with the direction of CSR-CFP relationship: despite significant relationships between the variables none of the regressions in each direction had sufficient explanatory value (with  $R^2$  between 0.01 and 0.03). It seems that this relationship is actually bi-directional, but obviously there are many more variables explaining CFP.

In addition we have gone a step further reviewing the reasons given by these enterprises and its impact on CFP, as suggested by De Bakker et al. (2005). In this sense, those implementing CSR actions for non-altruistic reasons report a better CSR-CFP result, although the CSR-CFP relationship is also greater for those who are not motivated by a simple cost reduction, which in itself is imitable and therefore not a long term source of competitive advantage. In fact, this relationship is stronger for enterprises reporting image differentiation and legal compliance as its main reason. The RBV approach can be also better supported by these marketing reasons which are more long term and less imitable. Instead, the CSR-CFP relation for enterprises acting as legal requirement (compliance with public sector norms) can be interpreted through a Transaction Cost Economics perspective, arguing that enterprises implementing CSR may do so to avoid higher costs from more formalized contractual compliance mechanisms.

Either way, the data corroborates, for the tourism and hospitality sectors, the arguments of authors as Aragón et al. (2008) that it is possible for small enterprises to adopt proactive CSR practices that lead to superior CFP via capabilities such as closer communication and interaction, owner's vision, management flexibility or differ-

ent external relationships. The entrepreneurial orientation (Getz and Petersen, 2005) was also one of the most important SME capabilities, as also we have seen in this study. Therefore approaches such as the RBV or “good management” may also be accepted for the SMAE, when taking into account their specificities in relation to the role played by the business-owner of these enterprises, who is most often also the manager. In that sense, it is worth re-emphasizing that the data shows how sustainability is explained as a value-driven journey, influenced primarily by the development of environmental consciousness and personal, socio-cultural and situational factors of the individual business-owners. Following Sampaio et al. (2012) in this study we have seen that SMAE managers are basing their CSR decisions mostly in their worldviews and that most of them seem to be confident with their self-efficacy and goal orientation.

Altruism and competitiveness are not mutually exclusive. What could be more possible is that these managers need more support in acting sustainably while gaining business performance (Revell et al., 2010; Tzschentke et al., 2008b). Public administrations that focus their policies on the business case, CSR–CFP relationship will however only speak to a narrow audience, and fail to engage those businesses driven by altruistic values. There are obvious dangers in policy makers putting too much faith on the business case for CSR as the only route to changing SME behavior. Emphasizing the business case may well work for some SMAE, yet this needs to be coupled with a complementary suite of push and pull actions (Revell et al., 2010).

## 9. Conclusions

This paper contributes to the understanding of the reasons, practices and impacts of corporate social responsibility implementation in small and medium accommodation enterprises. Most literature has analyzed large manufacturing enterprise while both the tourism sector and SME have received less attention. This article differs from much of the tourism and hospitality literature studying CSR behavior in surveying all accommodation firms, not just those having shown a pro-sustainability behavior. This paper presents how these small and medium accommodation enterprises are introducing responsibility mainly for altruistic reasons, related with the need of protect environment and personal and lifestyle values. These practices embrace all three environmental, social and economic dimensions, and they are implemented through operational and organizational mechanisms.

Responsibility practices are becoming more and more important for small and medium enterprises. Most of these enterprises report to be already implementing new actions, but they still have a long way to go. Further research is needed analyzing the self reported practices with site-based audits, coupled with manager interviews to understand the underlying reasons for their answers. Most practices, especially the environmental ones, still remain in the early operational stages and are driven by cost-savings, although there has been progress in the economic and social dimensions. It is also found that some of these practices have a positive impact in financial performance. While small and medium enterprises have fewer skills and opportunities that larger enterprises to implement these practices, the entrepreneurial character and altruistic values of many of its managers and owners have facilitated the introduction of such practices. Emphasis in the future should be placed on improving the CSR planning and management and on communication and customer loyalty resulting from more real, authentic experiences.

One of the most important findings lies in the fact that most enterprises undertaking CSR activities did so for altruistic reasons. The research however provides evidence that CSR–CFP is stronger

for enterprises motivated for reasons other than altruism, but instead competitiveness (image differentiation) and stakeholder compliance (public sector norms) reasons. These are interpreted as arising from more structured CSR planning, management and a better translation to CFP improvement, and greater willingness to tackle new learning opportunities and challenges. A variety of further studies are needed, among them a longitudinal study with the same population analyzing the impact of specific government interventions, sustainability learning processes by enterprises moving from values to actions, site audits of sampled businesses representative of the different typologies to measure the value–action gap, and comparative studies between more and less developed tourist destinations, would all provide further valuable explanations for the changing behavior of small accommodation enterprises towards taking responsibility for being more sustainable.

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