

CAN ENVIRONMENTAL ACTIVITIES INFLUENCE COMMERCIAL OR SOCIAL ACTIVITIES OF AN ORGANIZATION?

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Abstract

Starting from the assumption that the environmental protection activities have become important concerns of organizations in all areas in the last decades, this article aims to analyze the influences that these activities have on commercial and social activities of an organization. The research is based on an analysis carried out by authors at national level, on a number of 325 4 and 5-star hotels in Romania. Throughout this article the main correlations established between environmental activities and commercial and social activities, such as: sponsorship of events organized by various entities aimed at environmental conservation, inclusion of environmental policy and actions in commercial strategy or communication to suppliers of the environmental policy will be highlighted.

Keywords: *environmental activities, EMS, hotel industry, social activities, commercial activities*

Introduction

From the desire to maximize profits and develop their own businesses, many organizations from the hospitality industry have ignored, over time, the impact of economic activity on both their natural environment and social environment in which they operate. These aspects were taken into account only when they began to have repercussions on the profitability of the organization. As Ludevid (2000) stated, this attitude of total ignorance of environmental protection activities was based on three principles:

- An absolute belief in limitless economic growth;

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- Interpretation as well managed, just to get maximum profit, without considering the social costs that may arise;
- The business vision was more local than global, and more short-term than long-term.

Jimenez & Rams (2002) noticed that the beginnings of the 21st century have determined the awareness that the environment has become an economic issue, due to the heavy emphasis of the industrial pollution levels, and due to a decrease of natural resources.

Lately, more and more organizations in the hotel industry began to get involved in supporting environmental activities through various activities such as sponsorship of events for environmental protection, participation in activities aimed at raising awareness on the environment, mobilizing the society they belong to in order to grant more importance to environmental issues. In response to the problems outlined above, a number of bodies and organizations have realized the need to develop management systems in order to correct, plan and monitor the impact of organizations on environment. This answer took the form of elaboration of environmental management standards such as ISO 14001.

Also, more and more managers of hospitality organizations have started to put significant emphasis on environmental activities in the hotels they run, trying to become greener and to respond to the demands of tourists and those of the community they belong to (Shen and Wan, 2001). One of the actions taken by decision makers to minimize the impact of the organization over environment has been the implementation of environmental management systems.

In the same time, it was noted that more tourists focus on destinations that pay more attention to environmental protection (Alexander, 2002; Lee et al., 2010). Such a trend is reflected by purchases and bookings done in locations that use environmental management practices and that engage in various environmental activities (Kang et al., 2012; Miller and Baloglu, 2011). Therefore, we can infer an increase in customer awareness regarding environment and environmental protection.

Environmental management systems (EMS) are important to evaluate hotels' practices regarding environmental protection. The central idea of an EMS is to minimize negative effects on environment through proper management of resources (Chan, 2011; Dief and Font, 2012). However, there is a noticeable lack of environmental knowledge of managers on the

components and the way of functioning of such a management system (Kung and Lee, 2002).

Social - environmental responsibility

Due to the increasing pressures of humanity and environment, major issues have emerged in the business world. CSR has developed a framework to mitigate these pressures (Türker, 2009). The literature has provided different definitions of CSR. For example, Bowen (1953) defined CSR as the obligations of a manager “to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.” Another definition of the concept of CSR is the one sustained by the European Commission. This defines CSR as the voluntary commitment of the firm to contribute to social and environmental goals (European Commission, 2001). In this sense, environmental responsibility is seen as an integral part of the concept of CSR even if it is not specified separately in the CSR acronym. Moreover, Carter (2005) defined the concept as a “corporate activity and its impact on different social groups ... the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm.”

In scientific literature, divergent views regarding the effects of social responsibility on organizations can be identified. Goll and Rasheed (2004) and Carter (2005) mention that CSR negatively affect the company's financial performance, due to the fact that the adoption of social responsibility initiatives involves significant additional costs, such as employee welfare programs, charity, community development and establishing environmental sensitive policies. However, Lev et al. (2010) believe that CSR can lead to benefits for the organization such as: raise the reputation of an organization, increase its client's loyalty and raise consumer demand directly. The stakeholders are considered critical points for the existence and development of an organization.

This approach suggests that the efficiency of managing the relationship with interest groups such as customers, employees, suppliers, communities, politicians and owners, determines the organization's capacity to achieve the objectives set (Ihlen, 2008). Furthermore, considering the rapid changes and the current economic instability, adopting an attitude of social responsibility helps firms to gain support from various external stakeholder groups (Goll and Rasheed, 2004).

At the same time, there is a number of researches (Egri et al., 2004; Lund-Thomsen, 2004; McIntosh, 2003; Schaefer, 2004), which try to enrich narrow definitions by developing a new concept called Corporate Social and Environmental Responsibility (CSER). The two concepts have roughly similar definitions, thus CSER is presented as the commitment of firms to contribute to both social and environmental goals.

Commercial - environmental responsibility

As Henriques and Sadorsky (1999) remarked, planning and implementing a coherent strategy of environmental protection implies that a firm must accept and respect a series of principles or restrictions on its behavior that may be either legally binding or incorporated voluntarily by the organization in response to the demands of its stakeholders. An incorrect implementation may cause that these restrictions limit or reduce economic efficiency of certain activities and could have a negative impact on organizational performance (Walley and Whitehead, 1994).

At the same time, environmental protection actions are not independent activities, but are interdependent with other decisions of the organization as they may impact both on revenue and on expenditure of an organization (Dechant et al., 1994). Thus, as Burgos and Cespedes (2001) noticed, it is advisable for all organizations to define their environmental strategies and objectives. Furthermore, by integrating environmental activities in the organization's overall strategy, a number of potential advantages with beneficial effects on its profitability arise (Guimaraes and Liska, 1995; Porter and Van der Linde, 1995; Shrivastava, 1995). Among these advantages we can mention: improvements in efficiency; raising product quality; increasing market share; reducing responsibilities; access to new markets; employee motivation and satisfaction; improved relations with the community; access to financial aid; advantages ensuing from anticipating competitors or legislation. The group of advantages mentioned above shows how firms can economically exploit their resources and capabilities by implementing measures to protect the environment.

The development of certain competencies by implementing environmental management systems can determine the organization to achieve some long-term commercial benefits (Hart, 1995; Russo and Fouts, 1997; Sharma and Vredenburg, 1998). In literature there are many contradictions regarding this issue, so that Walley and Whitehead (1994) defend the negative

direction of this relation, while Porter and Van der Linde (1995) claim the relation is positive.

We believe that by implementing environmental management systems, companies will be more competitive because they can take advantage of the opportunities offered by this area, such as the following:

- Obtaining financial aid and grants;
- Orientation towards domestic and international markets for the purchase of products with minimal impact on environment;
- Protection against competition from areas where environmental requirements are less stringent;
- Developing business strategies focusing on cost reduction in the consumption of resources and energy;
- Establishing an environmental security guarantees to reduce certain insurance premiums, to increase investor's and shareholder's confidence;
- Improving relationships with the authorities and the social environment;
- Improving the working environment;
- Increasing customers' confidence focusing on environmental protection.

From another perspective, the implementation of environmental management systems contributes to reducing the risks and overcoming the problems such as:

- Quicker compliance with the growing requirements of environmental legislation;
- Increasing costs for environmental reasons, such as the principle that the polluter pays fees, fines, eco-taxes;
- Risks of accidents or situations which might lead to suspension or closure of the business;
- Export barriers imposed by countries with very strict environmental legislation.

Research hypothesis and design

The study is part of a complex analysis regarding the influences of environmental management systems implementation on the Romanian hospitality organizations. One of the main objectives of this study was the identification of an association between environmental activities of the organization and its commercial and social activities. However, the research aimed to identify whether the classification level of the studied organizations influences the association between environmental activities and the commercial and social activities of the organization.

The literature indicates that environmental activities have a significant impact on the commercial and social actions of the organizations. Many studies deal with the issue of the inclusion of environmental protection elements of organizations in their social action and in their social responsibility policy. Therefore, we proposed to study the following hypothesis:

H1. The existence of an association between environmental activities of the organization and its social or commercial activity.

H2. The classification of hotels influences the association between environmental actions and commercial and social activities of the organization.

H3. Management of hotels grants a greater importance to identify and monitor environmental risks produced by the organization in hotels that have implemented an environmental management system.

Investigated population. The population investigated for the study has been built from 4 and 5 star Romanian hotels and consisted of 325 hotels (according to data available at the National Tourism Authority). Initially, the sample designed was an **exhaustive** one, covering enrollment of all individuals in the statistic population. For practical reasons (refusal to participate in the study, the impossibility of contacting representatives) the whole population could not be subjected to the study. All the eligible hotels were contacted. In total, we could obtain responses from 125 hotels, which makes the response rate achieved be 38%.

The respondents to the questionnaire were either those responsible for environmental problems within the organization or people in management who are most informed about the organization's strategy on environmental issues. Questionnaires were either self-applied online or were applied by phone.

Sample validation. According to data held on the investigated population, the sample obtained is in accordance with the territorial distribution of hotels and with the predominance of 4 and 5 star hotels (Table 1).

Table 1 - Territorial distribution of investigated population

Region	Population	Sample	Differences sample-population
Transylvania, Banat	124 (38%)	51 (41%)	+3%
South	39 (12%)	10 (8%)	-4%
Moldova	31 (10%)	16 (13%)	+3%
Bucharest	66 (20%)	26 (20%)	-
Dobrogea	65 (20%)	22 (18%)	-2%
Overall	325 (100%)	125 (100%)	-

Table 2 – Sample validation

Category	Population	Sample	Differences sample-population
4 star hotels	292 (90%)	111 (89%)	-1%
5 star hotels	33 (10%)	14 (11%)	+1%
Overall	325 (100%)	125 (100%)	-

As it can be seen (Table 2), the differences in population structure and sample are lower than the permissible error of the sample; therefore, we can validate the sample, as being representative for the investigated population.

Results and discussions

In most studied cases, the employees know environmental objectives, these being determined by taking into account the view of stakeholders and the staff training in this field becoming a priority for the organization (Figure 1). Moreover, significant importance is given to knowledge of environmental issues, when the staff is employed. Only 9% admit that they promote environmental management system certification or other environmental activities. Moreover, nearly half of hotel owners that have implemented

environmental management system, partially admit that they also use it as commercial strategy, its promotion is not so intense one.

Figure 1 – Perceptions about importance of environmental activities

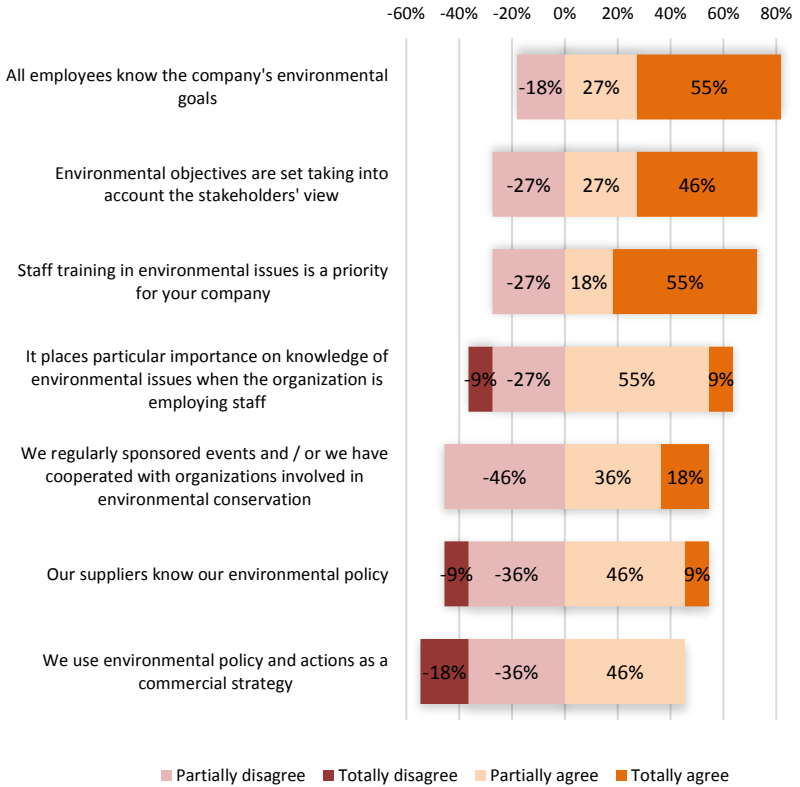
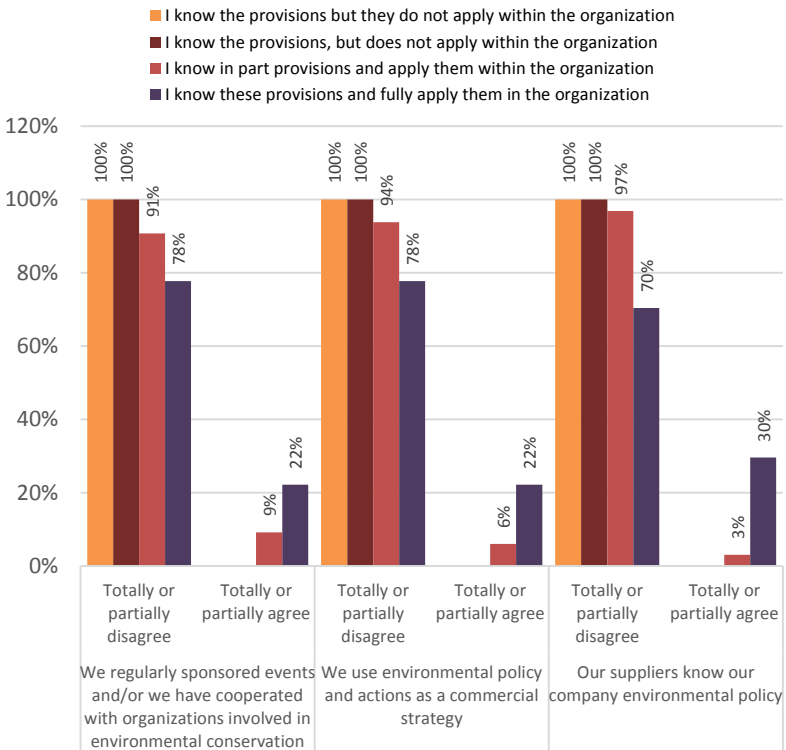


Figure 2 – Awareness of environmental knowledge for commercial purpose



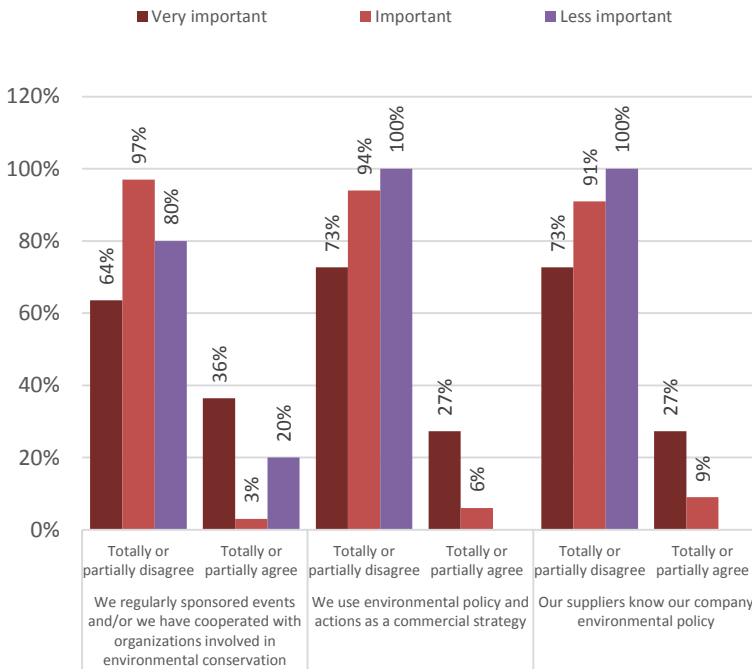
The transposition into commercial perspective of the environmental intentions and actions of the organization (Figure 2) indicates an association between knowledge on environmental legislation and certain actions with a commercial character (sponsorship, the use of environmental policies and actions as a commercial strategy, promotion of environmental policy among suppliers).

χ^2 association values between each of these actions and awareness of the law are significantly different from 0 (for sponsorship, $\chi^2 = 7.023$, $df = 3$, sig. $<.05$, in the case of using environmental policies and actions as commercial strategy, $\chi^2 = 8.775$, $df = 3$, sig. $<.05$ and in the case of promoting environmental policies among suppliers, $\chi^2 = 16.415$, $df = 3$, sig. $<.01$).

Beyond the informative level, the inclusion of environmental actions in the overall strategy of the organization is associated with commercial actions undertaken by the organization in order to promote and capitalize its environmental policy.

Even if the association level is lower (in the case of sponsorship, $\chi^2 = 3.486$, $df = 1$, $sig. <.07$, in the case of using environmental policies and actions as commercial strategy, $\chi^2 = 2.885$, $df = 1$, $sig. <.09$ and in the case of promoting environmental policies among suppliers, $\chi^2 = 3.486$, $df = 3$, $sig. <.07$), we noticed, however, the meaning of the association.

Figure 3 - Declared importance for environmental activities



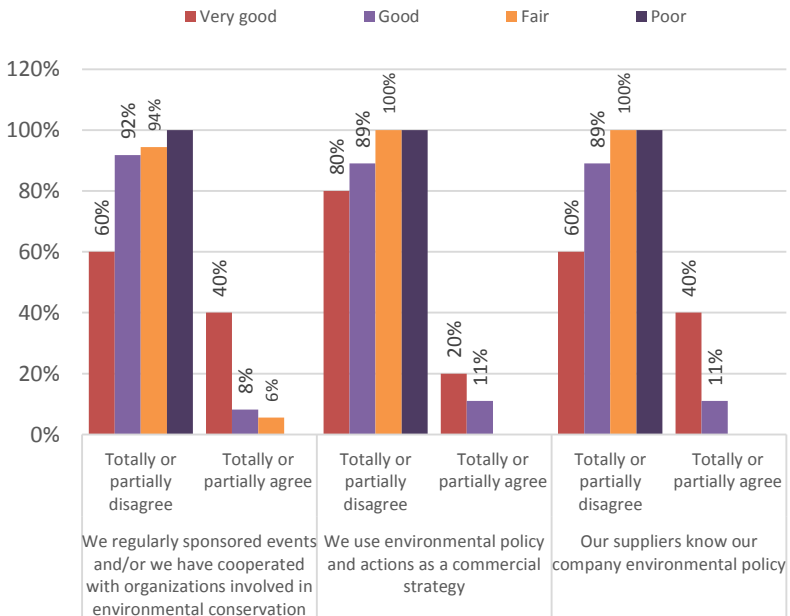
The declared importance for environmental activities is also a factor correlated with the tendency of giving a commercial tinge to the environmental policy (Figure 3).

In this case, the association level is high and significantly different from 0 for a threshold sig <.05 (in the case of sponsorship, $\chi^2 = 17.971$, df = 2, sig. <.000, in the case of using environmental policies and actions as commercial strategy, $\chi^2 = 9.526$, df = 2, sig. <.01 and in the case of promoting environmental policies among suppliers, $\chi^2 = 6.751$, df = 2, sig. <.04).

The concern for environmental performance is also a factor that is associated with the company's commercial activities. In this case, too, the proportion of those performing commercial activities in line with the environmental policy is higher among those very concerned about environmental performance and lower among those less concerned.

In this case, the association level is high and significantly different from 0 for a threshold sig <.000 (in the case of sponsorship, $\chi^2 = 19.912$, df = 2, sig. <.000, in the case of using environmental policies and actions as commercial strategy, $\chi^2 = 26.087$, df = 2, sig. <.000 and in the case of promoting environmental policies among suppliers, $\chi^2 = 19.912$, df = 2, sig. <.000).

Figure 4 - Level of the assessment of environmental performance



Moreover, at the level of the assessment of environmental performance we find the same association and the same sense of it. The organizations that perceive themselves with good or very good environmental activity give effect to a greater extent to the commercial actions (Figure 4).

Also, in this case, the association level is high and significantly different from 0 for a threshold sig <.05 (in the case of sponsorship, $\chi^2 = 12.125$, df = 3, sig. <.01, in the case of using environmental policies and actions as commercial strategy, $\chi^2 = 7.477$, df = 2, sig. <.05 and in the case of promoting environmental policies among suppliers, $\chi^2 = 15.264$, df = 2, sig. <.01). Therefore, we can identify an association between knowledge, concern and importance given to environmental aspects by hotel owners and business/commercial activities conducted to promote the environmental policy. Consequently, we can validate H1, according to which *there is an association between environmental activities of the organization and its social or commercial activity*.

Around 4 out of 5 hotels have included in the overall strategy the environmental activities. They are valued by the organizations representatives that have included them into the strategy as important (68%) or very important (22%). The concern for the environmental performance is also high, 19% of hotel owners were very concerned and 60% are concerned about it. At the same time, two thirds of hotel owners consider environmental performance as good or very good. In these circumstances, we believe that the hotel management team is aware of the hotel's impact on the environment and pays attention to its protection.

In addition, 18% of 4-star hotels and 14% of the 5-star ones have implemented an environmental management system. The difference is not statistically significant and we cannot speak of an association between the hotel classification and the implementation of an EMS (the association coefficient $\chi^2 = 0.119$, sig. =.730, value much higher than the threshold of relevance sig. =.050). Therefore, we accept the null hypothesis, stating that between the EMS implementation and the hotel classification there is not an association. From the above results, it appears that the market, the competitive environment into which the hotel operates, are key factors with a greater power in implementing an EMS. *Therefore, H2 cannot be validated.*

About one third of hotel owners stated that their organization creates environmental risks; a higher proportion of these is located among the seaside hotels. Moreover, the hotels that have implemented an environmental

management system admit, into a higher proportion (46%) that their organization creates environmental risks compared to hotel owners who have not implemented this system (31%).

Of those who admit that their organization produces environmental risks, over 70% monitor this situation. Once again we identify a different behavior of hotel owners that have implemented an environmental management system and which monitor 100% of these risks, while organizations that do not have such a system declare a monitoring rate of only 63%.

Therefore, the data allow us to believe that a greater importance is granted to the identification and monitoring of environmental risk produced by organization, in the case of hotels where an environmental management system is implemented *and we can validate H3 according to which the hotels' management grants a greater importance to identify and monitor environmental risks produced by the organization in hotels that have implemented an environmental management system.*

Conclusions

As we could anticipate implementing environmental actions or environmental management systems influence and affect commercial and social activities in an organization. Even though implementing an environmental management system does not always bring financial advantages, but only commercial and social benefits, implementation perseverance of environmental activities and actions can lead to high levels of environmental performance which will also lead to financial benefits, such as cost discounts.

Therefore, we believe that through this study, we managed to bring a contribution to understanding the role of implementing environmental activities or EMS. Furthermore, our findings indicate some commercial and social activities of a company that may be amended or be affected by the implementation of environmental protection activities. This type of actions can have long term positive effects on the organization if they are adopted in order to achieve environmental performance and not only to obtain competitive and financial advantages.

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