Do Environmentally Responsible Endeavors Pay Off?

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There has been substantial, growing interest in environmental responsibility and sustainability among both scholars and practitioners of tourism and hospitality over the last two decades [1]. In addition, there has been general agreement among hospitality and tourism teachers that concepts associated with environmental sustainability are critical components of educational and training programs [2]. Given this seeming consensus regarding the importance of managing in environmentally sustainable ways, as well as the costs of designing and implementing environmentally responsible activities, one recurring question among both academics and practitioners has been this: do environmentally responsible endeavors pay off for hospitality and tourism companies?

In the broader management literature, reviews addressing this question have yielded results that are less than compelling. For instance, based on meta-analyses of 52 studies of company-level data, Orlitzky et al. [3] found that environmental performance had a positive, although quite small (0.06), average correlation with financial performance. An independent meta-analysis by Margolis et al. [4] involving 44 samples, revealed slightly higher average correlations between environmental performance and financial performance. Not surprisingly, the average effect of self-reported environmental performance (r = 0.190) was inflated relative to the average effect based on more objective measures of environmental performance, such as toxic release inventory, fines paid, and energy reduction expenditures (r = 0.10). Studies specific to hospitality and tourism reveal equivocal results, albeit based on studies that do not make a distinction between environmentally sustainable versus broader socially responsible policies (combined in the construct Corporate Social Responsibility, CSR). In one of the more extensive studies involving firm-level data from the hotel, casino, restaurant, and airline industries, Kang, Lee and Huh [5] found a range of positive as well as negative correlations between positive CSR activities' on the one hand, and a variety of profitability and firm value measures on the other. Their industry-specific pooled regression analyses also generated mixed results, with positive CSR activities showing a positive impact on firm value only in the hotel and restaurant industries, and a negative impact on profitability in the airline industry.

Given these anemic and mixed results, are environmentally responsible activities worth pursuing? I submit that the answer is 'yes'. Barber et al. [6] have made the case that the rationale for environmentally responsible management in hospitality and tourism organizations goes beyond 'bottom line' considerations. In addition to allowing for the pursuit of ethics and social responsibility, which have been legitimately motivating the 'greening' of hospitality and tourism organizations [7], environmentally responsible policies and activities, when appropriately designed and implemented, can produce positive outcomes among hospitality and tourism personnel, including increased job satisfaction and a heightened sense of team spirit [8]. As scholars continue to examine the conditions under which, and the mechanisms through which, environmentally responsible practices 'pay off,' hospitality and tourism organizations, by their environmentally responsible actions, can themselves positively reshape not only our ecosphere but also our appreciation of the myriad of ways by which environmental responsibility pays off.

References


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