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Panayiota Agkoli

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SDGs Strategies in Greek Hospitality SMEs: Overcoming Barriers to Sustainability Implementations¹

Panayiota Agkoli (Sevvas)²

Abstract

Sustainability has become a cornerstone for resilient and competitive business practices, especially within the tourism and hospitality industry. This paper examines the adoption of Sustainable Strategies among Small and Medium-sized Enterprises (SMEs) in the Greek Hospitality Sector. Drawing on research findings, the study identifies motivations, critical barriers such as high investment costs, insufficient government support, and a lack of understanding about sustainability certifications. Despite these challenges, the findings reveal that sustainability initiatives, including energy conservation and local sourcing, positively impact profitability. To address the gaps, this paper recommends targeted financial incentives, region-specific training programs, and the establishment of sustainability networks to foster collaboration. These measures aim to empower SMEs to integrate advanced sustainability practices, ensuring long-term benefits for businesses and the environment.

Keywords: Sustainability, Greek Hospitality, SDGs, Public Incentives, Sustainability Strategies.

Introduction

Tourism is a vital sector of the Greek economy, contributing significantly to employment and GDP. According to the United Nations World Tourism Organization (2020), tourism accounts for approximately 10% of global GDP, and Greece's dependency on tourism is even more pronounced, with the sector playing a pivotal role in economic stability and growth. However, the environmental and social impacts of the industry, including carbon emissions and over-reliance on limited natural resources, underscore the urgent need for sustainable practices. Small and Medium-sized Enterprises (SMEs) dominate the Greek hospitality sector, representing the majority of accommodations and services. Despite their economic importance, SMEs face significant barriers to adopting sustainability measures. Limited financial capacity, insufficient awareness of sustainable strategies, and inadequate government support hinder the widespread implementation of eco-friendly practices (Brammer et al., 2012; Tilley, 1999). These challenges are exacerbated by the fragmented nature of the sector, where individual businesses often operate in isolation without access to shared resources or collaborative networks.

This paper draws on recent empirical research to explore motivations, strategies and barriers

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² Faculty of Business & Law, University of Northampton, United Kingdom; Epsilon College, Greece.

associated with sustainability in Greek hospitality SMEs. By highlighting successful practices and identifying critical gaps, it aims to provide actionable recommendations for policymakers, industry stakeholders, and SMEs themselves. The ultimate goal is to enhance sustainability adoption, ensuring long-term resilience for the industry while contributing to broader environmental and economic goals (Revell & Blackburn, 2007). Tourism is a vital sector of the Greek economy, contributing significantly to employment and GDP. However, the industry's environmental and social impacts underscore the need for sustainable practices. Small and Medium-sized Enterprises (SMEs), which dominate the Greek hospitality sector, face unique challenges in adopting sustainability measures.

Challenges in Sustainability Adoption

High Costs and Financial Barriers

A primary obstacle for SMEs is the high initial cost of implementing sustainability measures. Research by Smith and Johnson (2021) has shown that these financial challenges significantly deter small businesses from adopting green practices.

This challenge has been also emphasized in studies that examine financial pressures faced by small businesses in adopting green technologies (Brammer et al., 2012). Investments in renewable energy, waste management systems, or advanced technologies often exceed the financial capacity of small businesses. Furthermore, uncertainty about the return on investment exacerbates hesitation, despite evidence showing long-term profitability gains from such initiatives.

Insufficient Knowledge and Awareness

Many SMEs lack a clear understanding of sustainability certifications and their benefits, which prevents them from pursuing certifications like Green Key or ISO 14001. This aligns with findings by Tilley (1999), who highlighted knowledge gaps as a major barrier to certification adoption among SMEs. This knowledge gap has been widely documented in studies on small business behavior and sustainability and prevents businesses from pursuing certifications like Green Key or ISO 14001, which could enhance their marketability and operational efficiency. Agkoli (2024) highlights how inadequate training and awareness programs exacerbate the knowledge gap among SMEs, limiting their engagement with sustainability certifications.

Limited Government Support

While some SMEs have accessed public subsidies, many report challenges in navigating bureaucratic processes or securing sufficient funding, limiting their ability to implement sustainability measures effectively. Sheldon and Park (2011) note that insufficient institutional support often exacerbates

these challenges, making it difficult for businesses to overcome initial financial hurdles. While SMEs have accessed public subsidies (Agkoli, 2024), many report challenges in navigating bureaucratic processes or securing sufficient funding. The lack of streamlined policies and targeted incentives hinders broader adoption of sustainability measures.

Operational Constraints

Research by Wilson and Hayes (2022) underscores how SMEs with limited staff and financial resources struggle to allocate time and effort to long-term sustainability planning, often prioritizing immediate business needs.

SMEs often operate with limited staff and resources, which makes it challenging to implement and sustain comprehensive sustainability programs (Agkoli, 2024). The focus on immediate business survival in a competitive market environment frequently overshadows long-term sustainability planning.

Current Practices and Gaps

Research by Deloitte (2023) highlights that while basic measures such as energy-efficient systems are widely adopted, there remains a significant gap in implementing advanced practices like carbon offset programs and renewable energy sources. Greek hospitality SMEs predominantly adopt basic sustainability measures, such as energy reduction and local sourcing (Deloitte, 2023). However, more advanced strategies, including waste management and carbon footprint reduction, remain underutilized. This gap highlights the need for targeted interventions to support the implementation of comprehensive sustainability practices (Agkoli, 2024).

Examples of Basic Practices

SMEs in the Greek hospitality sector often prioritize energy-efficient lighting and appliances, as these provide immediate cost savings (Agkoli, 2024). Revell and Blackburn (2007) identify such practices as critical first steps in reducing operational costs while promoting sustainability. Some establishments have partnered with local farmers and artisans to source ingredients and materials, which not only supports local economies but also reduces the carbon footprint associated with transportation (Agkoli, 2024).

Barriers to Advanced Practices

Despite the widespread adoption of basic measures, more advanced practices like waste management systems and renewable energy installations face significant barriers (Agkoli, 2024). These include high upfront costs, the complexity of implementation, and limited access to technical expertise. For

example, few SMEs have adopted solar panel systems or waste separation protocols due to financial and logistical constraints (Agkoli, 2024).

Regional Variations

Sustainability practices also vary by region. On islands such as Crete and the Ionian Islands, where resources like water and energy are more limited, accommodations are more likely to adopt water-saving measures and energy-efficient technologies. In contrast, SMEs in mainland regions may focus more on collaborations with local communities for sourcing and waste reduction (Insete, 2023). This reflects trends noted by Kornilaki et al. (2019), who emphasize regional adaptations in sustainability practices based on resource availability.

Opportunities for Growth

There is significant potential for growth in adopting advanced practices. Government support programs, combined with private sector innovation, could facilitate the adoption of renewable energy and comprehensive waste management systems (Agkoli, 2024). The increasing demand for eco-certified accommodations also presents an opportunity for SMEs to differentiate themselves in a competitive market. Greek hospitality SMEs predominantly adopt basic sustainability measures, such as energy reduction and local sourcing. However, more advanced strategies, including waste management and carbon footprint reduction, remain underutilized. This gap highlights the need for targeted interventions to support the implementation of comprehensive sustainability practices.

Motivations for Sustainability Adoption

Savings and Operational Efficiency Cost

The primary motivation for adopting sustainable practices is cost savings (Agkoli, 2024). Measures such as energy-efficient systems and water-saving technologies directly reduce operational costs, making them attractive for resource-constrained SMEs.

Enhancing Brand Reputation

Improving brand reputation is another significant driver, as customers increasingly prefer environmentally responsible businesses. SMEs view sustainability as a competitive advantage that can enhance customer loyalty and attract eco-conscious travelers (Agkoli, 2024).

Ethical and Environmental Responsibility

A smaller but noteworthy group of SMEs adopts sustainability practices due to personal and corporate ethical values (Deloitte, 2023). These businesses are driven by a commitment to environmental

stewardship and social responsibility, often aligning their goals with the United Nations Sustainable Development Goals (SDGs) (UNWTO, 2020).

Main Recommendations

1. Targeted financial incentives are essential to support SMEs in adopting sustainable practices. These include subsidies, tax credits, and low-interest loans tailored specifically for green technologies. Government-backed grant programs can further reduce upfront costs associated with renewable energy systems and waste reduction technologies. Region-specific training programs are also critical. Workshops, online courses, and consulting services can educate SMEs on the benefits and processes of obtaining sustainability certifications while assisting them in crafting tailored strategies.
2. The establishment of sustainability networks is another valuable initiative. Regional clusters of SMEs can facilitate resource sharing and joint investments in sustainable infrastructure. These networks can promote knowledge exchange through regular forums and best-practice workshops. Additionally, a digital platform tailored for SMEs can serve as a comprehensive resource. It can include self-assessment tools, sustainability guides, a marketplace for certification providers, and virtual consultations with experts to simplify the adoption process.
3. Public-private partnerships (PPPs) are crucial for fostering collaboration between local governments, private enterprises, and NGOs. These partnerships can drive the development of green infrastructure projects and create sustainable tourism zones, leveraging shared resources to reduce costs for individual businesses. Monitoring and evaluation systems should be implemented to track progress. These systems would use metrics and key performance indicators (KPIs) to measure the impact of sustainability initiatives and provide periodic feedback and incentives for businesses achieving milestones.
4. Finally, enhanced certification accessibility can play a significant role in encouraging sustainability adoption. Simplifying the certification process and reducing associated costs would encourage wider participation. For example, programs in other European countries, such as Italy's Eco-Bonus (European Commission, 2020), have successfully combined financial incentives with simplified processes to boost adoption rates. Similarly, Spain's Energy Efficiency Fund (European Investment Bank, 2020) provides grants tailored to SMEs for eco-certification and renewable energy upgrades, which could serve as a model for Greek initiatives. Awareness campaigns can further highlight the benefits of

certifications such as Green Key and ISO 14001, increasing their uptake among SMEs. By leveraging these strategies, Greece can create a more inclusive and supportive framework for certifications.

Conclusions

Sustainability in the Greek hospitality sector is not just an environmental imperative but a strategic necessity in an increasingly competitive global market. The adoption of sustainable practices offers a unique opportunity for SMEs to enhance their operational efficiency, reduce costs, and appeal to the growing segment of eco-conscious travelers. Furthermore, the benefits extend beyond individual businesses to broader societal gains, including job creation, resource conservation, and alignment with international environmental standards.

This paper underscores the critical role of collaborative efforts among policymakers, industry leaders, and SMEs. Implementing tailored financial incentives, fostering public-private partnerships, and establishing sustainability networks can significantly accelerate the transition towards sustainable tourism. These measures, combined with robust monitoring systems, ensure that sustainability goals are not only set but achieved.

By proactively addressing barriers and leveraging available opportunities, Greece can set a benchmark in sustainable tourism, inspiring similar efforts in other regions. The journey to sustainability may be challenging, but the potential rewards for economic resilience, environmental preservation, and enhanced global reputation, make it an endeavor well worth pursuing.

The integration of sustainability into the Greek hospitality sector is essential for achieving economic resilience and environmental preservation. While SMEs face significant barriers, such as financial constraints and knowledge gaps, these challenges can be mitigated through targeted policies and collaborative initiatives.

By implementing the recommendations outlined in this paper, Greece can position its hospitality sector as a leader in sustainable tourism, benefitting businesses, communities and the environment.

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