

# TRI LETA PO PRIDOBITVI ZNAKA EU ZA OKOLJE ZA TURISTIČNE NASTANITVE: KAKŠNE SO PREDNOSTI ZA PONUDNIKA STORITEV, ZA GOSTE IN ZA OKOLJE?

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**Povzetek:** Že tri desetletja se srečujemo z vse glasnejšimi zahtevami po odgovornem in vestnem poslovanju podjetij: ravnala bi naj trajnostno ne glede na to, ali gre za ponudnike blaga ali storitev. V tem prispevku avtorja analizirata rezultate prvega znaka EU za okolje, ki je bil v Sloveniji podeljen turistični kmetiji (TK), skozi prizmo družbene odgovornosti: razloge, zakaj se je TK odločila za certificiranje ter njene izkušnje potem, ko je znak prejela. Prispevek prikaže veliko pozitivnih učinkov na družbeno in fizično okolje kmetije in izpostavi pozitivno vlogo za lokalno okolje. Analiza je pokazala, da ima znak za okolje znaten vpliv na delovanje podjetja in na njegove vplive na okolje, še prav posebej, če gre za MSP.

**Ključne besede:** znak EU za okolje, družbena odgovornost, turistična kmetija Urška

## THREE YEARS AFTER ATTAINING THE EU ECOLABEL: WHICH ARE THE BENEFITS FOR THE SERVICE PROVIDER, FOR THE GUESTS AND FOR THE ENVIRONMENT?

**Abstract:** Since three decades we have been confronted with ever stronger claims for a responsible and conscious management of enterprises: enterprises should act sustainably, no matter whether they are service- or production oriented. In this paper the authors analyse the outcomes of the first ever EU Ecolabel certificate granted to a tourism farm in Slovenia through the lens of CSR: the farm's reasons for applying for it and its experiences after having been certified. The paper presents a lot of positive effects on the farm's social and physical environments and exposes its positive role in the local environment. The analysis shows that eco-labels make a lot of difference in a firm's operations and its environmental impacts – even (more?) when talking about SMEs.

**Keywords:** EU Ecolabel, CSR, Tourism Farm “Urška”

### 1. Introduction

Tourism belongs globally to steadily growing economy sectors. It became an indispensable part of modern western societies' lifestyle, therefore the documented number of international travellers has been increasing since 65 years – this is the period for which international tourism statistics are available ([www.unwto.com](http://www.unwto.com)). An important share of travellers, especially in rural spaces, is hosted by SMEs or even by micro businesses (up to five employees). According to Van der Duim SMEs and micro businesses are commonly family-run or owner-operated. They play a major development role in remote regions by creating income and providing jobs (Van der Duim, 2005). The long-term economic prosperity of an area's residents is closely associated with destination's

competitiveness (Ritchie & Crouch 2003). Komppula (2014) investigated private entrepreneurs' perceptions of their own role in development of a destination's competitiveness and stated that this was a neglected area of research.

The purpose of our research was therefore conducting a series of in-depth semi-structured interviews in order to illuminate the role of small and micro tourism enterprises that have applied for the EU Ecolabel as above-average tourism development agents in their own destination. The questions concerned several aspects of social responsibility (SR) as they are reflected in different segments of the EU Ecolabel as one of proofs of enterprise's SR (Lebe and Vrečko 2014).

Several aspects of SR have been researched in the field of tourism, e.g. that CSR (corporate social responsibility) activities have the potential to create stronger relationships between firms and stakeholders (Peloza, Shang 2011); firms are often uncertain about the value of CSR reporting as this might involve considerable costs. Here the world's most widespread framework of CSR reporting, the "Global Reporting Initiative" can help: it concentrates on the role of the firm's institutional environment and identity communicators (Nikolaeva, Bicho, 2011). Even innovation towards more SR was analysed as a means to stimulating their competitiveness (Štrukelj, Šuligoj 2014); further research showed that hotels are incorporated into an institutional context marked by enforced and regulatory pressures (Sánchez-Fernández et al 2014). In other cases, small hotel guests' perceptions of SR were researched regarding their motivation for choosing small hotels instead of large ones (Zupan, Milfelner 2014).

Nowadays it is obvious that businesses should act sustainably. The concept of sustainability takes into consideration not only the economic bottom line, but also considers less quantifiable indicators that measure social and environmental impact. This approach to measuring corporate performance is called the triple bottom line" (Stoddard et al 2012).

With time it became necessary to have official proves of sustainable and responsible operating of enterprises (and other organisations). Along with the growing number of reports in mass media, tourists are becoming more and more environmentally conscious and sensible to the quality of tourism offer. One possibility to demonstrate SR is getting certified following sustainability certificates or schemes. They ought to signal their customers that they are buying services/products from enterprises that are trying harder than the average to reduce their negative impacts on the environment and to actively try to comply with sustainability matters. All schemes and certificates developed for the field of hospitality (mostly for accommodations) are measuring/controlling the providers' sustainability. Good examples are the Scandinavian "Nordic Swan" ([www.nordic-ecolabel.org](http://www.nordic-ecolabel.org)), or "Bio Hotels" in German speaking countries ([www.ecolabelindex.com](http://www.ecolabelindex.com)). Often these tourism-specific labels/schemes are associated with considerable membership/auditing fees, which makes it almost impossible for SMEs (small- and medium-sizes enterprises) to participate.

To make certificates available even to less wealthy yet sustainably acting enterprises/countries, and to SMEs, the EU Commission introduced (in 1992) the EU Ecolabel certificate. It binds certificate-holders to responsible business practices during the entire product life-cycle. In 2003, the EU approved an adopted version for the tourist accommodation services (EU Ecolabel for tourist accommodation, EU-ETA). This label is a reliable instrument of environmental protection; it provides a competitive advantage for its holders and value added for consumers of certified services.

Freeman and co-authors (2013) explained we were now witnessing the watershed between the "old" and the "new" business fundamentals: the story of business must change. Over the last 30 years technology has driven the globalization, accompanied by the philosophy of doing business just for profits – which doesn't work anymore, if it ever did. The global financial crisis of 2008 brought this point home. Mulej and co-authors (2014) see the solution in a new economic paradigm based on augmenting organisations' responsibility by radical innovation of values, culture, ethics, and norms. This is the only way to bridge the present era of permanent socio-economic crisis and the new society orientation based on SR as described in ISO 26000 on SR. SMEs can play a crucial role in this process.

This paper presents the case of the tourism farm "Urška" (TFU): the first one in Slovenia that attained the EU-ETA. We analysed the owners' expectations when applying for the certificate; which kind of experiences the farm has gathered as certificate-holder in the last three years; how/whether their guests co-operate, and finally, which (if any) benefits occur in the field of SR? An important part of investigations was dedicated to the role and experiences of visitors and the interaction between visitors and the community. The enterprises included into this research were SMEs – in rural destinations they are very important as their performance "...can enhance or

detract from visitor satisfaction with the tourism experience as well as affect the competitiveness and sustainability of the destination” (Deuchar 2012, iv).

## **2. Methodology**

In the first step we reviewed the literature and professional sources on the topic.

The second step was conducting a series of semi-structured in-depth interviews with small-size accommodation providers. The questions were grouped into four major sections, each consisting of up to 15 sub-questions. The first section was investigating the motives: why has the provider applied for the EU-ETA? The second group was investigating providers’ CSR performance after the EU-ETA has been attained. These were questions regarding their product, employees, guests, and the firm’s impact on its social/cultural environment. The third set of questions was investigating the firm’s planned marketing activities; the last one was asking about their future plans seen through the lens of eco-friendliness/CSR.

This paper is limited – due to space limitation – to the analyses of only one certificate-holder, namely the tourism farm “Urška” as the first rural accommodation to achieve the EU-ETA in Slovenia.

## **3. CSR-performance analysis of the tourism farm “Urška”<sup>1</sup>**

### **3.1 Short presentation of the TFU”**

TFU was established in 1991. This mountain farm property is relatively small: it encompasses 14 ha of land (12 own, 2 rented), out of which 7 hectares are woods and 7 arable land. They started their tourism business by offering four rooms, tasty food, and gorgeous landscape to their guests. With time, they expanded their business continuously, by adding to their offer a further guest-room and two suites, out of which one is appropriated for persons with disabilities; further a sauna, a whirlpool, and a wellness rest-area. A small zoo with domestic animals (cows, pigs, goats, sheep, rabbits, hens, and a pony) attracts their little guests and also visitor-children from some nearby tourism farms (no entrance fee). In 2014 they had roughly 1,000 overnights.

They expanded the “soft part” of their offer as well: besides possibilities that guests acquaint themselves with the work on the farm, they added some wellness offers like hay-bathing (resting on a hay-bed), and massages (external masseur comes if massages are booked).

Guests come to this farm “to fill the batteries” and to return back home in good shape. Some come even several times a year. To offer always something new and thus prevent boredom, the slogan of the family is: “Never fall asleep!” – innovate, upgrade, and expand responsibly.

The farm holds several certificates: since March 2011 EU-ETA, since 2012 “organic farm”, since 2014 “FamiliaOK”.

At the beginning of its operations, there were four adult persons taking care of the farm: the family consisted of the farmer-couple and their two children, with a crucial role of grand-parents who were primarily farming, yet participating also actively in guest-pampering. In early 2015 a generation-change occurred: now there are grandparents and the grand-grandparents who support the young couple with their daily duties on the farm. Only two external part-time employees come occasionally: a masseur (on demand) and a cleaning lady in case all rooms are occupied and family members cannot manage the cleaning themselves.

This tourism farm has a roughly 40% occupancy rate on annual basis, which is above-average compared to other Slovene tourism farms.

### **3.2 First question section: Why the TFU has applied for the EU Ecolabel**

The idea to start an eco-business was born during a study-tour to Austria organised by the Slovene NTO in October 2008. In this period, the lady of the house was chairing the Association of Slovene tourism farms – she

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<sup>1</sup> All data are taken from the interview with Ms Topolšek (Topolšek, 2015), and the brochure issued at the occasion of the 20<sup>th</sup> anniversary of the Tourism Farm operation (Verbič 2011).

was eager in taking the exemplary function in the field of programme innovations, instead of expanding physically. The decision to convert to an eco-friendly accommodation was associated with expected energy savings, and with hopes to attract additional segments of guests coming because of their eco-product.

The farmer family checked step by step the mandatory criteria in the EU-ETA scheme and discovered that they were meeting practically all of them, as well as a lot of the optional ones because they were already operating environmentally friendly (e.g. using vinegar instead of cleansing agents, strong engagement in the local environment etc.). In 2011 the farm was audited and attained the EU-ETA.

### **3.3 Second question section: Changes/development regarding the farm's CSR performance after attaining the EU-ETA**

#### **a) Product**

Today the TFU uses roughly 80% of self-produced organic foods. They buy the remaining 20% from neighbouring farmers and grocers. This fact attracts a far bigger number of families with small children than before the certificate-era (motive: consciously offering healthiest possible environment to their children).

Like before the certificate-era, they stick to their educational mission: making knowledge on- and love for the nature available to children whose parents cannot afford to come to the farm (lack of time or money). Once a year they organise a 5-day camp for children aged five to ten years. They stay there alone and learn while playing and by getting to know step by step about many kinds of (edible) plants. Each morning they accompany the farmwife to the field with a basket, and then pick the corresponding crops. Most of them see the plants that they are usually eating at home for the first time growing in nature. In a week's time, all children love eating – often to a big surprise of their parents – vegetables and fruits.

Their main product is still healthy food. Fashionable names like “wellness-food” or similar are not necessary: all the food is of supreme quality and taste. Their second most important product is learning about organic farming/gardening, food production, and autochthone plants, and the third one teaching the guests to act environmentally responsibly. To match this claim they have switched from oil-heating to biomass usage.

#### **b) Employees**

This part was skipped in the interview: all employees are family members, and there are no classical employee-management relationships.

#### **c) Guests**

Making guests aware of the importance of food and recreation belongs to the CSR-philosophy of the farm. Taking back home new knowledge is a crucial part of their offer. They encourage them to keep living healthier and more responsibly upon their return back home. This “more conscious” life starts upon their arrival to the farm: the farmwife takes them to their room after registering, explaining on the way about particularities of this farm, and asks the guests to actively take part in this eco-living. Brochures on environmental friendliness (energy, water, and electricity savings etc.) are available in rooms and in the common dining room.

#### **d) Social/cultural environment**

Having attained the EU Ecolabel, the farm became even more eager to act socially responsibly: today it can be recognised as one of the drivers of responsible development in the area of the South Pohorje (mountain). Additionally, several neighbours entered organic gardening following their example, relying hereby on their assistance.

The TFU family does not consider other local farms as their competition: the guests can enjoy from each farm a different view; each farmwife cooks differently, using their own family-recipes and spices, and finally: the more excellent farms there are in this part of Slovenia the more guests will visit it. It is therefore important to cooperate not to exclude each other and compete.

As not all tourists cooperate/participate in separating waste equally eagerly the farmwife daily checks all the waste bins in guest rooms and separates and puts the trash that has not been disposed correctly, into corresponding bins. In this way, the farm could reduce the waste quantity (and its bill for it) by 50%.

Once a year they organise a meeting for guests from all tourism farms on the South-Pohorje: some walking is included into this day spent entirely outside; a lot of entertainment, including showcasing old traditions, fashion

from a century ago, singing, and of course tasty food prepared by all farmwives. This helps keeping local traditions alive, and represents learning by having fun for the guests.

The learning-while-playing principle is used also when once a year children from the local kindergarten visit the farm: they come and feed animals in the zoo learning which animal eats what kind of food, and getting to learn different plants. They get a glass of home-made apple juice and a piece of freshly baked pie.

The farm is active in charity as well: they regularly donate to the Red Cross, to the local Retired-Association for their poor members, and to the local fire brigade.

They also often organise one-time events: in 2014 this was a paintings auction: the artist with spouses spent four days at the farm at no expense – yet all art works completed in this period were given into the auction fund and sold. The full amount from selling them was donated to the NGO Hospic (association offering psychical and physical assistance to families with dying family members). All mass media reported on this event, which was an excellent marketing action.

The farm does not offer entrance fees at lower prices to local persons with low income: their wellness centre is open only for their guests, because they want to prevent crowdedness and attracting segments of people that do not meet together.

### **3.4 Marketing of the TFU**

There is no systematic interviewing of the guests; yet intense contacts with guests let the family members discover a lot about them. The data on nationality is taken from the guests' passports/ID-cards upon their registration. This is the moment when they see whether they come alone or as a couple or group. Family members talk to the guests daily during the meals, and they have an approximate estimation that most of their guests have a higher education, e.g. their educational level is above-average (mostly college or university degree), their jobs, and their preferences regarding holidays. Nationality shares differ between summer and winter. In summer the majority of guests are international (60%), coming from Italy, Germany, and Northern Europe (Belgium, the Netherlands, Norway, Denmark). In winter the share on international guests is even higher: 70% come from Italy, Slovenia, Croatia, and Russia; most of them by using Booking.com for reservations. About one third of guests are repeaters, especially in family segment.

Due to certificates proving their quality, TFU can stick to the prices that reflect their product's value. They are not forced to enter into distribution channels that require considerable discounts and provisions for their services.

In case a guest wishes to take back home a dietetic dish (e.g. gluten-free bread) they bake it for her/him. This is a nice gesture that lets several guests return (word of mouth).

The most important promotional tool is the farm's webpage, and regular checking of messages on Facebook. They also have brochures, and a promotional cook book, published at the occasion of their 20<sup>th</sup> anniversary (Verbič 2011).

The TFU also made a co-branding attempt with an organic product store – but it did not really work out, probably due to the (still) low recognisability of the EU Ecolabel in Slovenia. Their further two certificates ("FamiliaOK" and "Organic farm") are too recent to make a noticeable difference and the owners made no systematic questioning of guests regarding the influence of the brand on their buying decision.

In the sales promotion segment, they have many actions: the last one was sending hand-written Christmas-letters to all guests that have ever visited the farm, telling them what was going on, and what family members were doing. The result was a tremendous number of phone calls and reservations, which is in line with their principal aim: augmenting the annual occupancy rate to 55%.

TFU is active in promoting the EU Ecolabel at several national and international fairs and – as an excellent best practice case – is presented also in several articles.

The ministry responsible for tourism actively supports all EU Ecolabel holders, and also provides several possibilities for all other accommodation businesses to acquaint themselves with the EU Ecolabel criteria/procedures (workshops free of charge, presentation at seminars and conferences etc.). Such policy is in line with

the governmental tourism development strategy and with the governmental tourism marketing strategy. The Slovene National tourism Organisation (NTO) promotes Slovenia as a healthy, active and green destination, which is the claim under the official logo “I feel sLOVEnia”.

In spite of this governmental support and although all Slovene EU Ecolabel certificate holders fully match this claim, the NTO has never done an effort for their additional promotion. This is the only major wish they have regarding the governmental support in the future. The eco-labelled accommodation providers suggest establishing a Slovene eco-accommodation network that would allow narrowly targeted promotion and would make entering some additional specialised distribution channels possible.

### **3.5 Plans for the future**

The TFU intends to continue its work in raising awareness on SR in their local environment and among other tourism farms in Slovenia also in the future. Already now their neighbours have adapted several regulations of organic gardening and farming, including buying organic plants jointly with the TFU. This increases the quality of the farms’ crops: they do not get infected with artificial fertilisers or chemical sprays.

Further support for the neighbouring accommodation providers will be repeated organising of summer meetings for the guests staying at all tourism farms on the South Pohorje – this provides a considerable value added for the guests and a great promotion for accommodation providers.

Educating children will remain a major task in their philosophy: both local kindergarten children and children coming to the farm as guests will receive “tuition” in respecting the nature and its creatures.

Future plans are all about augmenting the quality of their services, and about their sustainable and responsible engagement in their local environment.

## **5. Conclusions**

Compared to other farms, the TFU is lucky to have lower energy expenses than average farms due to using renewable energy sources. If compared to other restaurants, the TFU is favoured as well: it has lower costs for fruits and vegetables as average restaurants, which enables its normal operating even in times of crisis.

This farm plays a very positive role in its local physical and professional environments by actively supporting enterprises in their searching for information on EU Ecolabel certification, including hosting them at their farm and telling/showing them how performing with this label looks like in practice, which suits the “increasing evidence that tourism SME business performance can be significantly enhanced by the formation of networks, partnerships, alliances and clusters” (Deuchar 2012, v). The farm even organises seminars in this regard, and the family members participate as speakers for free. Family members also often cooperate with regional development agencies in workshops, again as speakers.

Following the EU-ETA criteria, the SR theory, and the results of the interviewing the TFU we can prove that the eco certificate positively influences the operations of an enterprise.

In further research it would be interesting to investigate whether the entrepreneurial spirit combined with love for their land, and the willingness to succeed is narrowly person-bound or whether it can be transmitted to the next generation and become a part of the family tradition (role and importance of “inherited” knowledge). The second question that merits further research is the role of an ambitious enterprise in its local/regional environment – whether it can take the role of the development agent in its milieu.

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