

Nature perspective in European tourism and hospitality SMEs

Sustainable Resource Efficiency Project

LAB University of Applied Sciences
Bachelor of Sustainable Solutions Engineering
Henni Ala, Alexandra Kelemen

Authors Ala, Henni Kelemen, Alexandra 2025
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Abstract This report highlights the impact of small and medium sized tourism and hospitality enterprises on the environment, particularly on nature and biodiversity. Its focus is to provide context on the topic and current situation in Europe, as well as elaborating on challenges, opportunities, and benefits. Small and medium sized businesses often struggle with limited resources or information, even though they are motivated to take action. With this report we hope to introduce the topic to encourage these smaller organizations to reflect on the right approach to reduce their nature impact according to their needs and in collaboration with The Climate Partnership (LUONTOLAS).

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1 Executive Summary

1.1 Objectives of the report

The World Economic Forum has identified biodiversity loss as the third greatest threat to the world (World Economic Forum 2022, 7). Tourism and hospitality companies are often dependent on ecosystem services, such as nature's recreational and aesthetic value, and therefore their business strategy relies on those services remaining intact in the future (Palvelualojen työnantajat PALTA ry 2024). This report aims to examine the status and emerging trends in nature-related strategies, especially strategies related to environment and biodiversity, among Small and Medium-sized Enterprises (SMEs) within the tourism and hospitality industry in Europe. The report provides current information on good practices for tourism and hospitality SMEs committed to Climate Partnership in Finland's Päijät-Häme region. The Climate Partnership (LUONTOLAS) is a local network which aims to support the climate and biodiversity actions of enterprises (Suutari 2025).

The tourism and hospitality industry in Europe is characterized by entrepreneurship, with 99% of the businesses classified as SMEs (HOTREC, 2024). Small enterprises are commonly classified as having 10-50 employees and turnover up to 10 million euros, while medium enterprises have 50-250 employees and turnover up to 50 million euros (European Commission). Because it is largely made up of SMEs, the tourism and hospitality industry may be able to provide valuable insights into nature perspectives for other industries in the Climate Partnership network as well.

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1.2 Focus areas

This report focuses on nature and biodiversity related impacts in Small and Medium-sized Enterprises (SMEs). There are different ways of viewing how the tourism and hospitality industry relate to the environment. One approach is Nature Positive Tourism, which aims to reduce the environmental harm caused by tourism and encourage the industry to invest in nature protection (World Travel & Tourism Council 2024, 3). Another approach called regenerative tourism views all the aspects of an ecosystem as an interconnected network with tourism as part of the ecosystem and fully reliant on it. The network includes everything making up the ecosystems of a destination, including the people and the environment with all its aspects. The approach aims to add value holistically to the economic, social, and environmental wellbeing of the destination. (Visit Finland, 2023).

The focus of this report is on the environmental aspects of relevant businesses' sustainability strategies, particularly biodiversity, not on social or economic aspects. However, the

same holistic view of tourism as part of a larger ecosystem is useful for viewing the links between tourism and biodiversity.

Tourism and hospitality companies have direct and indirect effects on biodiversity. Direct impacts include habitat fragmenting land use, littering/waste from both events and service areas, emissions-generating construction and events, noise pollution, light pollution, and the destruction of vulnerable areas due to large visitor amounts. Indirect impacts result from private car use emissions, habitat fragmentation and emissions from the construction of infrastructure that supports the destination such as roads, parking lots, stadiums, airports etc., emissions and resource use from material procurements, and the spread of non-native species. (Palvelualojen työnantajat PALTA ry 2024.) All these impacts are important but only some could be covered in the scope of this report.

2 Current state of the ecological sustainability of SMEs

2.1 Importance given to climate and biodiversity by European SMEs tourism

The tourism and hospitality industries largely recognise and prioritise the importance of nature. However, a lack of knowledge may prevent taking impactful actions. According to the World Travel & Tourism Council (2024), tourism companies globally recognize their impact on GHG emissions and focus on carbon reduction goals more often than they recognize and focus on their impacts on biodiversity. Less than 30% of these companies recognize their impact on overharvesting, including overfishing and unsustainable wood use. Globally tourism companies attempt to reduce biodiversity impacts through actions such as investing in nature protection projects, organizing such projects themselves, educating customers, and offering them opportunities to visit projects. (World Travel & Tourism Council 2024, 10.)

2.2 Challenges and gaps in knowledge of companies' climate and biodiversity impacts

SMEs also include micro-sized enterprises which have less than 10 employees and a turnover of up to 2 million euros (European Commission). In Finland, the mean employee number in tourism enterprises was only 3.94 in a recent study. (Atladóttir et al 2023.) The main challenge of companies in tourism and hospitality is a lack of resources, with a lack of knowledge and expertise following closely. Missing information on key targets and success criteria are a significant issue, while motivation is not. There is a strong level of motivation at the senior management level to implement biodiversity actions according to the World Travel & Tourism Council (2024, 11).

A cross-sector survey of experts by the World Travel & Tourism Council (WTTC) found that the main challenge to implementing Nature Positive Tourism was that "Businesses are not familiar with how to benchmark and measure their nature-related risk and impacts on biodiversity" (World Travel & Tourism Council a, 6). Sääksjärvi & Unkila (2023) also state that companies find measuring their biodiversity impacts challenging, which is why they implement more easily traceable goals related to climate impacts such as the energy transition and recycling. Jones et al. (2016) found that environmental sustainability efforts which are in line with economic goals are likely to be implemented, such as reducing water or energy use, because they reduce operating costs.

Businesses need to understand that biodiversity loss is a significant and urgent threat and then find out how their actions affect biodiversity (Sääksjärvi & Unkila 2023, 12). Businesses

often take actions focused on a single high-profile topic with low priority in the big picture. Often, they are not aware of the truly impactful measures, so those need to be recognised first. There are several actors offering tools to guide companies in the process. The WTTC encourages companies globally to implement their Nature Positive Tourism Roadmap as a guideline. The first step is identifying the core factors of their “operation, service, sustainability and reputation.” This includes mapping out the direct and indirect operations and both their reliance on and their impacts on nature (World Travel & Tourism Council 2024, 15-16.) The Nature Positive Tourism Roadmap can be found in WTTC’s report *Toolbox of Nature Positive Tourism Resources* (World Travel & Tourism Council b).

To gain knowledge on the topic, company leaders can attend online studies such as the Business and Nature course offered by the Turku School of Economics in Finland. The course teaches basics in nature-respectful business including “the main drivers of nature loss, and possible ways for firms and individuals to address these challenges through business strategy and business models, supply chain management, consumption, as well as systemic transformation and leadership.” (University of Turku.)

2.3 Opportunities & Benefits for SMEs to adopt climate and nature actions

In order to encourage tourism industry’s SMEs to switch to green practices, motivation through potential benefits is a key strategy. This is especially important for SMEs since the integration of technologies that support that effort, for example the design and adoption of digital tools and renewable energy sources, are often associated with high initial costs (European Commission, 2024). Customers’ increased awareness and interest in the environmental impact of tourism has created a need, as well as an opportunity, for small businesses to cater to those wishes. As a result of this, SMEs and particularly small businesses have surfaced as a small-scale alternative for curated minimal impact tourism experiences that are integrated to their natural surroundings harmoniously and with low environmental impact (Maziliauske, 2023).

A “green practice” is defined as a “*value-added business strategy that benefits a hospitality operation that engages in environmental protection initiatives.*” (Kim, Lee & Fairhurst, 2017). Some of the main benefits that can be achieved through sustainable green practices in hospitality are reduced costs, increased business responsibility, and overall operational efficiency. However, customer satisfaction is found to be the driving factor when moving towards a green transition. High positive results in the related indicators such as satisfaction, functionality, and loyalty can be achieved through the application of green practices. This means that customers of “green” tourism lodging tend to be more satisfied with the value they got for the money spent, more likely to come back to that accommodation, and more

likely to spread valuable word of mouth recommendations to family and friends (Moise, Gil-Saura & Ruiz-Molina, 2020).

2.4 Biodiversity impacts of tourism and hospitality and how they are measured

As mentioned at the introduction of this report, environmental conservation lies at the heart of the tourism industry and is essential to its proliferation. However, the impact of intense tourist activity in sensitive areas, for example protected biodiversity areas in forests or water bodies, can have meaningful consequences on its surrounding ecosystem and biodiversity (Jones, 2022). This is why measuring each business' impact accurately is essential to determine the correct actions to take to achieve the most effective results. We will describe some of the common frameworks used towards that goal.

Science Based Targets Network (SBTN): This global organization provides guidelines to achieve science-based targets in the effort for nature conservation. Their comprehensive guidelines and resources are drafted according to the best available science and aligned with global climate goals. SBTN's framework has been implemented by companies such as UPM and Carrefour, but also by cities and governments. They can be a useful source of information and documentation even if their approach might be more suitable for larger organizations. (Science Based Targets Network, 2024).

Taskforce on Nature-related Financial Disclosures (TNFD): The global initiative provides organizations with guidelines for risk assessment and management, as well as a disclosure framework for nature-related areas. Their goal is to assist in increasing the transparency of a company's nature impact to stakeholders and ultimately customers by using data-based information. Organizations taking part in TNFD are mostly large, including banks, agricultural companies, retail organizations, etc. (TNFD, 2024).

Ecological footprint (EF): Similar to material life cycle assessment methods, EF is an accounting tool used to measure the impact of a business' activity on the surrounding natural ecosystem. The goal is to add up the demand for natural resources and ecosystem services needed to sustain products and services offered to visitors (Mancini et al., 2022).

There are different EF calculators available online that vary in complexity, which makes this method a suitable option for hospitality SMEs. Depending on aspects like the size of the business, the owners or staff's knowledge on the topic, and their set goals when coordinating this task, the level of detail for example when discussing supply chains, can be higher or lower. Conducting an EF assessment can also lead to achieving different ecological certifications, such as the more familiar EU Ecolabel (European Commission, 2024).

3 Real life examples

3.1 Some actions to achieve ecologically sustainable tourism



Some figures to illustrate the European SME hospitality and tourism industry

Source: HOTREC, 2020. Position paper on sustainability in the hospitality sector.

Hospitality SMEs can take different action paths to help them reduce the impact they have on their surrounding environment and biodiversity. As mentioned in the previous section, it is of key importance to first measure where the areas of most impact in each business are, to make effective strategic decisions. According to HOTREC, which is the umbrella association of hotels, restaurants, cafés and other hospitality establishments in Europe, there are four main lines of action towards sustainability (HOTREC, 2024). They present gathered data and elaborate upon these on their position paper on sustainability in the hospitality sector (HOTREC, 2020):

- The support and promotion of good and sustainable practices: By sharing experiences with peers and searching for upskilling opportunities, SMEs can broaden their knowledge to tailor their actions in a way that makes sense.
- The promotion of the use of energy-efficient products and renewable energy sources: This includes sustainable water resource practices such as efficient appliances, and evaluating a transition towards green energies depending on energy needs and value vs. impact, as well as opportunities such as financing, etc.

- The promotion of actions to reduce food waste: Even though in 2020, restaurants and food services generated 9% of total food waste in the EU, which is relatively low, there are still opportunities to evaluate reduction and recycling opportunities, for example composting in the context of eco-tourism (HOTREC, 2023). Engagement with local food producers and agricultural businesses can also create synergies that contribute towards that effort.
- The promotion and development of skilled labour through training and career development: This includes encouraging knowledge development around the topic of sustainability. Several local and European entities and associations, for example HOTREC, provide educational opportunities in that area.

3.2 Study case(s)

Hawkhill is an example of a small company that has leveraged the interconnectedness it has with its surroundings. The family-owned hospitality business is located next to Nuuksio National Park about an hour from Helsinki city center. In addition to carbon negativity goals, they construct buildings ecologically to withstand over a century and they provide guests with guidance in nature conservation actions. On its lands, Hawkhill has restored a ditched marsh area, old meadows, and they plant wildflowers to provide habitats for pollinators. Rocky outcrops such as the ones seen in the image below are vulnerable to damage because they are covered by a thin layer of vegetation. Guests are educated with laminated guide pages in each cabin on responsible hiking to avoid harming such places. (Hawkhill.)



Image: Hawkhill 2023

With the services of Finnish organization ProAgria, Hawkhill's main biodiversity impacts to the surrounding environment were analyzed, and a biodiversity strategy was made. The removal of garden lupin, a nationally invasive species, was identified as particularly important. (Hawkhill 2023.) Invasive alien species severely threaten nature globally and often go overlooked according to the Intergovernmental Platform on Biodiversity and Ecosystem Services. By offering garden lupin removal excursions, Hawkhill combines education and conservation with tourism. (World Travel & Tourism Council 2024.) They involve guests in projects such as building insect hotels, birdhouses, and fences from decaying wood. Public transportation to the destination is easily available and encouraged. (Hawkhill.)

Saimaa Canoeing, another small business, offers guests canoeing holidays in the Lake Saimaa area in Eastern Finland. Part of their strategy is to not construct on undeveloped land but instead restore old cabins and abandoned buildings for accommodation. (Saimaa Canoeing.) One of the main direct impacts of tourism results from land use which fragments habitats and disrupts ecosystems. Therefore, avoiding construction in new areas is very important. (Palvelualojen työnantajat PALTA ry 2024.)

Southcombe Barn in Devon, England has also opted to use old buildings instead of building new. These barns can be seen in the image below. The renovation of one barn was partly funded by the European Agricultural Fund for Rural Development. The company's 16 acres of wildflower meadows, woodland and moorland pasture provide habitats for a range of wildlife, birds, and insects. (Southcombe Barn.) Because the area is inside a designated International Dark Sky Reserve, it offers a chance for stargazing (Southcombe Barn) while the lack of light pollution safeguards local biodiversity (Palvelualojen työnantajat PALTA ry 2024).



Image: Southcombe Barn

When construction is necessary, buildings can be designed in a way that causes minimal disruption to the wildlife surrounding them. For example, the Bird's Nest treehouse in Harads, Sweden offers the unique experience of accommodation in a room built to resemble a bird's nest in the trees. The room (seen in the image below) is camouflaged into its surroundings and leaves the ground space relatively open for wildlife to resume its living. (Treehotel 2025.)



Image: Treehotel 2025

4 Conclusions

According to the available information for hospitality and tourism SMEs' nature perspective assembled in this report, we can draw some conclusions that may be useful in the development of the Climate Partnership project. Because the European tourism and hospitality industry is almost entirely composed of SMEs, it can be used as a good example of how SMEs can develop best practices, face challenges, and take actions to mitigate environmental impact.

Tourism and hospitality services rely on customer satisfaction and word of mouth marketing for their success. Because customers are increasingly interested in sustainable experiences that find a balance with their surroundings, incorporating nature as a deciding factor in company operations has gained more importance in at least the last decade.

Knowledge and effective impact are intertwined and a fundamental aspect of driving action forward. The upskilling of employees, as well as an exchange of experiences with similar businesses in the industry, can help inspire small and big ways to achieve a continuous improvement in nature sustainability. On the other hand, it is important to highlight that not all actions fit all organizations. This is why measuring tools and guidance frameworks such as the Nature Positive Tourism Roadmap and environmental footprint assessments are valuable for tailoring solutions according to the needs of the business, the surrounding community, and the environment where they are located. SMEs are a part of the ecosystems of the area they reside in, and this differs from place to place. The concept of regenerative tourism can help understand an SME not as a separate entity, but as connected to all the ecosystems it contributes to.

One of the major challenges that companies had was in accessing information on key targets and success criteria. Clearer guidance and accessible methods are needed to help these businesses identify and achieve desired impacts. Open University courses such as the one offered by Turku University are also an option for increasing knowledge on the topic. Motivation does not seem to be a problem since businesses are eager to find out how they can not only reduce their negative footprint in nature and biodiversity but aspire to achieve positive impact. Seeing as SMEs are usually entrepreneurship projects, for example family-owned, guidance from projects such as the Climate Partnership can have significant impact on the topic and are therefore encouraged. Another option is employing an external consultation service to create a biodiversity strategy, such as in the case of Hawkhill.

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