

# Chapter 23

## Transformation or Retaining the Status Quo: Multinational Hospitality Companies and SME Collaboration on Sustainability in Emerging Countries

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### ABSTRACT

*This chapter focuses on the dynamics of MHC-SME collaboration on sustainability in an emerging country context. The findings show that MHC sustainability policy is generally driven from headquarters and that economic sustainability has priority over environmental and social sustainability. By contrast, SMEs appear to be able to initiate fully sustainable strategies based on the culture, tradition, family history, industry, and ethical standing of the owners. The interaction of MHCs and SMEs in relation to sustainability involves varying factors at the macro, meso, and micro levels. However, the micro level factor (i.e., human agency) seems to be the determining factor of the relationship. The authors provide rich contextual data by adopting a qualitative research method (case study) based on primary data, which is rare in international business literature.*

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### **INTRODUCTION**

A small hotel in Sri Lanka, the Kip, is fully decorated with ethnic furniture. No plastic is used, and the hotel offers cleaning products and engages in composting and donating food. This hotel is no exception among such sustainable small and medium-size enterprises (SMEs), which develop novel products and experiences influencing the awareness of customers, suppliers, and other organizations such as multinational hospitality companies (MHCs). Just a decade ago the term green hotels or green practices in the hospitality industry used to bring visions of fringe environmentalism and a high cost for minimal benefit however, nowadays hotel businesses realized that a strategy good for the world can also be good for the bottom line (Chan et al., 2014).

The hospitality industry is always associated with its negative impacts on the environment. Although it is not among the great polluters such as the metallurgical or chemical industry, however, its size, rapid growth, and reliance on natural resources make it clear that environmentally sustainable actions are necessary. Many sustainability challenges generate boundaryless settings and entail systemic transformations beyond the capacity of individual businesses and, therefore, collaboration is key at the intersection of local, national, and international organizations. The role of multinational enterprises in general, and multinational hospitality companies (MHCs) in particular, is critical in all these sustainability-related developments, anchored mostly in the United Nations (UN) Sustainable Development Goals (SDGs) (e.g., Biermann et al., 2017; Fukuda-Parr, 2016; Kolk et al., 2020; UNCTAD, 2015).

Sustainability has gained popularity in the tourism and hospitality industry recently (Iyer and Jarvis, 2019; Ertuna et al., 2019; Hatipoglu et al., 2019) However, the drivers for, and nature of, the collaboration between MHCs and SMEs is not fully investigated by the previous studies and academic research has not yet picked up this trend (Ertuna et al., 2019; Hatipoglu et al., 2019), particularly in relation to the MHC and SME relationship in an emerging country. Multinational enterprises, including MHCs, face increasing pressures to be sustainable and/or responsible from several stakeholders, such as customers, home and host governments, public authorities, and investors (European Commission, 2018; Schoenmaker, 2017, 2018; Schramade, 2016; 2017). Their role as 'good corporate citizens' has received growing attention (Kolk & Lenfant 2010).

This good citizenship is often associated with their ascribed role of changing and positively influencing the business environment in the host country, including their relationship with SMEs. More specifically, in the tourism and hospitality industry, MHCs' role is particularly significant considering the industry's complex stakeholder profile encompassing those at both international and national (home and host country) levels, and the industry's additional sensitivity to local contexts (e.g., culture, tradition and nature) (Hatipoglu et al., 2019; Iyer & Jarvis, 2019; MacKenzie & Gannon, 2019) including SMEs. As mentioned earlier, taking a critical approach to problematize the collaboration between MHCs and SMEs, this work aims to understand the drivers for, and nature of, their collaboration in the domain of sustainability, and whether – and if so, how – this collaboration generates value for both parties.

Scholars have identified the need to widen the geographical scope of sustainability research (Pisani et al., 2017). This contextual and geographical expansion of knowledge pertains to leveraging the importance of sustainable development agendas for emerging countries in particular. The authors believe that discussion of this issue in the tourism and hospitality industry from a developing country context will bring divergent perspectives on sustainability issues and practices (Ertuna et al., 2019). It is crucial to understand the operationalization of key pillars of sustainability in the sector, as well as to assess the relationship between sustainable practices and profits (Iyer & Jarvis, 2019).

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Equally, it is important to learn about how to harmonize traditional cultures with contemporary frameworks of sustainability (*ibid*). Sustainable development is about rethinking human-nature relationships, re-examining current doctrines of progress and modernity, and proposing alternative visions of the world (Banerjee, 2007, p. 92). Similarly, sustainability can be defined as an engaged state of critical social and moral consciousness and awareness since businesses and individuals exist as part of an intergenerational and interconnected enduring ecosystem (Koe Hwee Nga, & Shamuganathan, 2010). Hence, collaboration forms the key mechanism to achieve sustainability in its broadest sense.

Given our emphasis on a broader notion of sustainability, its three pillars – economic, environmental, and social (Lozano et al., 2015; Svensson et al., 2010) should be mentioned. Originally, economic and environmental imperatives of sustainability attracted more attention from academics and business practitioners, despite the increasing importance of social sustainability reflected in recent events and cases across the globe. The authors take a view that there should be a more holistic and contextually integrated approach to sustainability. However, sustainability agendas and associated academic literature are often dominated by industrialized countries and transnational organizations reflecting the interests of large corporations with economic growth orientations, all of which are embedded in Western-based capitalist perspectives (Banerjee, 2007).

Considering the importance of local culture and tradition in the tourism and hospitality industry, context sensitivity is critical (Ertuna et al., 2019). With the emphasis on *context*, the interaction between key actors and their collaboration is crucial for sustainability. Nevertheless, there have not been enough attempts to link MHCs and SMEs in collaborating for sustainability, despite their substantial interaction and business relationships in emerging countries. Such interaction is often treated as a ‘black box’ (Contreras et al., 2012; Narula & Dunning, 2010). This study focuses on achieving a better understanding of this ‘black box’ by unpacking the nature of the collaboration on sustainability between MHCs and local SMEs in the tourism sector.

Arguably, the tourism and hospitality industry, with its complex multinational spaces and multiple layers of stakeholders, presents an excellent opportunity to address this topic beyond the traditional approach to sustainability underpinned by measurement (see Iyer & Jarvis, 2019, for measurement dimension). Furthermore, small businesses in the tourism and hospitality sector have attracted less attention (Khatter et al., 2019). The overall research question of the current study is as follows: what is the nature of collaboration on sustainability between MHCs and local SMEs in the hospitality sector?

This triggers two following inter-related sub-research questions:

- What are the drivers and dynamics of MHC-SME collaboration in sustainability?
- What constitutes its transformative value for both parties, if any?

The findings of the study have both theoretical and empirical contributions. They will be discussed in detail in the next sections.

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## **LITERATURE REVIEW**

### **Mhcs and Sustainability**

Hotel businesses operate 24/7 with frequent consumption of water, energy, and non-durable products by the customers and employees (Deng & Burnett, 2002). As a result, hotel companies face increasing pressure to pay more attention to environmental issues (Olya et al., 2021; Khatter et al., 2019). A different number of studies have explored sustainability management practices in hotels (Oriade et al., 2021). It has been used with different labels such as environmental management practices, green practices, sustainable practices, sustainable development practices, environmentally friendly practices, sustainability man-agreement tools, and sustainability initiatives.

Despite all these labels, the core is a routine practice by organizations to reduce damaging the environment (Mensah, 2014). One of the main challenges hotel business faces is the balance between environmental performance, limited resources, public legitimacy, burdensome litigation, and profitability issues (Mathur & Khanna, 2017; Chan et al., 2013; Hsieh, 2012; Chan et al., 2014). Hence to maintain corporate competitiveness and save costs, implementing environmental programs such as managing energy and water consumption and reducing waste is increasing steadily in the hotel industry (Sourvinou & Filimonau, 2018; Han et al., 2018).

More recently, multinational hotel business face a higher level of pressures and demands from various groups of stakeholders, including global consumers, international governance organizations, home and host country regulatory bodies, and local communities for implementing sustainable practices (Raub et al., 2019; Ng & Tavitiyaman, 2020). In the tourism and hospitality industry context, the view on the role of MHCs in the host country development is mixed. Some studies argue that such multinational tourism corporations can fill institutional voids often observed in many developing countries (Hatipoglu et al., 2019) such as “loose regulations, weak protection of private property rights, gaps in social policy by the state” (Ertuna et al., 2019, p. 2568). In so doing they can gain legitimacy in these host countries (*ibid*). Other studies raise concerns over the negative impact of “unfettered tourism” (Mackenzie & Gannon, 2019, p. 2411), particularly on the environment, by many MHCs, which can often be neglected by developing host country governments whose economies rely heavily on this sector (Khatter et al., 2019; *ibid*).

At the same time, research has paid unbalanced attention to large firms, leaving sustainable practice in SMEs relatively neglected (Darcy et al., 2014; Hörisch, Johnson, & Schaltegger, 2015; Langwell & Heaton, 2016; Shields & Shelleman, 2015). The tourism section is not an exception (Khatter et al., 2019; Kornilaki, Thomas, & Font, 2019). This can limit our understanding of sustainable business, particularly in emerging countries, as SMEs play important roles in such countries.

While there are several challenges that SMEs in emerging economies face relating to sustainability such as lack of stakeholder pressure, time and financial resource constraints, weaker government regulation, and culture (Yadav et al., 2018), the OECD report (2017, p.7) claims that the key challenge is for SMEs to find “appropriate knowledge partners and networks” and to integrate this knowledge into their firms by developing their management practices. Similar challenges are observed in tourism and hospitality as small businesses face lesser pressure from stakeholders, which affects their motivations to address sustainability issues further (Khatter et al., 2019).

Considering the significance of SMEs’ role in emerging economies and the constraints they face when implementing sustainable business, our study looks at the dynamics and potential value of the collaboration between MHCs and SMEs in terms of sustainability. There is a dearth of research investigating

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such links between these two in emerging countries. The United Nations World Tourism Organisation (UNWTO) asserts the potential contribution from tourism to all the UN Sustainable Development Goals (SDGs) (Raub et al., 2019; UNWTO, 2015).

### **Collaboration Between MHCs and SMEs in Emerging Countries**

Due to growing pressure around sustainable practices from global stakeholders, multinational corporations employ ‘universal sustainability strategies’ throughout their international business, including their supply chains or other similar business networks in host countries (Nishii & Özbilgin, 2007). This is usually through their own codes of conduct (Locke & Romis, 2007), as internal tools are often seen to be more influential than external ones such as globally certified rating systems (Kolk et al., 2020). In this way, local SMEs might be influenced by these sustainable practices if they are involved in the multinational’s supply chain or interact with them through different business networks. SMEs in emerging economies are often slow to adopt sustainable practices for several reasons, such as lack of stakeholder pressure, time and financial resource constraints, weaker government regulation and culture, and the context of SME operations (Yadav et al., 2018).

In multinationals’ usual standardized social and environmental sustainability programs, social issues appear to have attracted limited attention compared with environmental issues (Banerjee, 2007; Halme et al., 2020; Taticchi et al., 2013; Wahga, Blundel, & Schaefer, 2018). Similarly, in the tourism and hospitality industry there is a narrow scope (such as environmental rather than socio-cultural) as a result of which the expectations of the multiplicity of their stakeholders are ignored (Font & Lynes, 2018).

Understanding local context is critical for unpacking the complexity of the collaboration between MHCs and SMEs – thus, the ‘black-box’ as stated in the introduction. In addition, there is significant ambiguity in defining what sustainable tourism is at the global level of sustainability goals, such as SDGs or UN-designated Sustainable Tourism for Development (MacKenzie & Gannon, 2019); hence, these goals tend to neglect specificity and context in sustainability issues faced by hospitality firms (Raub et al., 2019). This lack of context in sustainable strategies can limit effective collaboration between MHCs and local SMEs. In numerous examples of ethical ‘blunders’, which have tarnished several well-known global multinational brands (see Banerjee, 2007; Lane & Maznevski, 2019 for example), it often turns out that these unethical issues were caused by local contractors rather than by multinationals.

It is often the case that multinationals take rather passive and reactive attitudes toward such matters and avoid full responsibility to maintain corporate reputation (Camilleri, 2017; Xu et al., 2019). Multinationals’ usual ‘paternalistic practices’ without considering local issues and their lack of sensitivity context sensitivity have significant implications for their collaboration with SMEs, particularly in emerging countries. In their efforts to prioritize global demands from their parent organization and other stakeholders, multinational subsidiaries tend to dominate this collaborative relationship. They often regulate SMEs “beyond any legal regulation and against the interests of the SMEs” in local economies in terms of sustainability agenda (Morsing & Perrini, 2009, p.3).

Given that large firms are characterized by their risk-averse behavior and that large and small firms have different timescales and resources that they can deploy, any risks involved can disproportionately be put on to the side of SMEs (Young, 2013) in the process of their collaboration. For example, if SMEs do not put enough information in their reports or into the public domain due to resource constraints, they might receive low ratings in the relevant areas (Schoenmaker, 2018), which might have a knock-on effect on their interaction with MHCs.

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Departing from this literature base, the current study focusses on explaining the dynamics of the collaboration between MHCs and local SMEs in their sustainability practice and exploring the drivers and the value of this collaboration in the context of a developing nation. This response to the research gap as identified by different scholars (Ertuna et al., 2019; Jia et al., 2018; Wahga et al., 2018). The collaboration between multinationals and SMEs remains a ‘black box’ (Contreras et al., 2012). Unpacking this black box, the present study has posed two inter-related research questions:

- What are the drivers and dynamics of MHC-SME collaboration in sustainability?
- What constitutes its transformative value for both parties, if any?

In addressing these questions and exploring the drivers and what is happening in this ‘black box’, this study not only contributes to addressing this gap but also generates policy and practice implications on sustainable development in the context of emerging countries.

## **METHOD**

### **Research Setting: Turkey**

The hospitality industry is one of the main pillars of the Turkish economy due to its massive contribution to economic and social development. In the last few decades, there has been much encouragement from the government for mass tourism in Turkey along with foreign investments. While the focus on mass tourism has been crucial for the economic development of Turkey, it has also attracted a lot of criticism about its negative environmental, social, cultural, and economic impacts (Egresi 2016). This encouraged a lot of businesses to take initiative for more sustainable practices toward giving more attention to minimizing their possible negative impacts on the environment and at the same time, benefit local communities with the positive aspects of increased tourist traffic (Tousan, 2001; Kisi, 2019; Ekinci, 2014).

Despite all efforts, these initiative remains underdeveloped in the Turkish hospitality industry, particularly in the SMEs. In general hotel managers mostly lack the necessary environmental knowledge and interest to meet the basic objectives of social and environmental responsibility. It is thus necessary to develop an integrated system of policy and practice that involves not only the hotel management and staff, but also all parties concerned with environmental protection and sustainability, and to re-evaluate and reconsider national, local, and hotel policies and training activities (Erdogan et al., 2007).

The specific geographical context for this study is the city of Bodrum, which is located in the South Aegean coast of Turkey and is a highly attractive tourist destination with many domestic and international airlines operating in the summer period in particular. There is fierce competition between international hotel and restaurant chains and local companies in making investments in the hospitality sector in Bodrum as the further potential of the town is acknowledged in international fora (Hurriyet, 2022). The attractiveness of the town is associated with price, accessibility, promotion and marketing and quality of service, alongside safety and security (Gunaydin, Ozer, & Ataman, 2021).

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### **Research Approach, Design and Sample**

A qualitative approach employing a case study design was adopted to address the research questions. Qualitative research designs are more tuned with exploring the MHC-SME interaction in relation to sustainability, as qualitative methods are well-matched for this type of exploratory research with inductive reasoning and theory building. As suggested by De Urioste-Stone, McLaughlin, Daigle and Fefer (2018) for tourism research, current study have utilized exploratory case study design, which allows for the discovery of relevant constructs and components of complex relationships leading to development of a model. The sample included 10 cases: five MHCs (hotel chains) and five SMEs in Bodrum, a well-developed tourist destination in Turkey.

This study used purposive snowballing sampling (Patton, 2014). The authors contacted one of the largest congress tourism companies in Turkey to identify sustainable multinational hotels among those that do business in Bodrum. The company provided us with the names of five hotels. Four of them were subsidiaries of multinationals that originated from developed countries, and one from a developing country background. The authors wrote letters to these hotels' management and explained the purpose of the study and sent them the preliminary areas/questions for exploration. It was ensured that company names or any identifying information would be kept strictly confidential throughout the study. Once the hotels approved the objectives/study, the authors asked for an appointment with the responsible person in charge of (or most knowledgeable about) sustainability activities/strategies and general management of the hotel.

The interviews with the designated managers took place in the respective hotels. During the interviews each respondent was asked for the names of SMEs with which they collaborated. This gave us the second part of our sample, which is composed of SMEs. The authors were given the names of nine SMEs in total, and five agreed to take part in the study. The SMEs were all located in Bodrum, mostly in the food and agricultural sector, apart from one in arts and crafts.

### **Production of Empirical Material**

The authors conducted in-depth interviews lasting from 45 to 90 minutes with a total of 13 managers/owners of these 10 companies in October 2019. Most of the interviews were recorded except one (during which detailed notes were taken). The interview questions ranged from the history of the company; sustainability approach, strategies, and practices; key drivers and motivation for sustainability; and collaboration with MHCs or SMEs in terms of the source, development, and end of this collaboration.

The data sources were triangulated by conducting searches on the companies in social media accounts (Instagram and Twitter), as well as by checking the news on Google and their website. The authors also checked the headquarters' sustainability policies/activities in the case of MHCs. The authors conducted company visits, which enabled them to observe the production and service facilities on site.

The authors used thematic analysis and followed a structured approach as described by Boyatzis (1998) and Leitch et al. (2013). The analysis started with the careful examination of the data obtained from the related Google pages, social media, and company websites (of both the headquarter and the subsidiary in the case of MHCs). This enabled us to familiarize ourselves with each case. In the next stage, the broad themes were differentiated by identifying major activities and motivations, followed by the identification of intra-case themes. The authors identified the similarities and differences in creating patterns. In the coding stage, generated labels were generated. Two different researchers independently

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coded the data for reliability purposes and identified the major emerging themes. In the event of disagreement between the two researchers, the theme was dropped from analysis or reconstructed until full agreement was reached.

The authors also cross-checked the brief summaries of interview data with the archival data they had collected. At the final stage of explanation and abstraction, the authors underlined our contribution to the extant literature by checking the differences and similarities between our findings and existing theories. In so doing, and aligned with the case study design, the authors went through iterative stages of description, analysis, and interpretation (based on Wolcott, 1991). This allowed the researchers to generate rich accounts of cases studied as well as to move beyond such descriptive accounts to offer insightful findings and build a model of the transformative capacity of collaboration between MHC and SME actors. Our cases are presented in this section leading to the analysis of key themes in the findings section of our chapter.

**FINDINGS**

Our findings reveal the importance of a multiplicity of factors shaping the MHC-SME collaboration on sustainability in emerging countries. In line with our research questions, the authors present the cases first and then explain the drivers and dynamics of MHC-SME collaboration in sustainability below, along with the implications for the transformative value of such collaboration.

**Descriptive Account of Cases****Case 1: MHC1 (Based on the Interview With the Hotel Manager)*****Business Activity:***

This hotel is a subsidiary of a developed country MHC collaborating with a Turkish partner on a management contract basis for their operation in Bodrum. The hotel has 66 rooms and is targeting a higher end market.

***Sustainability and Collaboration:***

It is ranked second in the internal sustainability certification of its headquarters and awarded with the green star label by the Turkish Ministry of Culture and Tourism (MCT) for environmental sustainability. Its environmental sustainability includes the use of organic food and implementing waste management and recycling processes. It has water- and energy-saving policies such as using reverse osmosis for sustainable water usage in irrigation. They produce olive from olive trees in the compound and organize an environment week each year. They plant trees abroad (Brazil) and in Turkey, aim to reduce single-use plastics, and give excess food to animal shelters.

Their social sustainability practices include buying from local suppliers, financial contribution to the foundation for disabled people, and helping village schools and the poor. There is a wish tree where the hotel guests and employees can contribute to the needs of the surrounding communities. They also have a policy against human trafficking which is designed by the headquarter. However, on the hotel website or on its social media accounts, there is no mention of sustainability. The management claims

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that around 10% of its business is with SMEs. They think it is easier to manage small businesses which do not want to lose the opportunity to collaborate with an MHC.

### Case 2: MHC2 (Based on the Interview With Assistant General Manager and Technical Manager)

***Business Activity:***

This hotel belongs to a developed country MHC collaborating with a Turkish partner on a management contract basis for their operation in Bodrum. It is a high-end hotel with 108 rooms which operates six months a year.

***Sustainability and Collaboration:***

It is awarded with a green star label by the MCT for environmental sustainability which is an extension of the headquarter policy. They annually organize a week where environmental and social sustainability is promoted through projects (helping the poor and different associations, cleaning the beaches, and so forth). They eliminate single-use plastics and recycle some waste (e.g., chemical waste is sent to related companies for recycling). However, there is neither water recycling nor recycling of the food waste. They tried to preserve the maximum number of trees during the construction phase. Energy consumption is controlled and reduced by high technological infrastructure of the hotel (high efficiency in air conditioning) to reduce cost. They prioritize customer satisfaction at the expense of sustainability.

The hotel's social sustainability policy involves local sourcing of the needs of the hotel (food, furniture, technical services, and so forth). They prefer to buy food from local family businesses because the quality of the food is rated higher when it is not industrialized. There is no mention of sustainability on the company webpage. The management claimed that around 10% of its business is with SMEs where guarantee in price, continuous supply or consistent quality can become a problem. They use word of mouth and personal visits to select SMEs.

### Case 3: MHC3 (Based on the Interview With Hotel Operations Manager and Sales Manager)

***Business Activity:***

This hotel is wholly owned by a developed country MHC. It has 285 rooms and 352 houses with an all-inclusive business model.

***Sustainability and Collaboration:***

It has a green star award from the MCT and green key award from the Turkish Foundation for Environmental Education (TFEE). They cultivate pesticide-free olives, vegetables, and mandarins for their own use in the hotel. Chickens are raised against the scorpions. It also has a zero-waste policy. Compost is generated from the organic waste which is used as fertilizer. Water recycling and reverse osmosis are used for sustainable water usage. They reduce the plastic usage. Recycling is encouraged in the guest rooms as well. There is a voluntary green team to clean the environment within and outside the premises. Services such as environmental sensitivity training for the employees and for the children of the hotel guests are also available. The kids' program includes activities such as cow milking, and vegetable growing. The headquarter designs the general policy but the subsidiary management team decided to

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become a green hotel with different vegetable and fruit production facilities. Electric vehicles are used in the hotel. They expect their suppliers to be environmentally conscious. Animal welfare protection is a priority in selecting water sports equipment.

Its social sustainability policy includes treating the employees like internal guests to lead to lower turnover and higher satisfaction among the workforce. Each winter they collaborate with the universities and provide training to tourism students. They support local suppliers and local cultural heritage by providing space to Bodrum slippers, ice cream, and other local crafts and brands in their premise. Sustainability is the major marketing tool for the hotel.

The supplies from SMEs are reported by the management to constitute 40% of the total. Personal acquaintances and experiences are important in the selection of SMEs. There is a long-term relationship and exchange of knowledge between the hotel (on food safety and training) and SMEs (on geographical products).

**Case 4: MHC4 (Based on the Interview With General Manager)*****Business Activity:***

This hotel is a subsidiary of a developing country multinational enterprise. It was established by a female entrepreneur who sold it recently to the multinational. It is a high-end hotel with 74 rooms and operates six months a year.

***Sustainability and Collaboration:***

There is no central sustainability policy imposed by the headquarters, but the environment and the trees are kept as a result of the environmental affinity and personal choice of the founder. They do not have waste management or energy-saving activities and customer satisfaction is prioritized at the expense of sustainability. For example, only glass and paper are recycled and solar panels are not used because of the cost and adverse effect on the panorama. In terms of its social sustainability, the hotel sources some food and textiles locally, hire legally required number of disabled people on a yearly basis, and support traditional handcrafts by providing a sale space in the hotel. SMEs are said to constitute 30% of their collaborations. They prefer companies with consistent quality and appropriate prices.

**Case 5: MHC5 (Based on the Interview With Quality Manager)*****Business Activity:***

This hotel is a franchise of a developed country MHC. A Turkish partner is in charge of the operation in Bodrum. The hotel has 487 rooms and is open for six months a year with an all-inclusive business model.

***Sustainability and Collaboration:***

It is awarded with green star label by the MCT and green key label by the TFEE. The headquarters provide the sustainability policy which incorporates SDGs. Due to a short-time period of business and being a franchise there is a large flexibility in its implementation. Their approach is that they do not have sufficient time to conduct more than 10 sustainability projects during their very busy 6-month period of business.

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In terms of environmental sustainability policy, they started to switch to LED lighting to avoid harmful effects of fluorescent lamps and to electric vehicles with charging facilities as well. They grow some of their vegetables and herbs without using harmful chemicals. Activities such as water recycling and biological purification of the waste-water are also conducted. They have a sophisticated recycling system, but they do not have a composting facility. Voluntary teams of employees clean different areas. For social sustainability they have clear policies and training to fight human trafficking. They support the activities of the Bodrum Municipality in relation to disabled people, mothers, and children. They hire disabled people to fulfil their legal responsibility.

The management has reported that supplies from SMEs (mainly food and beverages) constitute 5% of the total, the main reason being the difficulties SMEs are experiencing in competing with the large companies in terms of costs. The purchasing department of the hotel deals with the selection of the SMEs. The purchasing managers have their networks where they exchange ideas about potential suppliers. Taste of the product and the price are important factors. Suppliers' capacity and compatibility with the food safety standards are indispensable. Geographical proximity of the supplier is important to reduce costs. They are not able to impose sustainability rules on the suppliers.

**Case 6: SME1 (Based on the Interview With Owner)*****Business Activity:***

This is a family business which produces mainly olive oil, vegetables, and herbs.

***Sustainability and Collaboration:***

Sustainability is their major investment and survival tool. They are very ambitious about environmental sustainability, aiming for zero waste. They try to recycle their waste coming from both the business and family although the Municipality does not serve that area. Organic waste is used as animal food or fertilizer. They do not use artificial fertilizers. They promote and preserve the local seeds. They also demonstrated their ethical consideration about health and fair treatment of customers, and high sensitivity to natural resource depletion.

For social sustainability, the co-owner (a lady with a high school degree) involves the neighbors in the production process of certain food. She trains the students at nearby schools about olive oil production, recycling, and environmental sustainability. She hires women to provide them with an opportunity to work. She also pushes local authorities and schools to pay more attention to the preservation of geographical products. She advocates the employment of the local workforce in local crafts and industries and points to the problem of the workforce being absorbed by MHCs to tourism and limiting the chances of local industries.

The manager's view is that the relationship with MHCs can be difficult. There is an unbalanced power structure. Some do not pay their purchases appropriately, or intermediaries ask for commissions over the purchase. When conflict happens SME1 tends not to overreact and just avoids the specific MHC for future interaction. However, there have also been fruitful collaborations where they learn how to treat customers and how to improve their products. They also transfer their knowledge to MHCs. For example, they taught MHC3 how to trim the olive trees and how to preserve the olive oil. Through their relationship and network with their neighbors, colleagues, and tourists they have opportunities to interact with MHCs.

**Transformation or Retaining the Status Quo****Case 7: SME2 (Based on the Interview With Owner)*****Business Activity:***

This is a well-known family-run handicraft company in Bodrum.

***Sustainability and Collaboration:***

They do not have an environmental sustainability policy even though they were once victims of an environmental disaster (flooding) and lost their shop. In social sustainability terms, they collaborate with the arts and crafts foundations to preserve and develop cultural heritage. SME2 values social inclusion and hires women for the business.

They have established collaborations with MHCs to sell their crafts (through their personal relations and reputation). However, one collaboration with a multinational hotel was not successful as SME2 was not able to interact with the customers due to the architectural structure of the space. This resulted in financial issues and poor economic sustainability. At that stage, MHC4 offered a space in its hotel with a feasible agreement. According to the owner, this successful interaction is also due to the 'compatibility of mentality'.

**Case 8: SME3 (Based on the Interview With Owner)*****Business Activity:***

This is a company established by a female entrepreneur who has a degree in environmental engineering. The company produces wine, olive oil, and other food products.

***Sustainability and Collaboration:***

They have a high level of expertise in environmental sustainability. She is the first entrepreneur to invest in this area which has swiftly become populated by other sustainable producers. SME3 adopts zero waste policy. They do not use pesticides and artificial fertilizers by using chicken against the scorpions and cats against the rats and snakes. The ducks in the pool provide natural fertilizer. They respect the ecological balance in all their production. They also offer restaurant services with their products. They have attracted customers via social media. Hotels which need natural and local products for their customers have been attracted to their high-quality products. Its sustainability strategy has been its uniqueness.

It trains the personnel of the MHCs on how to offer wine and promotes its sustainability policy to adopt in their hotels. She is a role model for businesses and MHC3. She uses her network in her interactions with the hotels.

**Case 9: SME4 (Based on the Interview With Manager of the Retail Unit)*****Business Activity:***

This is a family business specializing in dairy products.

***Sustainability and Collaboration:***

They emphasize traditional production with the milk from the breeds of Bodrum. They do not use artificial ingredients and their recipes are the same for more than two decades. However, their interpre-

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tation of sustainability focuses on traditional production. They have no recycling activities. For social sustainability, they organize female workforces in different villages and buy different products from them.

They supply dairy products and olives to several MHCs in Bodrum. They mainly collaborate with the high-end hotels. However, the cyclical nature of the business (e.g., some hotels are closed during the winter) is a challenge.

**Case 10: SME5 (Based on the Interview With Owner)*****Business Activity:***

This is a family business specialized on mandarins. They have developed patented products and also have geographical identification for their products.

***Sustainability and Collaboration:***

Their environmental sustainability comes from their natural product with no additives, artificial ingredients, or sugar. For that reason, their products need to be sold quickly. They do not use pesticides in their production. The wife of the owner innovates new value-added products and adds them to the existing product range to deplete the mandarin stock as quickly as possible. They do not do much about recycling; only organic food waste is recycled. The majority of the workforce is female. They have limited trading capacity with the MHCs which seek low-cost products. The company has high production costs which impede them from competing with other companies. The relationship with the MHCs is on and off. They have tried to have a stall in the premises of MHCs to market their products. However, they stopped the collaboration with MHCs not taking care of their stall.

**Sustainability as Perceived and Practised by MHCs and SMEs**

State-of-art in sustainability should be defined clearly for both parties. In all MHCs interviewed, sustainability policies are centrally defined and orchestrated by the headquarters (with varying levels of imposition). SDGs are incorporated in those policies, which in turn are followed and shared by employees via internal digital platforms. Preventing human trafficking as a part of social sustainability is an example of this. However, the extent to which sustainability is implemented depends largely on (i) the host country, (ii) specific geographical area within the country, (iii) the hotels' business models, and (iv) their interaction with the key stakeholders. Host country characteristics include regulatory frameworks and strength of public authorities.

For example, in relation to waste management (environmental sustainability), there are neither compulsory policies/regulations locally imposed nor infrastructure for it organized by public authorities:

*“We don't do compost; we asked the Municipality how to do it but they were not aware of it; they don't have the know-how” (MHC1).*

*“As to segregation of waste, we have done it ourselves; and when we asked public authorities for further stages, they said that they cannot serve that geographical area and they don't have a system as such” (SME1).*

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This leaves sustainable practices to voluntary action by businesses. The voluntary nature of sustainability practice is highly evident in our data. Spatial dimension – in other words, specific geographical location – is equally important to understand sustainability approaches. Such aspects of the local context include climate, agriculture-based local economy and its impact on tourism, and flow of international tourists. For instance, local supply of food and beverage and protecting local products and nature form the kind of environmental sustainability observed, while preservation of cultural heritage constitutes social sustainability. These local dynamics characterize MHC-SME interaction in our study:

*“We buy food and beverages from local companies since the area is rich agriculturally... We even produce olive oil from the trees in our land. We consult local manufacturers on how to trim our trees and produce oil” (MHC3).*

Business models of the hotels seem to influence sustainability approaches to a large extent, particularly for MHCs. All-inclusive and high-end hotels differ in their sustainability practice. The luxury hotel concept does not necessarily align with sustainability and customer satisfaction is a priority in high-end hotels. The trade-off between minimum possible and minimum acceptable is often observed:

*“We cannot place solar panels on the roofs because this may deteriorate the view of some rooms. Customer satisfaction is our priority” (MHC4).*

In all-inclusive models, the cost is the first consideration. They minimize the energy cost when facing performance targets as it has economic implications. This demonstrates the prevalence of economic sustainability over other types.

*“We cannot switch to glass bottles to reduce plastic use. This may significantly increase our costs since this is an all-inclusive model”. (MHC5)*

This business model-driven dimension implies that the sustainability practices of MHCs and SMEs are largely driven and constrained by economic sustainability. The authors observed the interwoven and dual nature of economic and social sustainability; in other words, economic sustainability often reinforces and constrains social sustainability. This applies to environmental sustainability as well, all of which in turn shapes the interaction between MHCs and SMEs. For instance, in MHC5, an all-inclusive hotel, protection of small enterprises is considered as an important part of their value chain, which demonstrates a notion of social sustainability. However, economic sustainability, manifested in profit-driven understanding and cost minimization dominates their interaction:

*“The small businesses cannot afford lower prices we seek” (MHC5).*

The seasonal nature of the businesses is another component of the business model affecting MHC-SME collaboration in sustainability. Lack of continuity in employment of the workforce deters MHCs from adopting regular training on, and systematic implementation of, sustainability. However, MHC4 presents a compelling case of turning this situation into an opportunity to address social sustainability by employing disabled employees on a full-time basis beyond the six-month operations.

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*“Most of our workforce is hired for six months since the premise operates only six months. However, we hire disabled people for a year-long contract” (MHC4).*

The authors observe that SME understanding and practice of sustainability in the majority of our cases prioritizes environmental sustainability. Environmental sustainability is practised in these SMEs in a unique and informed way despite the unregulated macro-environment whereby the government of-fice (Ministry of Environment and Urbanism) often has a counter argument towards the sustainability practice. Environmental sustainability seems to determine the survival of the business for most SMEs (three out of five cases) due to the nature of their business (mainly in the food industry) and the methods that they use:

*“We are using chicken to get rid of scorpions and in our pool where we store water for irrigation we raise ducks so that the water is rich in fertilizer...Despite the common knowledge to dispose of olive pomace, we transfer it back to the soil as it nourishes and acts a fertilizer. This is what we have learned in our visits in Italy” (SME3).*

Environmental sustainability is followed by some examples of social sustainability practices, as in the case of MHC4 employing people with disability, and gender and age-based recruitment of staff. These initiatives demonstrate commitment to social inclusion in most of our case SMEs, whereby women play an active role in innovation and management of the enterprise:

*“I prefer to employ women as part of our social inclusion policy; instead of having 50-kilo bags of olives, I use 30 kilo-bags for women to carry” (SME1).*

*“We rely so much on the female workforce... we collect milk from over 100 local producers” (SME4).*

### **Dynamics of MHC and SME Collaboration**

As part of MHC and SME collaboration MHCs’ selection and retention processes of local suppliers and business partners are integral steps towards inclusive and sustainable economic growth. However, a formal selection process does not exist between the MHCs and SMEs in our study. Instead, human agency plays a crucial role in MHCs’ selection and maintaining the collaboration with the SMEs. By human agency, the authors refer to managerial agency, partner and owner-manager influence, employees and even customers. SMEs seem to be usually shy or less powerful in initiating the collaboration with the MHCs whilst the MHCs consider mainly economic sustainability and then other sustainability dimensions in choosing supplier SMEs. Geographical proximity is one important criterion (i.e. MHCs’ preference to collaborate with local SMEs) for cost minimization reasons (economic sustainability), reducing pollution (environmental sustainability) and protection of local enterprises in order to create jobs (social sustainability):

*“Locally sourcing our needs is a company policy. We even buy from the greengrocer down the street” (MHC1).*

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*“The employee of the hotel used to live in our village. He taught us how to improve our product and services and introduced us to the hotel” (SME1).*

SMEs’ capacity as suppliers and their compatibility to collaborate with the MHC are two other criteria across all the cases. All MHCs in our sample apply regular audits and checks to SMEs on food safety that affect the quality of their service and customer satisfaction directly. MHCs usually do not check other sustainability dimensions in SMEs.

*“Before we decide to buy food from local companies, we conduct regular checks on their production to make sure that they are compliant with food safety procedures – namely HACCP. We supervise them and inform them on how to be compliant” (MHC2).*

*“It is impossible to impose on all the suppliers to be fully sustainable. For this the hotels need to act together. A single hotel cannot influence all the suppliers” (MHC1).*

In unpacking the ‘black box in the collaboration between MHCs and SMEs, there exist opportunities and challenges for both parties (MHCs and SMEs). Here, MHCs’ continuous engagement with SMEs plays an important role for MHC-SME collaboration on sustainability while this engagement is largely determined by the business seasonality of MHCs as well as the competitive power of SMEs. In most cases, MHCs’ breaking up with SMEs occurs due to the SMEs’ incapability in lowering their costs or to provide consistent, continuous, and high-quality supply in their competition with larger supplier firms (economic sustainability).

The collaboration between our case MHCs and SMEs is highly characterized by human agency. For instance, the power of purchasing managers and other employees, such as a sustainability-driven chef of the hotel, in influencing decisions to work with SMEs also has an impact on financial or other business-related challenges. In more detail, payment delays caused by MHCs or requests for commissions claimed by different intermediaries deteriorate the relationship between MHCs and SMEs. Power dynamics between MHCs and SMEs are often unbalanced while the relative importance placed on sustainability issues differs between them accordingly. SMEs perceive themselves as relatively powerless in their relationship with MHCs, which can lead to SMEs’ lack of willingness to collaborate:

*“Large suppliers can get their payments from large hotels but we cannot. One hotel has not paid our delivery. We stopped working with them without making noise. We need to be careful not to hurt anyone” (SME1).*

*“I am producing agricultural products which are free from pesticides and artificial fertilizers. This is a demanding process. I do not have time to spend in managing the relationship with the large hotels” (SME5).*

Another important finding is that sustainability is a *product* as well as a *process* for MHCs collaborating with SMEs in an emerging country context. Their customers often request sustainability in the form of, for instance, protection of local produce, increasing interest in cultural heritage (social sustainability), and/or green activities for children (environmental sustainability). Such customer-driven awareness has a mediating force in collaborating with SMEs. This is also coupled by digital transformation, particularly

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use of social media, which enhances accessibility and outreach to SMEs by a multitude of actors including customers and other suppliers. Such actors and intermediaries also become agents for MHC-SME collaboration in endorsing sustainability:

*“The customers of the hotels find us through Tripadvisor and they request local wine from their hotels” (SME3).*

*“We have improved on sustainability since Germans request sustainability” (SME1).*

The authors also find that knowledge exchange occurs between MHCs and SMEs in developing sustainable practices. Transfer of sustainability practice is usually observed in the form of providing advice, setting standards, as well as role-modelling. However, an interesting finding is that the exchange occurs in a two-way street whereby SMEs also train MHCs particularly in localized sustainability such as preservation of olive trees (environmental sustainability) or maintaining the architectural integrity of hotels for cultural heritage (social sustainability).

This kind of transformative practice, as an outcome of the sustainability-related collaboration, entails learning and unlearning to embed sustainability in organizational practice. However, at the same time, sustainability appears to be an add-on practice in MHCs as it is not fully embedded in their overall strategic outlook and subsequent practice. Economic growth overrides sustainable development in their business approach.

## **DISCUSSION AND CONTRIBUTIONS**

### **A Multi-Layered Model of MHC-SME Collaboration on Sustainability**

Overall, our findings on sustainability and MHCs confirm their usual market-oriented approach to sustainability, whereby greater emphasis is put on the end-customer and interests of multiple stakeholders, as referred to in the extended literature (Li, Zhou and Wu, 2017; Mori et al., 2015). In this approach, neoliberal understanding of sustainability is legitimized in such a way that all sustainability activities have to be related to economic sustainability. In other words, environmental and social sustainability can co-exist if they serve the purpose of economic sustainability. Protection of environment and addressing social issues, such as poverty, equality and respecting diversity of employees, can go hand in hand if they meet the economic objectives. This underpins the collaboration between MHCs and SMEs in our cases.

This utilitarian approach adopted by MHCs bears a resemblance to reactionary behavior, as opposed to the proactive behaviour put forward in the extant literature (Ike et al., 2019). However, most of the participant SMEs, as represented by their owners, in our study are highly proactive in adopting sustainability practices as part of their survival strategies. For them, sustainability is the right action not through judgment of its consequences, but by a series of considerations of the underpinning values and ethics pertaining to sustainability.

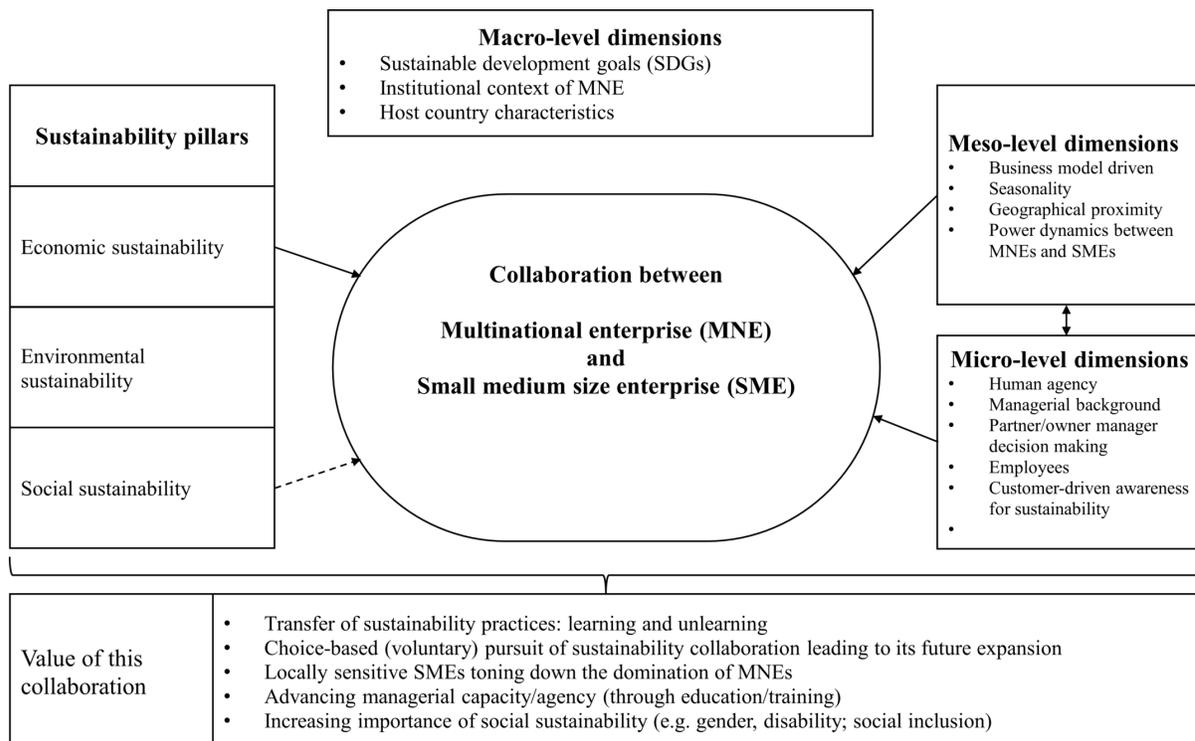
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This deontological view on sustainability of SMEs contrasts with the pragmatic stance and adoption of sustainable practice by MHCs, which often results in a tick-box exercise. This aligns with the recent debate in the literature pertaining to differences in corporate social responsibility (CSR) understandings between owner-managers and professional managers (Yamak, Ergur, Karatas-Ozkan, & Tatli, 2019) as the SMEs in our sample were managed by their owners and MHCs by professional managers.

The findings of the study lend themselves to development of a multi-layered framework for MHC-SME collaboration on sustainability, as shown in Figure 1. At the macro-institutional level, SDGs have significant weight, being implicitly embedded in the MHC policy frameworks whereas, for SMEs, sustainable development is explicitly reflected in their discourse and practice, without them necessarily being cognizant of SDGs as such. Growing concerns about the future of local context and business survival characterize SMEs' approach to sustainability, which demonstrates a high level of consciousness about sustainable development and a collective approach to addressing SDG-related challenges.

This is part of their transformation process investigating how to change and evolve their understanding and practices in the light of useful experiences for future (York, 2009). The prevailing cultural idiosyncratic conditions of host countries and the local environment impact highly on this process (Gallego-Alvarez & Ortas, 2017). SMEs, particularly those owned and/or managed by women, tend to show sensitivity towards the historical, archaeological, and cultural heritage and integrity of the location. In that sense, they have a more holistic perspective to sustainability than MHCs have with their centralized sustainability codes and policies. This concurs with the findings of García-Sánchez et al. (2019), who highlighted the positive impact of female representation in senior management for sustainability.

Figure 1.



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At the meso-relational level, organizational dimensions such as business models, seasonality of businesses and customer-driven sustainability motivation prevail in the MHC-SME collaboration on sustainability. From a business model perspective, competing forces that prioritize different sustainability pillars in different circumstances determine the relationship. Basic service provider hotels, as opposed to all-inclusive hotels, are more inclined to collaborate with SMEs, because their profit margin allows room for such collaboration, and they have a customer-base which is increasingly conscious of the issue. However, the limited capacity of the SMEs regarding the consistent and high-quality supply of the goods acts as a main barrier in the collaboration with the MHCs (Hennart, 2020).

At the interplay of meso- and micro-layers, tension is observed in unpacking the black box of the relationship from a perspective of three pillars of sustainability. MHCs, which empower women by integrating them into the labor market, also attract the workforce to tourism industry. This social sustainability initiative of MHCs has an adverse impact on SMEs and the rest of the local economy. SMEs fight against this by initiating training in agriculture, arts, and crafts to sustain cultural practices and local production. Clearly, this is linked to social sustainability from a stakeholder theory perspective whereby the input versus output aspects of stakeholders should be critically assessed (Hussain, Ajmal, Gunasekaran, & Khan, 2018). Socially, sustainable practices require more transformation and assimilation within organizations, due to the high involvement of human interaction (Riikinen et al., 2017).

The micro-level dimension is particularly important in addressing the research questions set for this study. Human agency, in its most inclusive sense, is the determining factor shaping sustainability orientations. It also affects the emergence and continuity of MHC-SME collaboration. Despite the structural imposition of sustainability frameworks by MHC headquarters, implementation of such frameworks at a subsidiary level is decided by managers, who actively use their knowledge and decision-making capacity to choose who to interact with, when, and how. Managerial autonomy through exercise of agency is particularly evident in the process of initiating collaboration with SMEs on sustainability. The extent of agency varies according to circumstances, encapsulating individual as well as collective action (Buhr, 2002).

Kolk and Tulder (2010, p.119) argue that managers of MHCs particularly enjoy the 'moral free space' (Donaldson, 1996, p.56), in which the absence of tightly prescriptive frameworks for sustainability provides them with the autonomy to chart their own course of action. Contextual backdrop (i.e. emerging country context) is also instrumental in exercising this liberal approach in forming their collaboration with SMEs. For instance, on the SME side, MacKenzie and Gannon (2019) argue for the role of individual entrepreneurs and leaders, who understand the importance of sustainable tourism and that of effective collaboration with the host country government and local networks, using Costa Rica's ecotourism case. The role of such a business approach in sustainable development is critical in the tourism and hospitality industry of emerging countries (Hatipoglu et al., 2019).

This multi-layered framework of MHC-SME collaboration on sustainability can be concluded with inherent outcomes. The concurrent transformation of MHCs and SMEs lies at the heart of this. This transformative experience is multi-dimensional, due to the voluntary nature of sustainable practice evolving in organizations, the intersectionality of sustainability pillars applied in different circumstances, and a variety of trade-offs that subsequently come to the fore, with transfer of sustainable practices between two parties, which also brings about domination and exploitation of one against the other in some cases.

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However, SMEs that have managed to retain the local, cultural, and environmental integrity of their touristic businesses show resistance to domination through innovation and a highly sensitized and culturally embedded approach to sustainability. They take initiatives to start collaboration with local authorities and other SMEs. The outcomes of such collaboration in this study demonstrate that SMEs and MHCs are subject to sustainability discourse from multiple sources and stakeholders. They develop agentic capacity to internalize these discourses and put them into action, the extent and nature of which vary according to the business requirements. This process also acts as a mechanism for increasing the trust of stakeholders in the sustainability commitment (García-Sánchez & Martínez-Ferrero, 2017) exercised through MHC-SME collaboration.

### **Contributions to Scholarship on Sustainability in Tourism**

This study sheds light on the MHC-SME relationship in the area of sustainability in the tourism and hospitality industry in an emerging country. Our findings extend the understanding of the ‘black box’ and delineate the role of human agency in the interaction between MHCs and SMEs. They also show the exchange of knowledge between MHCs and SMEs in the domain of sustainable practices in tourism. The previous literature mainly focused on the transfer of knowledge from MHCs to SMEs, but the findings of the current study show that SMEs also contribute to the knowledge base of MHCs with regards to sustainability. The relationship between MHCs and SMEs regarding sustainability depends on the context, resources of the geographical area, business model and seasonality, among others.

In addition to our contribution to scholarship on sustainability in tourism and hospitality research, our findings on local SMEs’ proactiveness in sustainable practice in emerging countries could provide a new perspective to address other neglected issues in academic knowledge, such as sustainability and SMEs.

### **Contributions to Practice and Policy**

As there is high enthusiasm for sustainability at both policy and practice levels, the authors make contributions in three domains: businesses, political and legal, and society. First, for *businesses*, MHC-SME collaboration can bring visibility to SMEs and the local context in relation to sustainability, which is highly important for further development of sustainability practices in the latter, particularly in the developing/emerging market context.

However, SME owner-managers should be mindful of the dual nature of this strategic exchange (i.e., both positive and negative aspects and outcomes of this transformation) when collaborating with MHCs. Our findings suggest that MHCs can also benefit from the dynamic capacity and agility of SMEs, as well as their in-depth localized knowledge of the area. In addition, discussion on MHC-SME collaboration will encourage supporting intermediary organizations, such as co-operatives, which can empower and enable collective and co-ordinated action of SMEs in order to resist domination by MHCs.

Second, for the practitioners in the *political and legal* domain, understanding of MHC-SME collaboration and its different configurations might help investors and public authorities to identify areas of deficiency and potential improvement in relation to sustainability practices in tourism and hospitality businesses. Sustainability transparency – through the introduction of new requirements, compelling changes, and proactive behavior in MHC-SME collaboration – is essential for public authorities to take on board.

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Last, at the *societal* level, social sustainability, as manifested in the social inclusion of disadvantaged groups (e.g., gender, disability) into the labour market and engagement with the community, as discussed in this study, has obvious benefits for society. Critical assessment of the outcomes of MHC-SME collaboration should also be undertaken by societal members in order to understand both the mutual benefits and drawbacks of such collaboration in terms of their impact on social sustainability.

## **CONCLUSION AND OPPORTUNITIES FOR FUTURE RESEARCH**

The authors have conducted multiple-case study-based research on sustainability in an emerging market, which addresses the nature and dynamics of collaboration on sustainability (i.e. economic, environmental, and social sustainability) between MHCs and SMEs. The sustainability practice of MHCs and their approach to collaboration with SMEs is characterized by a neo-liberal/market-oriented approach, with top-down/centralized sustainability policies reflecting important stakeholders' pressure, such as SDGs or customer demand. Our SME cases show their own unique way of implementing sustainability practices, which are highly localized, encompassing a wider community. Their view on sustainability differs with a deontological approach, rather than having an explicitly targeted agenda such as SDGs. This outcome is a novel finding compared with the extant literature.

Our model encapsulates these dynamics from a multi-layered perspective: The collaboration between MHCs and SMEs is determined by the interaction of macro-meso-micro factors. First, macro-level factors, such as the SDG-based sustainability codes and policies of MHCs (e.g., criteria used for choosing SME partners; choice of interaction with local SMEs), are prevalent. Second, meso-level factors such as business models (all-inclusive versus premium service), affect the nature and continuity of collaboration as economic sustainability is often prioritized over others. Third, micro-level factors, such as human agency, determine the fundamental view on sustainability and subsequent practices and decisions on the collaboration between MHCs and SMEs. Our findings suggest that influence and knowledge transfer do not only occur from MHCs to SMEs, but also in the reverse direction as well. Therefore, transformative value of this collaboration is observed for both parties.

This study provides several new opportunities for future research. First, future studies might explore how MHCs' own sustainability policies can be effectively developed and implemented by reflecting differing host country tourism contexts, including their relationship with local SMEs. Second, future studies need to address missing policy gaps in many emerging countries for holistic development in sustainable tourism by shifting the focus from the agenda of, and guidance from, MHCs to supporting local SMEs and equipping them with relevant tools for MHC-SME collaboration. Last, future studies on SMEs and sustainable tourism might also view the issues with an altered stance from the conventional idea that SMEs lack interest and willingness in sustainable business to a new understanding of how they are already employing innovative sustainability practices in their own unique way and contributing to sustainable development agenda in the context of emerging countries.

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