

# **The Impact of Employee Environmental Awareness on the Sustainability of SMEs in the Tourism Industry Kota Pari Pantai Cermin**

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## **Abstract**

This study examines the impact of Employee Environmental Awareness (EEA) on the sustainability practices of Small and Medium-sized Enterprises (SMEs) in the tourism sector of Kota Pari Pantai Cermin. Through semi-structured interviews, observations, and document reviews, the research explores how EEA influences sustainable business operations. The findings reveal that employees with high environmental awareness contribute significantly to sustainable practices such as waste reduction, energy conservation, and sustainable sourcing, enhancing the business's competitiveness and customer satisfaction. Employee training programs are identified as crucial for fostering environmental awareness, which in turn improves business operations and strengthens customer loyalty. Additionally, the research highlights the growing consumer demand for sustainable tourism services and the role of green marketing in attracting eco-conscious tourists. However, challenges such as financial constraints and lack of government support hinder the full implementation of sustainability practices. The study concludes that EEA serves as a competitive advantage, enabling tourism SMEs to differentiate themselves in the market and attract a niche customer base, ultimately contributing to long-term sustainability and profitability.

**Keywords:** Employee Environmental Awareness, Sustainability Practices, Small and Medium-sized Enterprises, Sustainable Tourism, Kota Pari Pantai Cermin.

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## Introduction

The tourism industry is a significant contributor to economic growth, offering both employment opportunities and generating substantial revenue for local economies. In cities like Pari Pantai Cermin, the tourism sector is not only an essential source of income but also a key driver of urban development. The city is known for its pristine beaches, natural landscapes, and rich cultural heritage, making it a favored destination for both domestic and international travelers. However, as the tourism industry continues to grow, the need to adopt sustainable practices within small and medium-sized enterprises (SMEs) becomes increasingly critical. The concept of sustainability in tourism focuses on minimizing negative environmental impacts while maximizing social and economic benefits. Within this context, Employee Environmental Awareness (EEA) plays a crucial role in shaping sustainable business practices in tourism SMEs. EEA refers to employees' understanding, attitudes, and actions related to environmental conservation and sustainability in their workplace. As the demand for environmentally conscious services grows, especially among tourists, it is vital for tourism-related businesses to integrate eco-friendly strategies into their operations.

Studies indicate that environmental awareness among employees can significantly enhance the overall sustainability of businesses. For instance (Singh, 2019), argue that the integration of environmental awareness within SMEs positively impacts their performance by improving operational efficiency and fostering consumer loyalty. Furthermore, Ardyan et al (Ardyan, 2017), highlight that a higher level of environmental awareness among employees can help SMEs gain a competitive advantage in a market that increasingly values sustainability. Similarly, Martinez et al (Martinez, 2020), found that tourism SMEs focused on sustainable practices are more likely to attract eco-conscious consumers, leading to better market positioning and long-term success.

In Pari Pantai Cermin, where tourism is a driving force of economic activity, SMEs must recognize the importance of aligning their operations with sustainable practices. Environmental awareness among employees is central to this transformation. SMEs that foster an environmentally responsible workforce are more likely to adopt green marketing strategies, reduce waste, and improve resource management, all of which contribute to their long-term sustainability and competitiveness in the tourism market. This research aims to examine the impact of Employee Environmental Awareness on the sustainability of tourism SMEs in Pari Pantai Cermin City. By focusing on this aspect, the study intends to provide insights into how tourism SMEs can enhance their sustainability by fostering a culture of environmental responsibility among their employees. This research also explores the broader implications of sustainability on local tourism development and its potential to shape consumer preferences in favor of businesses that prioritize environmental stewardship.

Recent studies and literature consistently highlight the growing importance of sustainability in tourism. For example, Harianto et al. (Harianto, 2023), noted that there is a global shift towards environmental consciousness, which is influencing consumer behavior, especially in the tourism sector. Tourists are increasingly prioritizing eco-friendly services, which further reinforces the need for businesses to adapt to these expectations. Ario et al (Ario, 2023) emphasize that green marketing strategies are vital for attracting sustainable-minded consumers, ensuring the continued growth of the tourism industry while preserving the environment.

This research will build on these existing studies by exploring the specific impact of Employee Environmental Awareness on the sustainability practices of SMEs in the tourism sector, particularly in the context of Pari Pantai Cermin City, to better understand how environmental consciousness within the workforce can contribute to the long-term success of the tourism industry.

## **The Impact of Employee Environmental Awareness**

### **Literature Review**

The growing emphasis on sustainability within the tourism industry has led to significant interest in the role that environmental awareness plays in shaping the operations of tourism businesses. Small and Medium-sized Enterprises (SMEs) in the tourism sector are particularly impacted by the increasing demand for eco-friendly practices, and employee environmental awareness (EEA) has been identified as a key factor influencing business sustainability. This literature review aims to examine the relationship between Employee Environmental Awareness (EEA) and the sustainability of tourism SMEs, focusing on how such awareness contributes to business practices and the industry's long-term success.

### **Employee Environmental Awareness (EEA) and Role in Tourism SMEs**

Employee Environmental Awareness refers to the knowledge, attitudes, and behaviors that employees possess regarding environmental issues and sustainability practices within their workplace. EEA encompasses an understanding of how daily business operations impact the environment and the steps that can be taken to reduce those impacts. In the tourism industry, where environmental resources are crucial to the attractiveness of destinations, EEA is vital for adopting sustainable practices that can enhance the business's competitive position and long-term viability (Martinez, 2020).

Singh & Mehra emphasize that employee environmental awareness is a critical factor in the performance of tourism SMEs (Singh, 2019). They found that when employees are well-informed and motivated to implement green practices, such as waste reduction and energy efficiency, it directly improves the sustainability of the business. Furthermore, employees who exhibit a high level of environmental awareness are more likely to contribute to operational efficiency by minimizing resource consumption and waste generation. This can result in cost savings and a stronger competitive advantage, particularly as consumers increasingly prioritize eco-friendly practices in their purchasing decisions.

### **Environmental Awareness as a Driver of Business Competitiveness**

The competitive landscape in the tourism sector is being shaped by increasing consumer demand for sustainability. As travelers become more conscious of the environmental impacts of their choices, businesses that demonstrate a commitment to sustainability are likely to gain a competitive edge. Ardyan et al. (Ardyan, 2017) found that a workforce with a strong environmental awareness not only supports operational efficiency but also enhances a business's attractiveness to eco-conscious consumers. In their study, they observed that tourism businesses that implemented environmentally responsible practices experienced increased customer satisfaction, loyalty, and positive word-of-mouth, which in turn boosted their competitiveness in the marketplace.

Moreover, Harianto et al. (Harianto, 2023) argue that environmental awareness among employees plays a central role in shaping a company's green image, which is critical in attracting customers who are willing to pay a premium for sustainable services. In the tourism sector, where the environment is a key element of the product offering, businesses that invest in employee environmental training and create a culture of sustainability are better positioned to meet the expectations of eco-conscious travelers. This is particularly relevant in destinations

like Pari Pantai Cermin, where the beauty and natural resources of the area are essential to the tourism appeal, and maintaining environmental integrity is crucial.

### **Sustainability Practices in the Tourism Sector**

Sustainability in the tourism sector involves the adoption of practices that minimize the negative environmental impacts of tourism activities while contributing positively to local communities and economies. Ario et al. highlight that SMEs in the tourism industry are increasingly adopting green marketing strategies to appeal to a growing segment of environmentally conscious consumers (Ario, 2023). These strategies may include promoting eco-friendly accommodations, offering sustainable transport options, and encouraging responsible tourism practices, such as waste reduction and the conservation of natural resources. Tourism SMEs with high levels of employee environmental awareness are better equipped to implement these green marketing strategies effectively. Liu et al. argue that when employees are engaged in sustainable practices, they help create a culture of sustainability within the business, which can be communicated to customers through marketing efforts (Liu, 2021). By aligning the company's internal practices with its external marketing strategies, tourism businesses can differentiate themselves in a competitive market and attract a loyal customer base that values sustainability.

### **Green Marketing and Relationship with EEA**

Green marketing plays a crucial role in promoting sustainable tourism services and practices. Saha & Bera emphasize that green marketing enables businesses to communicate their commitment to environmental sustainability to their customers, fostering loyalty and encouraging repeat business. In tourism, this is especially important, as consumers increasingly seek out businesses that align with their values and environmental concerns (Saha, 2021). EEA among employees is essential for the successful implementation of green marketing strategies because it ensures that the company's operations, products, and services are genuinely sustainable and not just marketed as such.

Research by Liu et al. suggests that employees' active involvement in green practices is a key factor in developing authentic green marketing messages (Liu, 2021). Employees who understand the importance of sustainability and are committed to green practices can help shape the company's sustainability initiatives, making the marketing efforts more credible and impactful. This authenticity is critical for attracting eco-conscious travelers, who are often skeptical of green claims and prefer businesses that demonstrate a tangible commitment to sustainability.

### **Research Methodology**

This study aims to explore the impact of Employee Environmental Awareness (EEA) on the sustainability of Small and Medium-sized Enterprises (SMEs) in the tourism industry, specifically in Kota Pari Pantai Cermin. This research adopts a descriptive qualitative approach to gain a deeper understanding of how EEA influences sustainability practices within tourism-related SMEs. The study will use purposive sampling, selecting participants who are directly involved in tourism business operations, such as business owners, managers, and employees in various sectors (e.g., accommodation, food & beverage, tour guiding). A total of 15 to 20 participants will be selected based on availability and willingness to participate. The selection will ensure a representative sample from different roles within the industry.

## **The Impact of Employee Environmental Awareness**

Data collection will be done using semi-structured interviews, direct observations, and document review. Semi-structured interviews will serve as the primary method, allowing participants to express their perspectives on environmental awareness and sustainability practices. These interviews will be guided by open-ended questions, focusing on employee involvement in sustainability, the role of businesses in promoting eco-friendly practices, and the challenges they face. In addition to interviews, direct observations of business operations will be conducted to assess the actual implementation of environmental practices, such as waste management, energy conservation, and green marketing. Relevant business documents, including sustainability reports and marketing materials, will also be reviewed to understand how businesses communicate and integrate sustainability efforts.

The collected data will be analyzed using thematic analysis, a method that allows for identifying patterns and key themes related to EEA and sustainability practices. The process includes transcribing the interviews, coding the data, and categorizing the findings into relevant themes, such as "employee training," "consumer preferences," "barriers to sustainability," and "green marketing." The final analysis will interpret these themes in relation to the existing literature on environmental awareness and sustainability in the tourism sector. To ensure validity and reliability, the study will employ triangulation, using data from multiple sources, and member checking, where initial findings will be shared with participants for verification. Additionally, the peer review process will be used to assess the accuracy and credibility of the findings. Ethical considerations will be adhered to throughout the research. Participants will be provided with clear information about the study and its purpose, and informed consent will be obtained. Confidentiality will be maintained, and participants will have the right to withdraw at any time without penalty. All data will be stored securely, ensuring participant privacy.

This methodology is designed to offer a comprehensive understanding of how Employee Environmental Awareness influences the sustainability of tourism SMEs in Kota Pari Pantai Cermin, contributing to the broader field of sustainable tourism practices.

## **Results**

This section analyzes and discusses the findings from the research on the impact of Employee Environmental Awareness (EEA) on the sustainability of Small and Medium-sized Enterprises (SMEs) in the tourism sector of Kota Pari Pantai Cermin. The analysis explores the relationship between EEA and sustainability practices based on the data gathered through semi-structured interviews, observations, and document reviews.

### **Employee Environmental Awareness and Sustainability Practices**

The results show that Employee Environmental Awareness significantly influences the sustainability practices of SMEs in the tourism industry. Employees with a high level of environmental awareness are more likely to actively participate in and promote eco-friendly initiatives, contributing to the sustainability of their organizations. This aligns with previous studies by Singh & Mehra and Martinez et al., who found that environmental awareness among employees enhances the adoption of sustainable practices, such as waste reduction, energy conservation, and sustainable sourcing in tourism businesses (Singh, 2019), (Martinez, 2020). In Kota Pari Pantai Cermin, the businesses that have integrated environmental awareness into their daily operations report better customer satisfaction, improved business reputation, and increased competitiveness. For example, businesses that encourage employees to engage in recycling, use energy-efficient appliances, and reduce plastic waste find that these practices are not only beneficial for the environment but also attract eco-conscious tourists (Sebayang, 2023). These findings are consistent with Ardyan et al. who emphasized that environmental awareness among employees contributes to the competitive advantage of SMEs in the tourism sector (Ardyan, 2017).

## **Role of Employee Training in Enhancing Environmental Awareness**

A significant finding from the study is that employee training is essential for enhancing environmental awareness within tourism SMEs. Several businesses in Kota Pari Pantai Cermin have implemented regular training programs focused on sustainable practices. These training programs equip employees with the knowledge and skills to incorporate environmental sustainability into their roles, from hotel management to tour guiding. This finding supports the research of Harianto et al, who highlighted the importance of ongoing education and training in promoting sustainability in the tourism industry (Martinez, 2020).

Furthermore, the data suggests that businesses that provide training programs have more committed employees who are actively involved in sustainable practices. For instance, employees in businesses that offer eco-tourism services are more knowledgeable about biodiversity conservation, which in turn helps them convey the importance of environmental conservation to tourists. This training improves both the environmental impact of the business and customer satisfaction, reflecting the work of Singh & Mehra, who argued that training enhances the operational efficiency and competitiveness of SMEs (Singh, 2019).

### **Consumer Preferences and Market Demand for Sustainable Tourism**

The research also reveals that there is a growing demand for sustainable tourism services among consumers, particularly eco-conscious tourists. Tourists increasingly prioritize businesses that demonstrate a commitment to environmental sustainability, and this shift in consumer behavior is shaping the business practices of SMEs in the tourism sector. As noted by Ario et al., the shift towards green marketing and sustainable tourism practices has become a key differentiator for businesses aiming to attract a larger, more environmentally conscious customer base (Ario, 2023).

In Kota Pari Pantai Cermin, SMEs that have adopted green marketing strategies, such as promoting their eco-friendly initiatives through online platforms and brochures, report higher levels of customer loyalty and repeat visits (Harahap, 2023). Tourists are more likely to support businesses that align with their environmental values, and this trend is helping businesses in the region gain a competitive edge. According to Martínez et al., businesses that integrate environmental sustainability into their value proposition can not only meet consumer preferences but also improve their long-term profitability by reducing costs and enhancing brand loyalty (Martinez, 2020).

### **Barriers to Implementing Sustainability Practices**

Despite the positive impact of EEA on sustainability, several challenges hinder the full implementation of sustainable practices in the tourism SMEs of Kota Pari Pantai Cermin. A common barrier identified by participants was the high initial cost associated with adopting sustainable technologies and practices. Many small businesses find it difficult to invest in energy-efficient equipment or sustainable materials due to financial constraints. This challenge echoes the findings of Ardyan et al., who pointed out that the financial burden of sustainability investments remains a significant obstacle for SMEs, especially in emerging markets (Ardyan, 2017). Additionally, some businesses reported a lack of government support and incentives for adopting green technologies. In some cases, the absence of clear regulations and guidelines for sustainable tourism practices has led to confusion and inconsistent implementation. This highlights the need for stronger policy frameworks and support systems to help SMEs transition to more sustainable practices, as suggested by Harianto et al. (Harianto, 2023).

### **Impact of Employee Environmental Awareness on Customer Perception**

The research indicates that the level of Employee Environmental Awareness not only influences business operations but also significantly impacts customer perception of the business. Tourists who perceive that a business is committed to environmental sustainability are more likely to leave positive reviews, recommend the business to others, and return for future visits. This reinforces the findings of Singh & Mehra, who found that businesses with a

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strong environmental focus enjoy higher levels of customer satisfaction and loyalty (Ario, 2023).

In Kota Pari Pantai Cermin, businesses that engage employees in environmental initiatives report a positive image among tourists. For example, customers appreciate the efforts of employees to guide them on sustainable practices, such as respecting local wildlife and minimizing waste (Rossanty, 2018). The ability of employees to communicate their business's environmental values is a critical factor in shaping tourists' perceptions and enhancing their overall experience.

## **Sustainability as a Competitive Advantage**

Lastly, the study highlights that sustainability, driven by Employee Environmental Awareness, serves as a significant competitive advantage in the tourism sector. SMEs that effectively integrate environmental sustainability into their operations are able to differentiate themselves from competitors and tap into a growing market segment of eco-conscious tourists. This finding is in line with the work of Martinez et al., who argued that SMEs that focus on sustainability not only contribute positively to the environment but also secure long-term profitability by attracting a niche customer base (Martinez, 2020), (Nasution, 2024).

## **Conclusion**

The research has shown that Employee Environmental Awareness (EEA) has a significant positive impact on the sustainability of Small and Medium-sized Enterprises (SMEs) in the tourism sector in Kota Pari Pantai Cermin. Employees with higher environmental awareness are more likely to implement sustainable practices, which not only enhance the operational efficiency of the business but also improve customer satisfaction, brand loyalty, and competitiveness in the marketplace. The findings align with previous research indicating that businesses that prioritize environmental sustainability gain a competitive edge by attracting eco-conscious consumers. However, challenges such as financial constraints and the lack of supportive policies and incentives from the government hinder the full potential of sustainable practices. Based on the findings, the following recommendations can be made for SMEs in the tourism sector in Kota Pari Pantai Cermin, SMEs should invest in regular environmental awareness training for employees. This training will ensure that employees understand the importance of sustainability and are equipped with the necessary skills to adopt eco-friendly practices in their roles. There is a need for stronger government support in the form of subsidies, tax incentives, or funding programs for SMEs that adopt green technologies and sustainability initiatives. Such support will help businesses overcome financial barriers to sustainability. SMEs should actively promote their environmental efforts through green marketing strategies. This includes highlighting sustainable practices in their promotional materials and online platforms, as eco-conscious tourists are increasingly seeking businesses that align with their environmental values.

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