

INTEGRATING SUSTAINABILITY INTO STRATEGIC MANAGEMENT TO GAIN COMPETITIVE ADVANTAGE

Case: Victoria Hotels and Resorts Group

Do, Ngoc Diep

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Author	Ngoc Diep Do	Year	2020
Supervisors	Teija Tekoniemi-Selkälä & Outi Kähkönen		
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The objective of this thesis was to examine how sustainability has been integrated into strategic management at Victoria Hotels and Resorts group and subsequently, propose recommendations for the sustainability approach in its corporate strategy. The suggested strategic tools or practices could be regarded as a sustainability addition to Victoria's corporate strategy, thus guiding and facilitating achieving the possibly full integration of sustainability into the strategic management process to gain competitive advantage.

For the purpose of attaining the goal, numerous pertinent theories, concepts and models regarding strategic management, sustainability, and the linkage of these two aspects were reviewed, forming a strong academic foundation for the research. In addition, qualitative research with two methods, namely semi-structured interview and content analysis was conducted. Accordingly, the key results encompassed the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, mission and vision statement, the Triple Layered Business Model Canvas (TLBMC), and the Sustainability Evaluation Model.

The semi-structured interviews with Victoria's top-level executives enabled the collection of rich information on Victoria's current situation and intended future strategic direction. The content analysis of the interviews and Victoria's official documents, on the other hand, helped obtain a holistic view of verifying the most suitable practices based on the discernment and vision of the management team. Particularly, the research divulged a need to promote Victoria's sustainable identity to customers. Besides, the study extensively highlighted the importance of and the strong demand to introduce the strategic sustainability guideline in the corporate strategy for every hotel unit to refer to and follow easily.

Drawing on these expectations, the suggested mission and vision statements intend to effectively communicate Victoria's strong commitment towards sustainability to various stakeholders. Moreover, flexibility, innovation and creativity are emphasised in the TLBMC. Owing to the hyper-competition that exists in the hospitality industry nowadays, it is difficult to sustain competitive advantages. Victoria should hence take these three factors into consideration in the sustainable hotel operation so as to stay vibrant and relevant in the market.

Key words integration, corporate strategy, strategic management, sustainability, competitive advantage, hospitality.

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SYMBOLS AND ABBREVIATIONS

BMC	Business Model Canvas
BSC	Balanced Scorecard
KPIs	Key Performance Indicators
SD	Sustainable Development
SWOT	Strengths, Weaknesses, Opportunities, Threats
TBL	Triple Bottom Line
TLBMC	Triple Layered Business Model Canvas
UNWTO	World Tourism Organisation

1 INTRODUCTION

Human activities today exert increasingly downward pressure on society and the environment, calling great attention to sustainability issues. In the business realm, that increasing pressures have also been responsible for a large number of companies to adopt a more strategic stance toward exploiting sustainable-oriented opportunities. (Leonidou, Christodoulides, Kyrgidou & Palihawadana 2017, 585.) Even though various researches and studies have been conducted, the concept of sustainability might still seem vague and fuzzy when employing in a business context in general or in the strategic management process particularly (Philip, Willy & Joseph 2016, 5). To succeed, companies must respond to such challenges by creatively integrating efficiently sustainable innovations which help conserve and maximize natural, social and financial resources into their core business. (Castello & Lozano 2011; Rifkin 2014; Jackson 2009.)

The hospitality industry has been flourishing and evolving considerably in recent years, with the revenue in the hotel segment amounting to roughly 400 thousand million euro in 2020. Before the Covid-19 pandemic, the revenue is also expected to show an annual growth rate of 4.1% which results in a market volume of 450 thousand million euro by 2023. (Statista 2020.) Apparently, the industry has a large impact on societies, environment and economies in general. However, it is considered as one of the sectors that has imposed the heaviest burden on earth's capacity. On average, a hotel produces one kilogram of waste per guest per night. (Philip et al. 2016, 2.)

The commissioner of the thesis is Victoria Hotels & Resorts Group or Victoria for short – a leading customer-centric hotel brand owned by TMG group with its headquarters in Hanoi, Vietnam. The brand has seven four- to five-stars hotels and resorts in three countries namely Vietnam, Laos and Cambodia or also known as Indochina region. Besides providing accommodations and several activities such as spa treatments or guided tours, Victoria offers guests cruising and railway travelling opportunities in the Indochina region. (Victoriahotels 2020.)

To stay relevant and vibrant in the competitive market nowadays, hospitality groups should apply and integrate sustainability into their corporate strategies to

significantly improve their general performances (Martinez-Martinez, Cegarra, Garcia-Perez & Moreno-Ponce 2018, 673). Drawing on that, the study was conducted to attain two objectives: firstly, to examine how sustainability has been integrated into strategic management at Victoria and subsequently, propose recommendations for the sustainability approach in Victoria's corporate-level strategy.

In order to introduce the sustainability approach and guideline for Victoria, numerous theories, concepts and models with regard to strategic management, sustainability, and the integration and linkage of them to gain competitive advantages were studied, thus forming a strong academic foundation for the study. In addition, the qualitative methodology was utilised in this study with two methods namely semi-structured interview and content analysis. These two methods were imperative and helpful to gain a better understanding of the current situation and top-level executives' perceptions and expectations on the issues.

Accordingly, the key results of the study consisted of the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, mission and vision statement, the Triple Layered Business Model Canvas (TLBMC) and the Sustainability Evaluation Model designed specifically for Victoria. The recommendations hopefully could serve as a sustainability addition to or a sustainability extension of Victoria's corporate strategy as well as the strategic group guideline that different properties could refer to and follow easily to make appropriate decisions and take immediate actions. Furthermore, the suggested strategic tools and practices which are categorised in four different phases of the strategic management process could facilitate achieving the possibly full integration of sustainability into strategic management so as to gain competitive advantages.

Essentially, it should be noted that the strategic management process encompasses four phases: environment scanning, strategy formulation, strategy implementation, and strategy evaluation. However, the author was only able to propose suggestions for the three aforementioned phases except for the strategy implementation due to the limited timeframe and scope of the bachelor's thesis. Yet, the evaluation plan was formulated so as to enable Victoria to assess the performance and pinpoint the weaknesses or loopholes in the first three steps.

2 APPLICATION OF STRATEGIC MANAGEMENT IN HOSPITALITY INDUSTRY

2.1 Defining Strategy and its Levels

2.1.1 Concept of Strategy

As the objective of the thesis is to propose recommendations for the sustainability approach in Victoria's corporate strategy, it is, therefore, vital to understand the concept of strategy. To begin with, the term strategy has become a common catchphrase in the business realm recently, it is considered to be an "endangered" word as it is overused and becoming vague (Brennan & Sisk 2014, 5). Every company has its own particularised strategy as it should be valid and applicable just for that company (Seddon, Lewis, Freeman & Shanks 2004, 434).

Originally, the concept of strategy comes from the military and was then adapted and regulated for the usage in business. Before the 1980s, a business strategy intended to identify the needs of the market and, subsequently, acquire the technological capability and resources required to address them (González-Rodríguez, Jiménez-Caballero, Martín-Samper, Köseoglu & Okumus 2018, 22). Yet as Okumus, Altonay, Chathoth and Mehmet (2019, 13) define, strategy entails the futuristic intention, a visionary plan, a sequence of decision and followed actions. Respectively, Thompson, Strickland and Gamble (2007) explain the word strategy as the action plan for "running a business and conducting operations". Likewise, the strategy also illustrates in which ways companies create, supply and sustain value for their shareholders and stakeholders (Kaplan & Norton 2004, 4). Furthermore, an effective strategy would encode a "viable", "coherent" and "distinctive" approach which is lived up to the expectation of the core clientele (Pitt & Koufopoulos 2012, 8).

While the other strategist practitioners focus on future elements such as a plan or an intention, Porter (1986, 64) claims that competitive strategy is all about "being different". A business can deliberately select a unique set of activities so as to deliver for customers the distinctive mix of values, thus constructing the special brand identity. In addition, a business strategy also consists of the

competitive moves and approaches to expand the business, achieve the set Key Performance Indicators (KPIs) and most importantly compete successfully. Similarly, the strategy is also involved with the organization-wide decisions that contemplate achieving competitive advantage (Slater, Olson & Finnegan 2011, 228).

Regardless of the broad definitions of strategy, they all share one value which is the competitiveness as the aim. To address long-term trends such as globalisation or technological advance, a company must differentiate itself from its competitors and offer products with exclusive added value. To specify, a company must employ a business strategy that engages with the rapidly evolving environment and market in which it operates while maintaining coherence with its own values, and obviously, which cannot be easily replicated by the competitors. (Yin-Hsi 2012.) Essentially, in this research, a strategy reflects the set of plans comprising decisions, choices, positions, moves, approaches or tactics that companies or organisations set out to position themselves in and adapt to the market, to achieve and sustain their competitiveness.

2.1.2 Three Levels of Strategy

Though the study focuses on Victoria's corporate-level strategy, it is still a prerequisite to classify and define the three main levels of strategy. A strategy establishes a comprehensive master plan that addresses how a company could achieve its mission, vision and objectives. It maximises the competitive advantages and minimises the competitive disadvantages. In general, for a typical business, there would be mainly three levels of strategies having distinctive meanings and functions in the hierarchy which are corporate-level strategy, business-level strategy and functional strategy (Figure 1). (Johnson, Whittington, Scholes, Angwin & Regner 2017, 10.) For the case of the commissioner, albeit seven hotel units could have their own business-level and functional strategy, they also refer to and consult Victoria Hotels and Resorts group's corporate-level strategy to make corresponding decisions and take timely actions.

The lower layer of strategies in the hierarchy is derived from the broader strategies of the upper levels (Pearce II & Robinson 2011). The highest level of

the hierarchy is the corporate strategy, which deals with the overall scope of the organisation and how values are added to the business. Corporate strategies identify geographical scope, diversity of products or services, and how resources are allocated. Imperatively, it describes a company's overall direction regarding the set of business, market or industry that a company competes in and the distribution of the resources among them. (Johnson et al. 2017, 10; Wheelen & Hunger 2012, 67.)



Figure 1. Hierarchy of Strategy (Yen, Idrus & Yusof 2011, 57)

With regard to business strategy, this level presents how the individual business unit or product level competes in their particular markets. It highlights the development of the competitive position of a corporation's product or service in that particular market or industry. The issues of innovation and response to the competitor's moves would be taken into account at this strategy level. (Johnson et al. 2017, 11; Yen et al. 2011, 57.)

The lowest level of the hierarchy is the functional strategy. It is implemented by different functional areas to achieve the objectives by maximising resource productivity. The functional strategy focuses on developing and improving the distinctive competences to provide a company or business unit with competitive advantages. The mentioned functional areas could be the marketing, financial, research and development, operations, purchasing, logistics, human resource or information technology departments. (Wheelen & Hunger 2012, 286–295.) Each

level in the hierarchy needs to be aligned with each other, which leads to the integration in strategy (Johnson et al. 2017, 11).

2.2 Understanding Strategic Management Process

2.2.1 Concept of Strategic Management and Related Process

In fact, markets are changing hastily; it is not enough to just solely have a strategy or a plan. The plan needs to belong to an overall process in which the plan is developed, implemented, controlled and evaluated. That process refers to strategic management. (Brennan & Sisk 2014, 5.) In general, strategic management is a broader term that describes the whole process from the beginning to the end. The framework captures the process sequentially and definitively. Indeed, strategic management is one of the most prominent and relevant areas in the management field that a company should dedicatedly take it into consideration when operating business (Emerson, João & Mário 2014, 48).

Numerous scientific articles or books have suggested the definition for the term; nonetheless, it is difficult to define it since one definition could not properly disclose the whole meaning of strategic management. Stead and Stead (2008, 64) characterise strategic management as an ongoing process which involves the efforts of broad managers to adjust the organisation to the environment in which it operates while developing competitive advantages. Largely, Bowman, Singh and Thomas (2002) argue the primary focuses of strategic management are the issues concerning either the creation and the sustainability of competitive advantage, or the search for such an advantage.

Andersen (2013, 22) posits strategic management as a rational analytical process. The purpose is to identify the opportunities and deploy company resources to exploit these opportunities and as a result, gain a stronger market position for a company. Strategic management is also introduced as a set of managerial decisions and actions that determines the long-run performance of a corporation (Wheelen & Hunger 2012).

In essence, the strategic management process provides overall direction to a company to achieve its competitive advantage (Muriuki, Cheruiyot & Komen

2017, 39). The model is composed of four phases: environmental scanning (both external and internal), strategy formulation, strategy implementation, and evaluation and control (Figure 2). These four phases interact with each other, contribute and act as a strong foundation to build and plan the next stage. Those companies that work more diligently towards the aim, evaluate and predict more accurately will obviously outperform those that do not. (Wheelen & Hunger 2012.) The definition, the significance and the analysis of each phase will be discussed thoroughly in the following sub-chapters.



Figure 2. Strategic Management Model (Wheelen & Hunger 2012, 63)

The process encompasses the on-going activities as the content evolves and updates over time. To manage, it requires the applied knowledge of various aspects including human resources, marketing, finance, and operation. In addition, strategic management aims to long-term performance. Those can manage in short term with high or efficient performance, not necessarily be able to sustain it over a long period of time. It is believed that strategic decisions have greater and more enduring consequence than functional issues on long-term growth and performance. (Luo, Sun & Wang 2011, 190.)

2.2.2 Environmental Scanning Phase

Accordingly, the strategic management process first engages in a thorough analysis of business conditions. As the purpose of strategic management is to make a business fit into its environment, it is crucial to scan and analyse the business setting so as to identify a favourable strategic position to aim for and consequently develop a plan intended to move the organisation toward that

position. (Andersen 2013, 29.) None of the individuals, or on the larger scale such as organisations or government can draw the final conclusion without adequate up-to-date information research on current capabilities and future needs (Brennan & Sisk 2014, 7).

The increased significance of environmental scanning is analysed in various published studies in different fields, particularly in the tourism and hospitality industry (Davis, Miles & McDowell 2008, 83). Environmental scanning is the “monitoring”, “evaluating” and “disseminating” of data or information from the external and internal environment to strategic stakeholders in the organizations (Wheelen & Hunger 2012, 64). According to Choo and Auster (1993, 279), Aguilar (1967, 1) defines environmental scanning as the acquisition and the use of information about events, trends and relationships in an organisation’s setting. Essentially, environment scanning pinpoints the factors that affected or will affect the business’s operation. The environment scanning consists of data gathering from both external and internal environment (Figure 3).

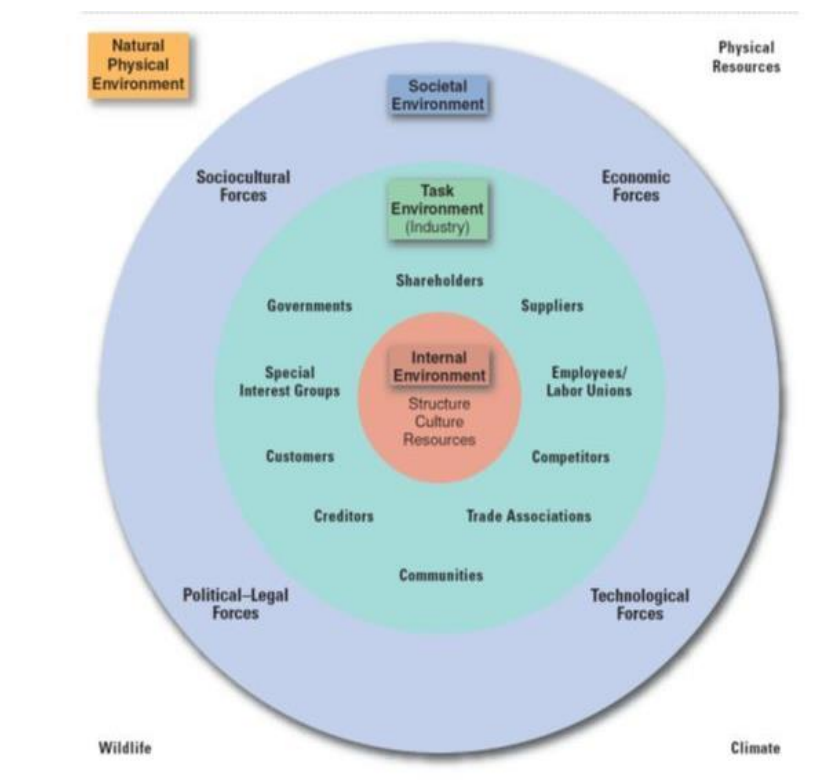


Figure 3. Environmental Variables (Wheelen & Hunger 2012, 64)

Firstly, the external scanning addresses the natural, societal environment and the industry analysis whereby a company runs. It would help to identify the

opportunities that a company can exploit, and the threats a company might face as well from the external environment. (David, David & George 2011, 10–11.) Fundamentally, external scanning is the process of constantly keeping track of changes and impacts in the company's external setting to assess the trends that create opportunities or pose threats. The impacts or changes could result from the natural environment, societal environment or from the industry in which the companies run. (Clarke & Chen 2007, 206–209.) Therefore, they may not be able to control these influences (Pitt & Koufopoulos 2012, 31).

By contrast, the internal scanning is often viewed as the organisational analysis, which is conducted in order to explore and develop the organizations' resources and competences (Wheelen & Hunger 2012, 186). The internal scanning thoroughly analyses the internal process, resources and structures of a business. As a consequence, the establishment of what a company is currently doing well and what not, simply put, its strengths and weaknesses will be examined. Comprehensively, the internal analysis offers an in-depth understanding and acknowledgement of the business: how efficient and effective the current strategies are and how it has employed the resources to support the strategies. There are several reasons to implement the internal analysis: it helps to identify resources and competences, area of weakness to be considered in the future strategy and to evaluate the business and product performance. (David et al. 2011, 10–11, 31–33.)

The key characteristic between the internal and external factors is the degree of control of managers. With respect to the internal factors which are strengths and weaknesses, managers can control them at ease, whereas the threats and opportunities from the external environment would be more difficult to predict and control. The scanning was believed to be the responsibility of the broad level management; however, as given that firms are internationally expanded, which leads to the uncertainty from the external environment, the analysis is required to be completed by various levels of the firm's hierarchies. (Okumus et al. 2019, 60–61.) The opportunities and threats analysed from the external scanning, along with the strengths and weaknesses from the internal scanning form the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. Over the years, the SWOT analysis is believed to be the simplest way to conduct environmental

scanning and also the most enduring analytical technique for a company (Wheelen & Hunger 2012, 224). That technique will present a position statement spotting where the organisations stand at the time of the environment analysis (David et al. 2011, 7).

2.2.3 Strategy Formulation Phase

After scanning the internal and external environment of a business, the next vital step is to formulate the strategy. The process is often called strategy formulation or strategic planning. As stated by Wheelen and Hunger (2012, 65), strategy formulation is the development of long-term plans for the effective management of external opportunities and threats as well as internal strengths and weaknesses. The process consists of identifying the cooperate vision, mission, business model, specifying achievable objectives and developing strategies and guidelines. In short, strategic planning guides a company in locating the business their company is in, the ends it seeks, and the means it will utilise to attain these ends (Pearce II & Robison 2011).

To set the strategic direction, initially, a vision and mission of a company must be constructed. Even though the boundary between the mission and vision is believed to be indistinguishable, each concept differs strikingly from the other in terms of meaning, headed time, function and impact (Roblek & Meško 2018, 306). On the one hand, the vision describes the “future image”, “future state”, “future position” or basically “where an organisation is headed” that describes its deal competitive position (Bora, Borah & Chungyalpa 2017, 3; Altiok 2011, 63; Brennan & Sisk 2014, 14). Nonetheless, vision is not the dream that cannot be reached, it should be realistic, earthly and achievable. It will provide the long-term direction of a company as it will normally present the company position in the next five years or more from its current state. (Altiok 2011, 63)

The vision statement is the concept for all the stakeholders to understand the strategic direction of the organisation. It is because that a company exists to satisfy the expectations and interests of its core stakeholder. A meaningful vision provides coherence across an organization, motivates and guides them with set strategies to reach that position in the future. (Pitt & Koufopoulos 2012, 100–102;

Brennan & Sisk 2014, 12.) To craft a meaningful vision statement, Baldoni (2006, 3) suggests that leaders must strike a balance between ambition and actionability, grandeur and simplicity.

On the other hand, the mission expresses the present scope and purpose, the reason for the existence of the organisation, specifically who they are, what they do, for whom and where. It characterises the products and services that a company offers, targeted groups of customers and its capabilities. (Bora et al. 2017, 2.) The mission serves like a “manifesto” which distinguishes a company among the other in the market, presents its identity and publicly announces why the organisation is carrying out its activities (Altiok 2011, 63–64). In addition, for all of the decision making, the mission acts as an anchor to help to know which decisions, duties or actions to make accordingly (Taiwo, Lawal & Agwu 2016, 129).

A translation from mission and vision into specific objectives is a necessity to provide milestones along the way. Having detailed objectives and realistic targets is mandatory in the process of strategy formulation. (Pitt & Koufopoulos 2012, 106–107.) The objectives, which reflect and flow naturally from the mission, can be stated as action verbs and explains what is to be accomplished and by when. In essence, the objectives are the end results of the planned strategy, decision and action. Indeed, it is what society gives back to the cooperation when the mission is fulfilled. It should not be too concentrated on short-term operational goals, but at the same time, not too general so that there is little guidance. (Wheelen & Hunger 2012, 67–68, 230; Clarke & Chen 2007, 205–206.)

2.2.4 Strategy Implementation Phase

While it is noted that environment scanning and strategy formulation are relevant and essential for companies in the process of strategic management, yet only little attention has been paid to its actual implementation (Engert & Baumgartner 2016, 822). Indeed, many strategies fail not because they are improperly formulated, but because they are poorly implemented (Hitt et al. 2016, 1). Unlike strategy formulation focusing on thinking ability, strategy implementation emphasises competencies and skills to implement it. Strategy implementation is

regarded as a “motivated”, “complicated” and “repetitive” process involving a significant number of employees’ decisions and activities. The variety of internal and external elements of the proposed strategy would have a significant impact on the process. (Nguyen & Nguyen 2017, 2.)

In Kotler’s (2001, 36) view, strategy implementation is the process which “turns plans into action” and ensures that the actions are put into operation in a manner that accomplishes stated objectives, mission and vision. The execution of strategy is accomplished as the outcome of a series of projected actions over time that demanding ongoing investment and involvement from the company’s stakeholder (Anderson 2013, 103). Apparently, successful strategy implementation will result in the achievement of the mission and a more satisfactory indicator, it is not reflected as the single event, but as an ongoing striving process (Pitt & Koufopoulos 2012, 362).

Rather than a process, Wheelen and Hunger (2012, 272) and Favaro (2015) define strategy implementation as all the activities and choices made in the execution of a strategic plan. In detail, strategy implementation is the act of putting strategies into practice through the development of programs, budgets and procedures. The change management also links to this process because the implementation requires the overall changes in the whole system of the organisation. Strategy implementation involves establishing programs that detail a sequence of new activities, budgets to allocates fund and procedures to handle. (Wheelen & Hunger 2012, 69, 322.)

The planned program would help to make a strategy action and activity oriented, then the budget process begins to provide and forecast the current and future financial impacts of that specific strategy. By estimating the cost or budget, a company could assess the feasibility of the strategic plan. The next step is to develop procedures to deal with the day-to-day details. (Wheelen & Hunger 2012.) Regardless of their various functions, the programs, budgets, procedures and strategy implementation in general, all lead to change inside the organisation. There could be drastic changes within the overall culture, structure, or management style of the whole organisation that involves the top managers. However, in most cases, the execution of strategy is typically carried out by the

middle- and lower-level manager, and all the other personnel with review by the broad members. (David et al. 2011, 193.)

2.2.5 Strategy Evaluation and Control Phase

The strategy evaluation and control phase completes the strategic management process. Based on the result of the evaluation, a company might need to decide and make appropriate adjustments in its strategy to response to the changes. To illustrate, managers have to assess how well the planned strategies are formulated and implemented and then evaluate the alternatives. (Johnson et al. 2017, 375.)

Strategy or performance evaluation is defined as a process in which activities and performance results are reviewed and monitored so that actual performance can be compared with the targeted objectives. Even though strategy evaluation is the final step of the strategic management model, it could pinpoint the weaknesses or loopholes in the first three steps which are environment scanning, strategy formulation and strategy implementation. (Wheelen & Hunger 2012, 70–71.) The strategic performance translates business strategies into deliverable results and measures them (Gates 1999, 4), or it provides information and data that allows a company to remodify the strategies so as to offer the highest potential for achieving objectives (Ittner, Larcker & Randall 2003, 715). Sometimes, strategy evaluation can occur as an abstract analytic task, but generally, it is considered as an integral part of an organisations processes of planning, review, and control. (Rumelt 1993, 7.)

There are various ways to measure the company performance, but they can be classified into two main groups, namely economic performance and effectiveness performance. The economic performance refers to the direct measure of success in terms of the economic outcomes, meanwhile the effectiveness performance focuses on a broader set of performance criteria than just economic. (Johnson et al. 2017, 376.) Moreover, an organisation's approach or type of measurement to evaluation must fit its strategic plan, mission and vision. (Rumelt 1993, 7.) Since the study centres at sustainability, thus the use of effectiveness measurement would be appropriate and reasonable.

One of the important measurements of effectiveness is the Balanced Scorecard (BSC). The BSC (Figure 4) complements the financial performance of past performance with measures of the drivers of future performance. It contemplates four perspectives which are financial, customer, internal business perspective and innovation and learning (Kaplan & Norton 1996, 10). Another significant measurement is the triple bottom line (TBL), which concerns the economic, social and environmental perspectives. The concept would be elaborated in chapter 3 of the paper.

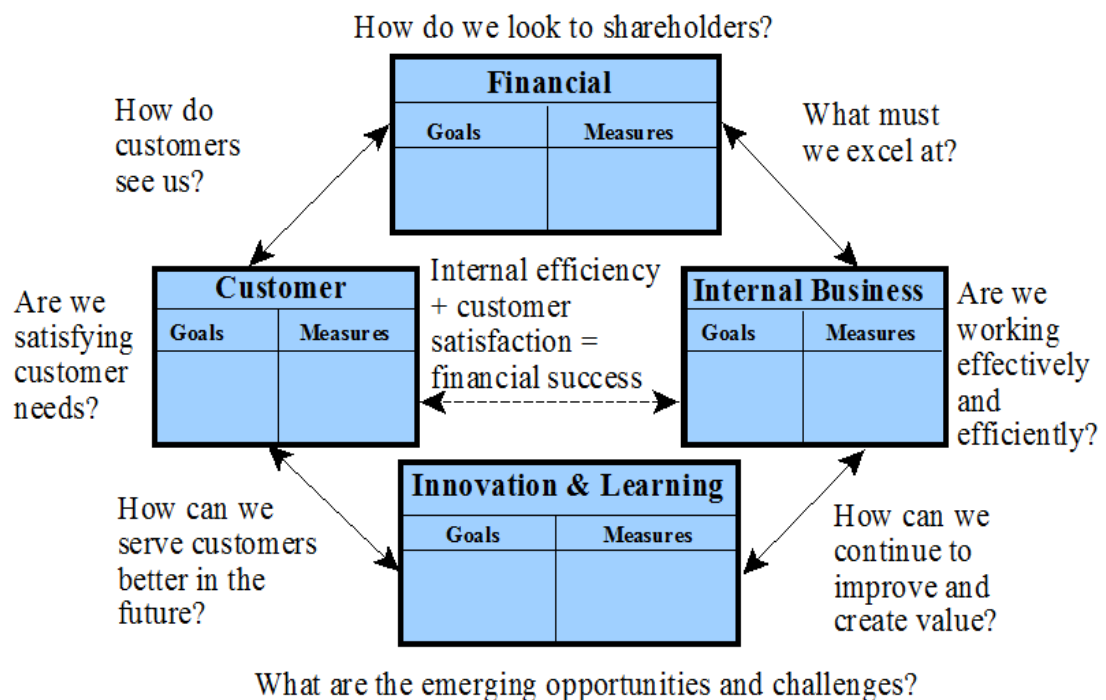


Figure 4. The Setup of Balanced Scorecard (Kaplan & Norton 1996, 182)

Even though the BSC and the TBL measurements have distinctive criteria to evaluate, they both share the view that the business performance depends not only on the economic performance, but also on a range of factors that support the long-term prosperity of the organisation (Johnson et al. 2017, 376). As to integrate the sustainability into the strategic process is the primary focus of the thesis, the Sustainability Evaluation Model by Nicoletti Junior, de Oliveira and Helleno (2018), which is the combination of the BSC and the TBL, will be discussed and applied in the later part.

2.3 Linkage of Strategy, Strategic Management and Business Model

As the aim of the thesis is to propose recommendations for the sustainability approach in the corporate strategy, which includes the Triple Layered Business Model Canvas (TLBMC), it is, therefore, vital to acknowledge the linkage of strategy, strategic management and business model. “Business model” and “strategy” are among the most sloppily used terms in the business realm (Magretta 2002, 8). It is argued that two terms might reasonably be interpreted as being roughly equivalent in meaning (Seddon et al. 2004, 427); nevertheless, Porter (2001, 73) contends that a business model is not a strategy. Eventually, the active debate between strategists and business model practitioners certainly leads to the realisation that strategic intent and the business model’s value creation remain the foundations for the effective performance of every business (Mansfield & Fouri 2003, 42).

Essentially, as proposed by Wheelen and Hunger (2012, 190–191), a business model provides the company’s method for making money in the current business environment. Identifying an applicable business model plays an important role in the strategy formulation phase. This model evolves until it perfectly matches and follows coherently with the organisation’s mission and vision. It would showcase the company’s competitive strengths, honing its key resources and processes, and eliminating its vulnerabilities. (Johnson 2018, 11.) Furthermore, the business model can provide a deep insight into the alignment of high-level strategies and underlying actions in a company, which in turn supports strategic competitiveness (Casadesus-Masanell & Ricart 2010). On the surface, this notion appears to be similar to that of strategy. In a simple competitive situation, there is a one-to-one mapping between strategy and business model, which makes it difficult to separate the two notions (Casadesus-Masanell & Ricart 2010, 195) and thus creates the overlap (Figure 5) between these two (Seddon & Lewis 2003, 237).

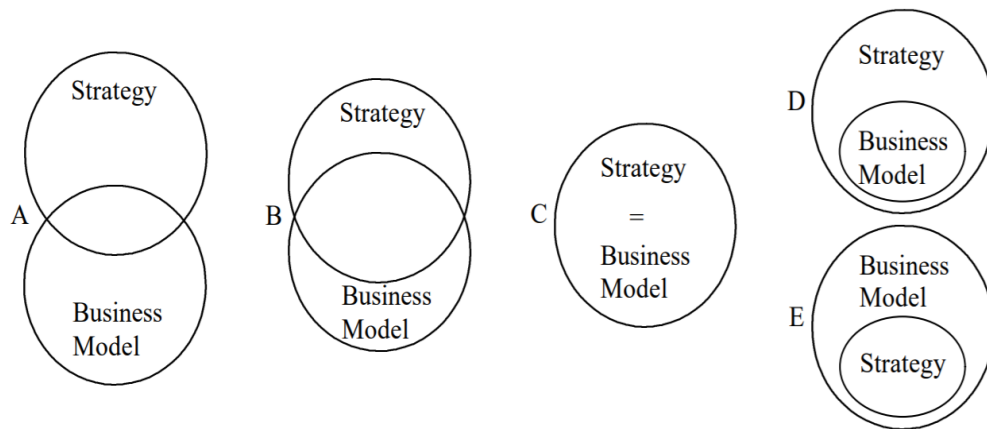


Figure 5. Overlap Between Two Concepts (Seddon & Lewis 2003, 237)

In Elliot's view (2002, 7), a strategy specifies how a business model could be applied to the market to differentiate the firm from its competitors, whereas Seddon and Lewis (2003, 241) consider a business model as "an abstract representation" of some aspect of a firm's strategy. As stated earlier, a strategy is valid and specific to that company and that company alone. On the contrary, the same business model could then be applicable to more than one company. Likewise, the company's strategy can be represented by any number of business models. (Seddon et al. 2004, 434.)

Osterwalder and Pigneur (2002) claim that a business model is a missing link between a strategy and the strategic management processes. To illustrate, a business model forms the linkage between two phases of the strategic management process which are strategy formulation and strategy implementation. Similarly, Richardson (2005, 4) states that the business model can be developed into a useful integrative framework for the strategy formulation and execution phase. The framework provides a consistent logical overview of a company that helps to guide the myriad choices and actions. Hence, strategy entails designing business models to allow the organization to reach its goals. In essence, a strategy or the strategic management process at large coincides with a business model; so that an outside observer can know the firm's strategy by looking at its business model. (Casadesus-Masanell & Ricart 2010, 204.)

Understanding and acknowledging how the strategy, the strategic management process and business models intertwine or have an impact on each other can undoubtedly help guide the search for and the creation of innovative and

profitable new ways to compete (Casadesus-Masanell & Ricart 2010, 212). Essentially, in this thesis, rather than the strategy, a business model is considered as a “reflection” of its strategy as well as a conceptual framework that guides the company’s actions and helps to link the firm’s strategy or theory of how to compete, to its activities or to the formulation and execution process of the strategy (Richardson 2005, 5; Casadesus-Masanell & Ricart 2010, 195).

2.4 Case for Strategic Management in Hospitality Context

Numerous relevant theories concerning strategy and strategic management are discussed above; notwithstanding, it is also mandatory to acknowledge how these theories are employed in the hospitality context owing to the commissioner’s operating environment. The hospitality community is very strong, vibrant and exciting; it is predicted to continuously grow booming worldwide (Cheng, Li, Petrick, & O’Leary 2011; Statista 2020). Though it is one of the largest industries in the world, providing one definition for it has been challenging. Reisinger (2009, 25) states that hospitality is an industry “run by people for people”, which is also a factor that creates and contributes to the uniqueness of the characteristics of the hospitality industry.

It is stressed that the hospitality organisations operate in a unique external and internal context, which makes it especially important to understand and follow the strategic management practices. Indeed, the hospitality organisations share many values with other companies in different industries; however, various characteristics of the industry, attributable to its heavy focus on service, might require different approaches from a strategic perspective. (Okumus, Köseoglu, Morvillo & Altin, 2017, 268.)

The distinctive features of the hospitality industry would have a major impact on the strategy formulation, implementation and evaluation process and on the productivity and profitability of the organisation as well. Hence, the requirement for a deeper and better conceptualisation which significantly notes the diverse dimension of the hospitality industry is necessary. (McGahan & Porter 1997; Okumus et al. 2019, 33; Köseoglu, Law & Dogan 2018, 483.)

The inseparability of customer participation in the service process, simultaneity, perishability, intangibility, heterogeneity, cost structure, and labour intensity are the unique characteristics of the hospitality organisations (Gronroos 2007). To elaborate, customers always need to present and participate in the process of service delivery, which means that a company should pay close attention to when designing operation and marketing strategy to communicate efficiently with the customers. In addition, the production and consumption are simultaneous, service will be perishable if they are not sold, thus the full utilisation of service capacity is a strategic task for many organisations. (Okumus et al. 2019, 26–28.)

With regard to the cost structure, it remarkably influences the organizations' managerial and resource allocation, which directly affects the strategy formulation process. This often involves pricing strategies and sustainable-oriented strategies to maintain profitably. Besides, the hospitality industry is labour intensive, to put it in the other way, it requires an enormous number of employees. They are the one who will take care the customers and have a conversation with the customers, thus the strategies that taking care of the personnel first then they will be able to deliver memorable experience are imperative. (Okumus et al. 2019, 29.)

Product design, market segmentation, franchising and innovative products concepts are regarded by Nykiel (2005) as the strategic driving forces constructing the very dynamic and vibrant hospitality industry. All these forces demand hospitality organisations to keep redefining their strategic management practices. In other words, the vision, mission, goals and objectives should not be static but should be reviewed and revised. Many hospitality organisations face problems in understanding and putting into practice the strategic management theories. Essentially, the strategic management theories or models developed for the generic field can be employed in the hospitality industry; however, managers should have a good understanding of the industry characteristics mentioned above, plus the internal features of the organisation and take them into consideration to successfully manage the process. (Okumus et al. 2019, 35, 192; Koseoglu, Rahimi, Okumus & Liu 2016.)

3 INTEGRATING SUSTAINABILITY INTO STRATEGIC MANAGEMENT TO GAIN COMPETITIVE ADVANTAGE

3.1 Sustainability in Hotels

3.1.1 Concept of Sustainability

Moon and Bonny (2001) highlight various trends and changes that push and guide many global companies and organisations to embrace more sustainable practices, which are the innovation in technology, globalisation, hyper-competition in many industries, and the large global network. It is highlighted that the closer the relationships with the customers, the internal employees, the external stakeholders, society or the environment, the more sustainable and ethical business model approaches for the companies and organisations (Moon & Bonny 2001). In fact, until the late 20th century, a business could still be profitable and successful without the sensitivity towards society and the environment. However, these trends have regulated the ways businesses operate, various companies in the hospitality industry have reported the large amount of cost-saving from initiatives that are environmentally-friendly. Hence, sustainability, as a term, is used to describe competitive advantage, not only about the environment. (Wheelen and Hunger 2012.)

The word sustainability is most generally defined by Bruntland Commission (1983, 41) as “development that meets the needs of the present without compromising the ability of the future generations to meet their own needs”. Whilst in Carter and Rogers’s view (2008), sustainability is viewed from the economic, social and environmental aspects while incorporating the business aspects of risk management, transparency, strategy and culture. Simply put by the World Tourism Organisation, for short UNWTO (2020), sustainability principles involve the environmental, economic, and socio-cultural aspects of tourism development; additionally, there must be a balance between three dimensions to ensure and secure its long-term sustainability.

Moreover, sustainability is also regarded as the business approach generating long-term values for organisations. It is because sustainability enables a

company to take advantage of opportunities and minimise and manage the risks which stem from economic, environmental and social developments (Clarke & Chen 2007, 235). Sustainability challenges a company or an organisation to make decisions that improve the economy, society and environment conditions. It could hamper unfortunate events by helping to determine what may occur in the future. (Hitchcock & Willard 2010, 3.)

The word “corporate sustainability” narrows down the scope and range of the term “sustainability” and emphasises more on the operating environment of a company. Corporate strategy means “meeting the needs of a firm's direct and indirect stakeholders, without compromising its ability to meet the needs of future stakeholders as well”. (Dyllick & Hockerts 2002, 13.) According to Salzman, Lonescu-Somers and Steger (2005, 27), managing corporate sustainability is viewed as a strategic and profit-driven corporate response to environmental and social issues caused through the company's activities. In essence, in this thesis, as “sustainability” and “corporate sustainability” still share the same focuses which are the economy, environmental and society aspects (White 2009), these terms, therefore, are used interchangeably without notice.

3.1.2 Triple Bottom Line

The concept of the Triple Bottom Line (TBL) originates from the notion of sustainability. Regardless of its wide definitions, there are three spheres (Figure 6) to be mentioned when discussing the term sustainability or the TBL, namely economy, society and environment. (Stoddard, Pollard & Evans 2012.)



Figure 6. Three Spheres of Sustainability (Elkington 1998)

The TBL is a concept that expands the notion of organisational performance evaluation, which take into account not only the traditional financial bottom line but also the environment quality and social justice (Elkington 1998). In addition, the TBL is a framework that a business can utilise to assess and measure the degree to which its operations are sustainable (Stoddard et al. 2012). All private sector companies have the main objective of making profit; obviously there are other aims as well, but if the main one is not fulfilled, the companies will sooner or later stop operating. The economic dimension can be assessed using traditional financial performance indicators such as sales revenue, profit, return on investment or shareholder value models. (Philip et al. 2016, 9; Stoddard et al. 2012.)

With respect to the social reporting, it associates to the firms' relationship with their employees, customers, the legal system, the local community, educational, and governmental institutions (Dwyer 2005). They need to tackle issues such as public health, human rights, labour rights, equal opportunities and education, workplace safety and working conditions. The social dimensions or how a company contribute to society could be measured and evaluated by career retention, volunteerism and charitable activities. (Philip et al. 2016, 9; Schulz & Flanigan 2016, 451.)

In light of the environmental dimension or environmental reporting, it could be represented as the footprint of the organisation on the environment when operating its business. In other words, the environment reporting measures business's impacts on flora and fauna that make up the ecosystem, in addition to the air, the water and the land. Hence, the waste, emission, energy and water consumption must be examined thoroughly. (Philip et al. 2016, 8; Clarke & Chen 2007, 306.)

The triple bottom line concept is specifically suited to set sustainability KPIs and other related targets. The three pillars are intertwined and need to be balanced in order to achieve the ultimate goal which is sustainability. When the concepts in the three spheres of sustainability are utilised and adapted well in real-world situations, all the stakeholders gain advantages. It is because natural resources are conserved, it helps protect the environment, the economy booms and

flourishes, the social standard of life is good as peace and respect for human rights exists. (Mensah 2019, 8; Kannegiesser, Günther & Autenrieb 2015, 451.)

3.1.3 Sustainable Practices in Hotels

Sustainable hospitality companies or green hotels aim at minimising the negative influence on the environment and society, but at the same time maintaining profitable (Philip et al. 2016, 4). The Green Hotels Association (2008) proposes a definition for the green hotel that it is a lodging property that follows and incorporates environmental practices namely energy and water saving, waste reduction, recycling in support for the protection of the environment. Meanwhile Lanjewar (2015) claims green hotels as a broader term, which refers to hotels that make an effort to be more sustainable friendly in term of efficiency, social images, community impacts, minimal usage of energy, water, and materials while being profitable.

Increasingly, hotel companies are under pressure from not only government but also competitors to optimise their social and environmental responsibility to adapt their sustainable business practices to become more sustainable (Jankovic & Krivacic 2014). In addition to the push coming from government and local regulations, the growing awareness of environmental concerns from the customers, along with the expected tourism growth, are regarded as a strong driver for the implementation of sustainable initiatives in hotels (Giardina 2019, 317).

By making the hospitality business more sustainable, and taking actions on alternative energy, sustainable purchasing, waste management and community support, the hotel will experience a shift in the corporate culture. (Doucette & Scott 2015, xi.) The initiatives which are favoured by the consumers are energy-efficient light bulbs in guest rooms, recycle bins in the hotel room, green certifications and the active participation in the charity activities. On the contrary, towel reuse program and sheets changed on request raise doubt in the customer's mind due to its unhygienic and ineffective perspectives. (Verma & Chandra 2016, 6–7.) Nevertheless, luxury hotels are quite reluctant to implement general sustainable initiatives due to a misconception. To specify, they believe

that sustainability cannot combine and align with the luxurious standards and statuses that luxury hotels should maintain to be appealing to their customers. (Sourvinou & Filimonau 2017.)

3.2 Sustainability as Strategic Issue

The increasing rate of adoption, implementation and reporting on sustainability programs, initiatives and practices all features that sustainability has become a key issue for the application of strategic management in various global companies (Ioannou & Serafeim 2019, 4). The companies' high commitment to sustainability, questions for a strategic approach to guarantee that sustainability becomes an integrated part of the strategic management process (Engert, Rauter & Baumgartner 2016, 2833). Since the concept of sustainability is particularly complex and far-reaching (Amini & Bienstock, 2014), it is believed that sustainability must become a strategic issue of every business operation (Engert & Baumgartner 2016; Lamboglia, Fiorentino, Mancini & Garzella 2018).

Broadly, sustainability strategy integrates economic, social and environmental dimensions into the strategic management process and highlights the competitive position of a company in term of sustainable development. Therefore, the demand to develop and optimise the sustainable resources and capabilities as the foundation of strategic competitive advantage is crucial. The existence of these capabilities would support the businesses in the process of enhancing social and human welfare, and on the other hand, mitigating their environmental impact and achieving financial KPIs and objectives. The balance between the needs of internal and external stakeholders should be maintained throughout the process of integrating. (Baumgartner & Rauter 2017, 83; Murthy 2012, 13.)

There is the notion that taking a strategic perspective on sustainability is a necessity for any "true" sustainability. The fact that businesses can effectively "do" sustainability without integrating into their core is misguided. (Cavaleri & Shabana 2018, 13.) Porter and Kramer (2006, 80, 84) conclude that every business has to incorporate three sustainability perspectives into the core frameworks so as to acknowledge competition and direct their strategy. They strongly believe that any approach that is fragmented or disconnected from the

business or reality will “obscure” various great opportunities for the development of the companies (Porter & Kramer 2006, 80, 84).

In fact, various companies are still lacking a strategic approach regarding sustainability and thereby obtaining the link between sustainability and strategic management is troubling (Engert & Baumgartner 2016, 822). Engert et al. (2016) identify problems that companies might face when viewing sustainability as a strategic issue (Figure 7). The greatest challenges as suggested by Cavaleri and Shabana (2018, 3) are of strategic nature. When businesses employ sustainable techniques, which are not aligned with their core and strategy, it might hinder their abilities and capacity for creating and sustaining strategic competitive advantage.

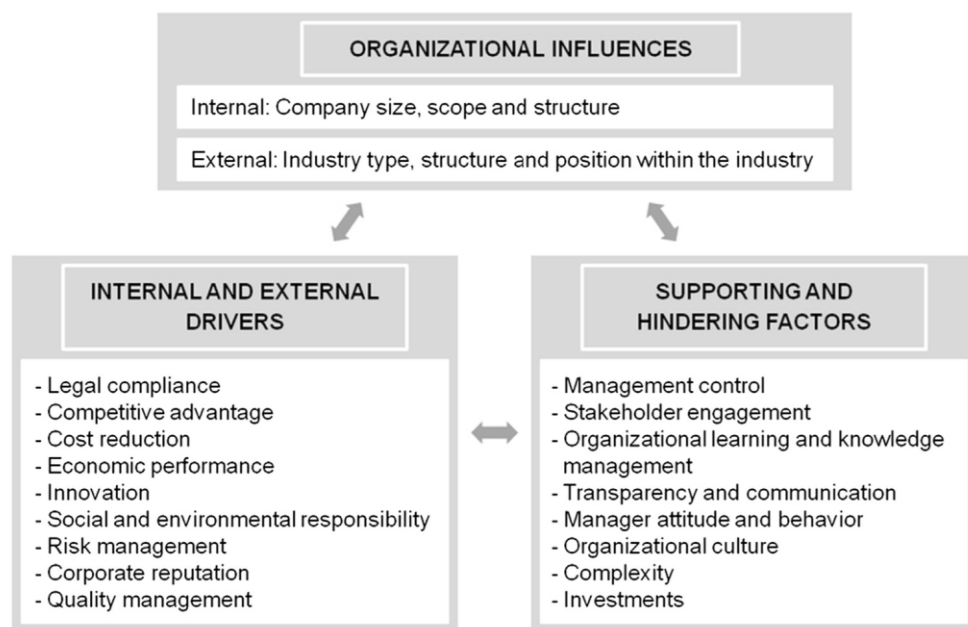


Figure 7. Emerging Issues from Integration of Sustainability into Strategic Management (Engert et al. 2016, 2838)

Essentially, sustainability is clearly a strategic issue. It aids the companies to examine the threats and opportunities from the current trends and see the relationship between them. Furthermore, sustainability is considered as the natural extension of the organisational changes and tends to produce multiple unintended benefits. (Hitchcock & Willard 2010, 13, 17–18.)

3.3 Designing Sustainable Business Model

In chapter 2, the close linkages of strategy, strategy formulation, strategy execution process and business model were discussed thoroughly: the business model can be regarded as the “reflection” of the company’s strategy. In order to integrate sustainability into every phase of the strategic management process, it is essential to acknowledge how to design a sustainable business model. The business model topic has been under active discussion since it first gained the currency in academic articles in the late 1990s (Zott, Amit & Massa 2011). It is argued that a business model is more than a statement of how “value is created and captured”. It can be used not only to help the manager see the linkages between value capture and value creation, but also to convey knowledge about the organisation. (Teece 2010; Baden-Fuller & Mangematin 2015, 9.)

The most significant advance in business model practices arrived with Osterwalder and Pigneur’s Business Model Canvas (BMC) (2010). The BMC was developed as a practical management tool for thinking about a business model. (Bock & George 2018, 23.) The canvas identifies 9 business model elements namely key resources, key activities, key partners, value propositions, customer relationship, channels, customer segments, revenues and costs (Osterwalder & Pigneur 2010). Even though utilizing the BMC may help align profit and purpose to support more sustainability-oriented value creation (Osterwalder & Pigneur 2011), in practice, environmental and social value is implicitly deemphasised behind the canvas's economic value orientation. A new tool which integrated more equally economic, social and environmental elements is highly required. (Upward 2013; Coes 2014.)

The sustainable business model is a roadmap for achieving sustainability and it would emphasise how a company maintains a long-term edge over the competitors (Bock & George 2018, 222–223). Sustainable business model innovation would generate superior values for both customers and a company by taking the societal and environmental elements into account when operating a business (Bocken, Boons & Baldassarre (2019, 1498). As proposed by Schaltegger, Hansen & Lüdeke-Freund (2016, 6), the business model for sustainability supports the process of “describing”, “analysing”, “managing”, and

“communicating” company’s sustainable value proposition to all stakeholders including customers, employees, suppliers, partners or investors.

The Triple Layered Business Model Canvas (TLBMC) (Joyce & Paquin 2016, 3) was introduced, based on the original one, to explicitly address a triple bottom line: economy, society and environment (see Appendix 1.). Each canvas layer is dedicated to a single dimension and as a whole, they provide a means to integrate the relationships and impacts across layers. The TLBMC serves as a tool to accelerate the creative exploration of sustainable business models and sustainability-oriented innovation. In addition, these two additional layers (society and environment) both parallel the original business model canvas (the economic layer) by highlighting the interconnections and extend it by drawing connections across the three layers. (Joyce & Paquin 2016, 3–4.)

With respect to the environmental layer, its purpose is to appraise how the environmental benefits outweigh its impacts. Using this layer helps the organisation to acknowledge where its environmental impacts lie in the business model, so as to improve when creating environmentally-friendly innovation. Similar to the original BMC, the environmental layer comprises 9 components which are functional values, materials, production, supplies and outsourcing, distribution, use phase, end-of-life, environmental impacts, environmental benefits. (Joyce & Paquin 2016, 4–6.)

Regarding the social layer, it is built on the stakeholder management approach to investigate and capture the mutual social impacts of the organisations and its stakeholder. The stakeholder could be the employees, shareholders, customers, partners, suppliers or any other interest group. Utilising this layer enables organisations to gain a comprehensive understanding of where are the main social impacts and as a result, offer a deep insight into discovering a new way to innovate actions to improve its social value creation potential. Likewise, the social layer of the TLBMC consists of nine components namely local communities, governance, employees, social value, social culture, scale of outreach, end-user, social impacts and social benefits. (Joyce & Paquin 2016, 4, 6–8.) The TLBMC support both the horizontal coherence and vertical coherence (Figure 8). It generates a more holistic view of the organisation’s business model, leading to a

more comprehensive understanding of sustainability-oriented innovations (Zott & Amit 2009).

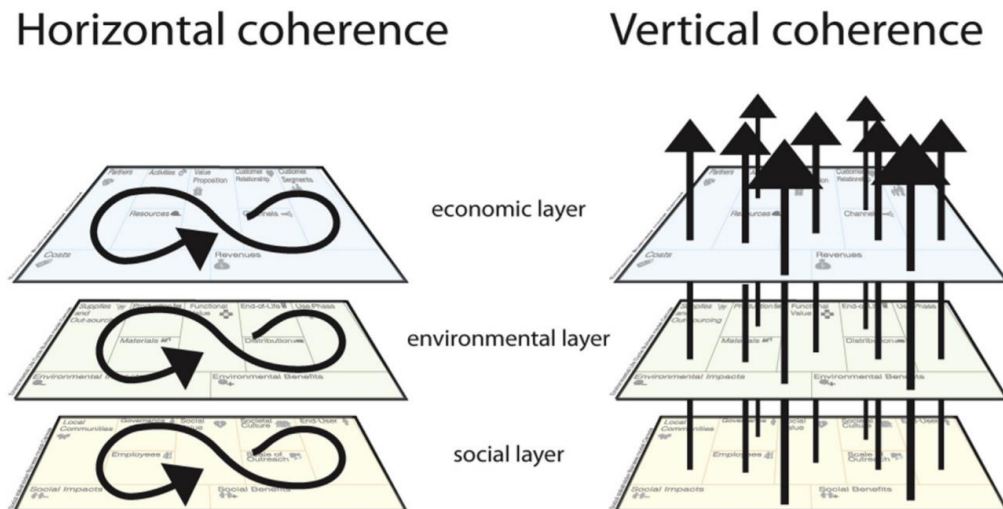


Figure 8. The TLBMC Creates Two New Dynamics: Horizontal and Vertical Coherence (Joyce & Paquin 2016, 9)

3.4 Sustainable Strategy Evaluation Methods

So as to integrate sustainability into the strategy control and evaluation phase, the sustainable strategy evaluation methods will be discussed in this section. In addition to the usage of the Triple Bottom Line (TBL) to evaluate the strategy performance, the Balanced Scorecard (BSC) is also one of the common tools used both in researches and in practical. A survey by Brain & Company reported that 50% of the total 1000 Fortune companies in North America and about 40% in the European region utilised the BSC (Gumpus & Lyons 2002). In general, the BSC has been associated with sustainability in order to integrate it with the organisational performance. Various attempts have been made, one example is the Sustainable BSC by Hansen and Schaltegger (2016), which integrate the triple bottom line to the design of the BSC as an approach to sustainability-oriented organisation development. However, there is no census on the agreement of how to do and which criteria or indicators to choose.

As the need for a new innovative model that addresses the two issues, the Sustainability Evaluation Model (Figure 9) was introduced, which associates the four perspectives of the BSC and the three dimensions of the TBL. The intersection of the two framework leads to the formation of twelve correlations

matrix. The matrix allows the organisation to measure and evaluate the level of commitment to each requirement to achieve full integration between the BSC and the TBL, which is also the main different characteristic of this model compared to the previous one. (Nicoletti Junior et al. 2018, 85–87.)

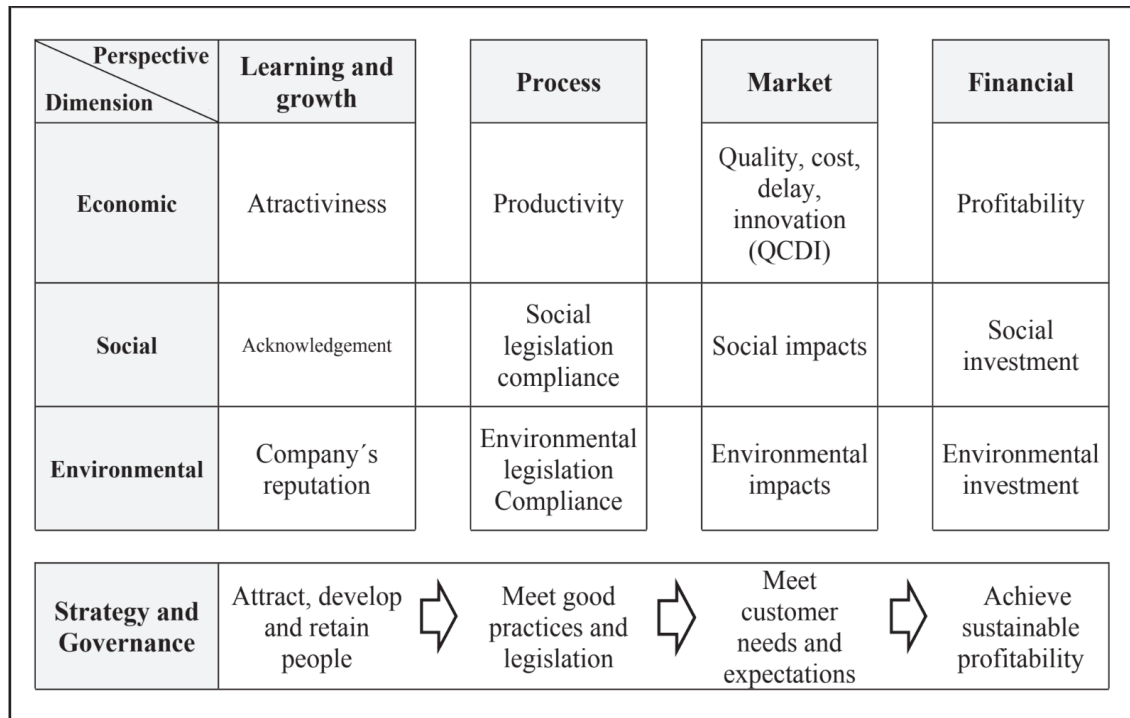


Figure 9. Sustainability Evaluation Framework (Nicoletti Junior et al. 2018, 88)

The fulfilment of each correlation would help the organisation to grow in a market and to remain competitive in a profitable way. It also makes the making decisions process of the organisation easier as it offers the evaluation system concerning the sustainability aspects associated with the business strategy. The learning and growth perspective when linked with the three dimensions would result in the attractiveness, acknowledgement and reputation. Meanwhile, the organisational process perspective combined with sustainability leads to productivity, social and environmental legislation compliance. The quality, cost, delay, innovation, social and environmental impacts would be formed when market perspective is incorporated. The last perspective – financial aspect intertwining with the TBL would create the profitability, social and environmental investment. (Nicoletti Junior et al. 2018, 86.)

3.5 Towards Sustainability to Gain Competitive Advantage in Hospitality Industry

In practice, sustainability has already been integrated into the strategic management process of several leading hotels chains to support the growth of their businesses (Jones, Hillier & Comfort 2014). On the other hand, there are also many scientific researches proving that sustainable approach can give hospitality companies sustainable competitive advantages (Assaf, Josiassen & Cvelbar 2012; Erdogan & Baris, 2007). Porter (1986) contends that one of the most important goals for every company is achieving and sustaining competitive advantages. Companies will have few economic reasons for existence and finally will close if they do not achieve competitive advantages (Kim & Oh 2004, 65).

De Kluyver and Pearce (2015, 123) consider companies as having competitive advantages only when they can successfully formulate and employ a “value-creating strategy” that competitors cannot copy. There is also a consensus in the literature that competitive advantages entail achieving superior performance relative to competitors which can be sustained over a protracted period of time (Hill & Jones 2009, 77). More specifically, sustainable competitive advantages can be described by the unique characteristics of the products or services, which ensure the position of a company in the market and which differentiate a company from their competitors (Kim, Jeon, Jung, Lu & Jones 2012).

Attaining sustainable competitive advantages is very critical; however, it must be noticed that in this fast-changing environment, competitive advantages do not last forever. In addition, maintaining competitive advantages in the hospitality industry is even harder because of the hyper-competition that exists. In hospitality and tourism context, it specifically calls for a comprehensive understanding of both service characteristics of a business and the distinctive features of the industry itself (Evans 2016, 15). The only real sustainable competitive advantages would therefore lie not in a hotel’s products and services, still in its ability to learn and quickly adapt to changing conditions. (Philip et al. 2016, 10; Clarke & Chen 2007, 224–225.)

Sustainable business practice is now perceived as an indispensable element in building the strong competitive advantage (Clarke & Chen 2007, 303). Moreover,

various studies also emphasise that competitiveness is closely linked with resources and capabilities which are created through sustainable practices (Porter & Kramer 2006). Cantele and Zardini (2018, 166) find that environmental, social, economic perspectives of sustainability have a positive effect on competitive advantages.

Moreover, competitive advantage cannot be attained by any single activities or improvements, it commands a company to question its strategic planning and position. (Philip et al. 2016, 10.) Firms' resources and competencies for sustainability are a question not only of individuals but also of teams. Leaders could impact the sustainable behaviour of employees due to their true commitment towards sustainability. (Gutiérrez, Alcaraz, Susaeta, Suárez & Pin 2015, 13.) Essentially, hotels that apply sustainable business are not only contributing to environmental preservation, but also incur benefits that may contribute to assisting them in gaining competitive advantages, increasing revenue and reducing costs. (Giannoukou & Papadopoulos 2017, 681.)

These benefits gained from incorporating organizational sustainable development principles would enhance firms' competitiveness: higher levels of customer satisfaction and retention; boosting the firms' performance and reputation, more motivated and productive employees, closer relationship with community and authority and, increased cost-saving. Therefore, promoting and applying sustainable development within the organization truly benefits the firm in the long term. (Nejati, Shah Bin, Shahbudin & Bin Amran 2010, 85–86; European Commission 2009, 4.)

As concluded by Martinez-Martinez, Cegarra, Garcia-Perez and Moreno-Ponce (2018, 673), hospitality companies which apply sustainable business model and strategy can improve significantly their performance, especially business performance. Moreover, their eco-friendly images also help to enhance their social performance, as a result, leading to an increase in profit. However, research by Giardina (2019, 323) highlights the needs to improve the sustainability efforts of hospitality companies. In detail, the most problematic area currently is the way how to increase awareness of sustainability, to educate guests and to provide training for employees efficiently.

4 THESIS PROCESS AND METHODOLOGY

4.1 Thesis Process

Essentially, sustainability is regarded as a crucial element to gain competitive advantages in the current market. The objective of the thesis was firstly, to examine the current situation regarding sustainability implementation and strategic management at Victoria and subsequently, propose improving suggestions for the sustainability approach in Victoria's corporate-level strategy. In order to obtain a comprehensive understanding of the concept of strategic management, sustainability, and their integration and linkage, numerous relevant theories on the topics were reviewed. These theories were later applied to form the basis of the semi-structured interview and to propose suggestions for Victoria. Table 1 presents the different phases of the thesis process.

Table 1. Thesis Process

Period of time	Tasks	Research Methods
Week 1-3 (January 2020)	- Commissioner, topic research and filtering - Drafting the outline of the thesis	
Week 4-5 (January 2020)	- Pre-reading literature about strategic management and sustainable development - Idea Poster Preparation	Literature Analysis
Week 6-7 (February 2020)	- Idea Poster Presentation - Submitting Thesis Project Plan - Start the writing process	
Week 8-11 (February – March 2020)	- Framing and Writing the theory part - Finishing the methodology - Making interview templates	Literature Analysis Qualitative Method Qualitative Method
Week 12-16 (March – April 2020)	- Conducting the interviews - Analysing the results - Submitting the preliminary version	Qualitative Method Qualitative Method
Week 17-22 (April – May 2020)	- Adding changes and polishing the final report - Thesis final presentation	

The idea of the research was to describe how to acquire the integration of strategic management and sustainability in the hospitality industry at large and

particularly in the case of the commissioning company (Figure 10). Their noteworthy positions, close linkage, correlation and their common aim towards achieving competitive advantages were described thoroughly. As a result, the key findings consisted of Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, vision and mission statement, Triple Layered Business Model Canvas (TLBMC) and Sustainable Evaluation Model for Victoria. The suggested strategic tools serve as a sustainability extension of Victoria's corporate strategy and are believed to guide and bring the hotels to the next level concerning managing sustainability implementation and strategic management. Victoria, in the end, could benefit from gaining a set of competitive advantages which result from the integration of these two aspects.

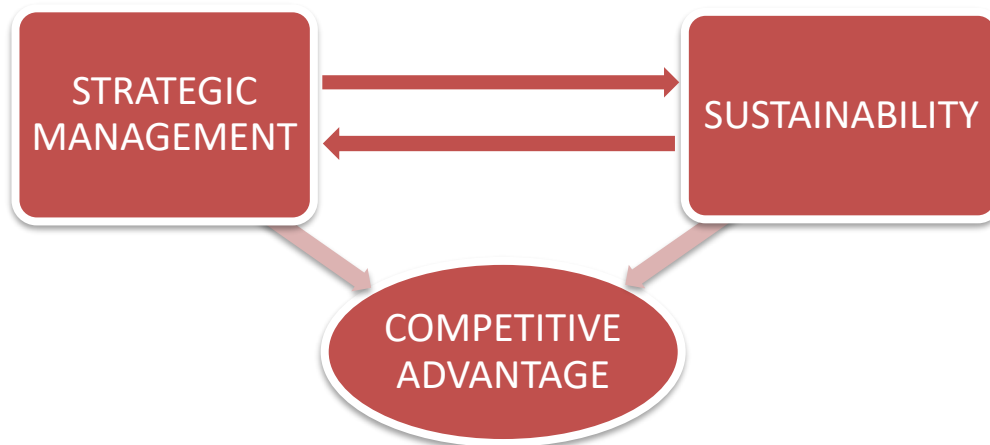


Figure 10. Thesis Idea

4.2 Qualitative Research

4.2.1 Qualitative Methodology

Qualitative research is generally based on the belief that people personally involved in a particular situation are best placed to describe and explain their views, experiences or feelings in their own words and without being overly constrained by the framework imposed by the researcher (Veal 2006, 193). Research which is concerned mainly with the individual opinions or attitudes of respondents is suitable for the qualitative approach (Mason 2014, 157).

Thus, the qualitative methodology was utilised for the collection and analysis of the study. This type of methodology is undoubtedly appropriate for the nature of

the research, as the purpose of the thesis is to propose the sustainability approach to Victoria's cooperate strategy according to the expectations and perceptions of different managers and directors of the hotel. As Myers (1997, 4) stated, the motivation for conducting qualitative research comes from the observation that one characteristic which distinguishes humans from the natural world is our ability to talk.

The qualitative methodology is an "interpretative" approach, helping to gain a deep insight into a specific topic, meaning through the subjective experience of the participants. In addition, this methodology enables the researcher to build abstracts, concepts, hypotheses, or theories through actively involving in the process of the research. (Palmer & Bolderstone 2006, 16; Hogan, Dolan & Donnelly 2011, 9.) The qualitative research produces descriptive data, which in this case are people's own written or spoken words and observable behaviour (Taylor, Bogdan & DeVault 2015, 18). It would allow the researcher to access in-depth information about the topic, the current situation of the brand, so as to achieve the best results afterwards. The high and rich quality of the transmitted message is emphasised more than the quantity (Hogan et al. 2011, 9).

There are various methods to use for the qualitative research such as in-depth interview, participant observation or focus group. For this particular research, the in-depth interview was utilised to gather information on the expectations and perceptions of different top-level managers of the brand. Afterwards, the data were analysed with the content analysis method. This methodology is arguably the best one for this research as there was little information about the commissioner's opinions and views regarding the future direction of the hotels. In addition, the total number of involving stakeholders which are top managers in this case, is relatively small as well. Hence, the qualitative methodology is the most suitable one since it tends to collect great deal of "rich" information from few respondents rather than the more limited information about each of a large number of people as in the quantitative methodology. (Veal 2006, 99, 193.)

4.2.2 Semi-Structured Interview

The semi-structured interview was chosen to acquire the in-depth data from the participants, which are the hotel managers and the owners in this thesis since the

method has proved to be both versatile, conversation-like and flexible (Kallio, Pietilä, Johnson & Kangasniemi 2016, 2959.) A semi-structured interview is an amalgamation – there are prepared formulated question; however, an interviewer may deviate from the planned questions if an unpredicted discussion point is considering appropriate and contributing to the research (Bell 1999).

There were five top-level executives of Victoria participating in the interviews. The interviews were conducted in Vietnamese and English through Skype since the author lives in Finland while the interviewees are in Vietnam, Laos or Cambodia. The duration varied from 50 to 70 minutes and different research topics were covered according to the semi-structured template (see Appendix 2.). The questionnaire was designed based on the academic sources of strategic management and sustainability in the hospitality industry.

In detail, all the questions were classified into three groups of research topics which are: sustainability in hotels, strategic management in the hospitality industry and the integration of two aforementioned aspects to gain competitive advantages. The chosen method enabled the author to gain in-depth information in favour of stakeholders' perception, needs, and expectations which could all benefit to the later process to reach the ultimate aim of this research. As the respondents work at different locations and their duties and tasks are not the same, the questions would be hence adjusted slightly to acquire the specific information from each of them.

4.2.3 Content Analysis

To analyse the empirical data that were collected during the semi-structured interview, the qualitative content analysis was chosen. In the content analysis, the raw data are presented in words and themes so as to possibly draw an interpretation of the results. To specify, it reduces the volume of text collected, identifies and groups categories together to gain new insight into each theme or topic to reach the final conclusions. (Bengtsson 2016, 8, 10.)

The content analysis of the interviews and Victoria's official released document offered a holistic view of Victoria Hotels and Resorts' broad managers about the

future strategic direction. As the aim of the study is to achieve the integration of sustainability into strategic management by introducing the sustainability approach in Victoria's corporate-level strategy, it is imperative and necessary to employ this method to determine the most suitable tools and practices drawing on the perception and vision of the management team. When categorising and analysing the result of the semi-structured interviews in chapter 5, letter coding was utilised to distinguish one interviewee from another. For instance, S1 stood for the first manager, whereas the fifth manager was coded as S5.

4.3 Trustworthiness of Qualitative Research

It is significant to contemplate the trustworthiness of every research, especially the qualitative research as it is considered to be subjective or lacking scientific rigour compared to quantitative research. In lieu of reliability and validity, credibility and transferability should be ensured when discussing the trustworthiness of the qualitative research. (Cope 2014, 89; Jennings 2010.)

Credibility refers to the truth of the information which in this case could be the participant views and the interpretation and representation of them by the researcher (Polit & Beck 2012). To ensure the credibility of this research, the data were collected through the semi-structured interviews with various managers in different properties and also in the headquarters of Victoria Hotels and Resorts with regards to their own perceptions, needs and expectations for the brand in the future. Hence the information is both from the management side and the owner side, which leads to the objectiveness of the result. Moreover, the data was gathered upon on the willingness of the interviewees, they have the rights to refuse to participate or not to answer all the questions if they feel not comfortable to do so. To lessen the threat to the trustworthiness of the research, the author managed to cite as many direct texts as possible and take them into consideration to recommend credible and confirmable strategic tools and practices.

On the other hand, the transferability of the research refers to the degree to which extend the result can be applied in different settings (Polit & Beck 2012). Although the purpose of the study was to suggest improving ideas suitably for Victoria Hotels and Resorts, different factors and characteristics of the hospitality industry

in the South East Asia or Indochina region were taken into account in the design process. Besides, the applied theories are from accredited flagship scientific journals in the industry or books, thus the suggestions could probably be utilised for other hotels which share the same values and have the same size as well.

4.4 Limitations

There were some limitations existed in this research. Firstly, the strategic management process is composed of four phases namely environment scanning, strategy formulation, strategy implementation and strategy evaluation; however, the author was only able to propose suggestions for three aforementioned phases except for the implementation. There was neither program, staff plan nor budget proposal, in accordance with the literature, suggested for the implementation phase. Since the process would take place for a long period of time and it should be performed together with and checked regularly by the broad management. Nonetheless, the limited time frame and the scope of the bachelor's thesis did not allow the author to conduct thorough research on the implementation stage. However, the suggested TLBMC, according to the literature, could serve as the sustainability strategic guideline for the strategy implementation phase. Additionally, the evaluation plan for assessing the process afterwards was also introduced for the commissioner to analyse the outcome.

Another limitation is that the study was conducted during the Covid-19 pandemic. Many businesses, especially in the hospitality industry have in fact already closed and had no schedule when reopening again. It was extremely tough time for all companies and Victoria was no exception. Businesses literally tried day by day to survive by cutting all possible costs or laying off the employees. Thus, it was not high time to deliberate on sustainability. The result of the interviews was somehow affected since some properties closed during the time, the managers would thus certainly be more cautious and modest when conferring about the future goals or direction. Nonetheless, one positive point is that during this tough period, the managers or directors could invest more time and effort in the interviews, and it was also the great opportunity for them to sit back and review of their performance. Therefore, the interviewees' rich contributed knowledge and their willingness to support qualified as the great advantage of this research.

5 ANALYSIS OF CURRENT SITUATION OF SUSTAINABILITY AND STRATEGIC MANAGEMENT AT VICTORIA

5.1 Commissioner – Victoria Hotels and Resorts

The commissioner of this thesis is Victoria Hotels and Resorts chain, which is currently managed by TMG - one of the leading integrated travel and hospitality groups based in Southeast Asia with its headquarters located in Hanoi, Vietnam. Victoria, right from its beginning has stood out profoundly since it explored the less popular, but still charming locations to build its very first hotel. Victoria has seven hotels and resorts now in several scenic destinations in Vietnam and Laos, ranging from the picturesque mountain in Sapa and Mai Chau to the dynamic floating markets of Mekong Delta in Can Tho, from the beautiful ancient town of Hoi An and Luang Prabang to the exotic desert-like sand dunes in Phan Thiet. Each property embraces the best aspects of the local culture and landscape, mixing with French-colonial style of architecture to offer an authentic and genuine experience to every guest. (Victoriahotels 2020.)

In addition, the trademarks of the real Indochina culture have characterised the uniqueness of Victoria, its heartfelt warmth, its old-style indulgence, and its dedication to helping guests along of their journeys of distinction always leave a great impression on guests. Victoria also provides guests with cruising (Victoria Speedboat and Victoria Voyages) and railway (Victoria Express Train) travelling opportunities in the region. In November 2011, TMG group acquired Victoria Hotels and Resorts and in 2017, Victoria celebrated its 20th anniversary. (Victoriahotels 2020.) As their strong commitment to become a responsible business, TMG Group or specifically Victoria Hotels and Resorts always try their best to operate in a sustainable way through initiating various campaigns with the purpose of protecting the environment and supporting the local communities. (Victoriahotels 2020.)

However, each hotel property is working towards sustainability quite individually without the group's common consensus on guiding or how to implement sustainable strategies efficiently. There are certain properties which perform better, meanwhile some is doing less. Hence, there is a strong demand that the

sustainable strategy could be better managed and implemented at Victoria corporate level. Drawing on that starting point, the objective of the thesis was to assess the current sustainability implementation and strategic management situation at Victoria and propose improving suggestions for the sustainability approach in Victoria's corporate strategy.

5.2 Top-level Executives' Perception on Sustainability

In order to assess the current situation at Victoria, it is essential to be aware of how sustainability and the integration of it with strategic management are perceived by managers at different levels. Their perceptions on the topics would have a major influence on the way they lead the organisation to achieve the set goals. In general, all interviewees share the view that sustainability comprises of three elements namely economy, environment and society, which are commonly interpreted as the triple bottom line in literature. They come to an agreement that as a business, they are responsible to take care of the surrounded environment and society as well besides the economic factors.

[...] it means being responsible about the environment, about people and about the community. This is the three main axes of sustainability. (S1)

Sustainability is not just not having plastic bottles. It's also engaging with the local community, support programs that educate especially children. (S2)

Particularly as the hotel, supporting the community or protecting the environment is even more crucial since the main motivator for tourists to travel is the local culture, the city, not the beautiful hotel. The hotel will not exist if the local society and environment do not present. Therefore, preserving the nature and the indigenous culture are not only activities for the sake of sustainability, yet contemplated as the acts for the accelerating development and reason for existence of the hotels as well.

I understand the term "sustainability" in this way: no matter how beautiful the hotel is, how professional the staff are, how brilliant and meaningful the experiences or the services are, if the surrounded environment is not clean, the local community is not existed, guests will not come here. (S4)

Since they are fully conscious of the issue, they acknowledge that to survive in the competitive market, it is mandatory that hotels initiate or launch sustainable campaigns. It is stressed that the hotels are not following the popular trend, but they seriously need to take it into consideration in the operation process. In addition, all Victoria properties are doing their level best to attain sustainability; however, there is always room for improvement, for new activities and steps to be taken to bring a business to the higher level of sustainable commitment.

You cannot say I'm sustainable enough and sustainable enough as a business. This is not only the popular trend, but this is more about bringing the business into a new responsibility level. (S1)

I think in a market that gets tougher all the time, especially in Vietnam [...]. I think this is not only necessary, I think this is actually vital for any company that wants to survive in this market. (S2)

It's important because we are going towards future and we know that operation as it is today must somehow change to be cleaner and more sustainable. (S5)

When the sustainable elements are integrated into hotels' core businesses or their strategic management, it will create sets of benefits. Sustainability is the indispensable element in the process of designing corporate strategies. It should be noted that the designed sustainable strategies are not just on papers, they need to be applicable to reality as well.

[...] it creates the synergy. that's very essential for strategic business. (S1)

That's very important and essential to have these campaigns on very basic condition that this campaign and that initiatives are connected to the reality [...] it's real actions behind. (S2)

However, that is on the corporate level, one individual hotel, or even one hotel chain cannot make any significant differences when it comes to sustainability. Notwithstanding, if the whole community joins hands, the impacts will be much more tremendous. Interestingly, the interviewees expect that their green messages are also spread to their competitors and to the local communities, so

that everyone could somehow support or be involved in the process towards sustainability.

I think we have to just continue doing our bit. And hopefully little by little, people will begin to understand and maybe copy it. (S2)

Lots of journalists came and interviewed me, they took pictures and also spread the messages. One hotel cannot make any big changes, other hotels could follow for instance [...]. (S4)

We try to give a message also, at our level to the local community. (S5)

Overall, the interviewees are fully aware of the topic of sustainability and recognise the significance of implementing sustainable campaigns or activities. It serves as a strong basis to design or suggest ideas towards sustainability in the latter part of the thesis. Although Victoria is trying hard to move forward improving sustainability, there are no certain measurements whether the hotels are sustainable enough, so that there are always opportunities to make it better.

5.3 Current Project Towards Sustainability

As to attain sustainability, it is important to examine the current activities towards sustainability at Victoria. The Green Star Campaign is Victoria group's project for improving every sustainable angle in the daily operation. The project started at the end of 2019, the ideas and initiatives towards sustainability are taken from different properties and combined to create the strategy. The objectives of the campaign are firstly, to mitigate and manage hotels' impacts on the environment and secondly, to engage with and support the local community and businesses in addressing economic, social and cultural issues.

Regarding the activities towards the environment, all the properties are trying their best to reduce the consumption of plastic. They have set up the refillable reusable bottle in the room as the complimentary water for guests. Customers can refill at no cost at different water stations in the hotels. The used chemicals for the housekeeping are also the certified environmentally-friendly products. Besides, the hotels ask the suppliers not to deliver the goods in plastic bags, they could replace with any other basket at their convenience.

We try to apply really plastic-less solutions. So, for example, there is no more plastic straw. We replace plastic by inox or by grass. (S5)

We don't have plastic bottles in the rooms anymore. We have water stations where people can fill up their reusable bottles, we have we have reusable bottles in the rooms. (S2)

We try to digitalise everything to shift from printable to digital. (S1)

We would choose the suppliers who could provide the chemicals that are not having too bad effect on the environment (S3)

For the single-use amenities such as toothbrush, comb or shower cap, Victoria has decided to remove all of them in the bathroom and left a notice that said we still have them available upon the guests' demand. The available amenities are made from sugarcane or bamboo for instance. However, there are two opposed reactions from the customers on this issue. The Western markets really show support, whereas the Asian guests, specifically the domestic market make some complaints due to the inconvenience.

100% of the European, Australian and American guests do not complain, they never complain. If they don't have, then they will ask and take it. However, around 10% of the Asian group does complain. (S4)

To support the local community where the hotels locate, there are several ideas putting into practice. The cultural elements are integrated into the decorations or staff uniforms to introduce to customers. The human resource department also prioritises recruiting local people and offers an English course or professional training to them. Every month, together with the local authority, Victoria organises the Green Day for staff and locals to pick up trash around the city.

We go out in town here to do some clean ups. We want to do activities in our operation here but also outside. (S5)

We support that minority as Cham group, introduce the Cham culture to guest and in the same time to support the community. We support the local disadvantaged people. (S1)

When asked about the room for improvement, the interviewees state that it could be done better if they prepare more thoroughly in advance. The employees at first do not see the benefits so that they do not cooperate well. When the amenities are removed, the bathroom looks very basic. It means that there is not any plan yet to replace them with other decorations for instance. Furthermore, the problems could arise with the products as it is not really green products in the same way as the suppliers promote before.

If I had a chance to redo it, I will firstly tell clearly the benefits to these three targets: the employees, the suppliers and the community. In some stages, I was quite confused, I did not prepare well in advance. (S4)

When you take out all of this, so that the bathroom looks very basic and so far, we haven't completely found decorations. (S5)

Overall, there are several actions towards sustainability being implemented at Victoria under the Green Star Campaign. Nevertheless, there is a case that customers make complaints on the provided service due to the inconvenience that the sustainable project brings about. It is noted that there is a lack of collaboration and cooperation with employees and suppliers at some stages owing to little preparation. Therefore, there are still room and steps to take such as introducing the corporate guideline to make the process more sustainable and efficient.

5.4 Strategic Management at Victoria

5.4.1 Promoted Distinctive Values

In fact, Victoria Hotels and Resorts has always kept its image as the brand which focuses on creating a lifelong authentic experience for every customer. They are proud of their Indochina roots and would like to bring about that cultural heritage element together with the local culture to introduce to customers. On its main webpages, they mention five special values which are journeys of distinction, old-style indulgence, connected to our community, heartfelt warmth and style, elegance & fun (Victoriahotels 2020). As Victoria strives to improve sustainability,

it deems crucial to be mindful of interviewees' views on the values that they want to maintain and promote once again.

Respondents claim that the “people” element which is presented through the services and caring from the personnel is the characteristic that they want to highlight. That “people” factor is the one that differentiates Victoria from other hotel chains. The close relationship with not only the customers but also with the employees and the “family” vibe are the decisive reasons why the majority of respondents have worked at Victoria for such a long time, roughly 18 to 20 years.

[...] service and the caring by the people here they don't have that in the other hotels. And I think this is what makes Victoria a little bit unique [...]. I always like the spirit that Victoria has [...]. (S2)

I can compete with the “people” element [...]. (S4)

Additionally, the interviewees indicate that in term of brand image, Victoria wants to promote its sustainable identity to customers. The caring for staff, for the local community and for the environment are emphasised as Victoria's priority.

[...] environment protection, we very much focus on that [...]. We much focus on supporting our team members and creating quite comfortable and motivating environment for the staff to work and to feel. (S1)

I think it is excellent service showing that we care, and not just care about our customers, we care about our staff, we care about our community. (S2)

And we want to be as greener and most sustainable as possible. (S5)

Besides, Victoria aims to market its high sales, good reputation and the positive branding image to negotiate easier with suppliers. In that way, Victoria can showcase its high standard and the quality and at the same time, asking for the suppliers to provide eligible products.

[...] simply I will say 3 things: first of all, we have good sales, our branding is good, and the products that used by Victoria all receive good feedbacks from the customers, there is none complaints. I want them to offer the products that are equivalent to the standard and quality of the hotel. (S3)

All in all, in addition to the five existing values that Victoria has been maintaining, now the interviewees also address the need to promote Victoria's sensibility towards the environment and society. Besides, all interviewees state that the "people" element is what makes Victoria prominent in the competitive market. Therefore, these two recent values should be taken into account in the process of introducing sustainability extension of Victoria's corporate strategy.

5.4.2 Future Strategic Position

Based on the academic literature, every business should have the well-defined set of mission, vision and objectives within the next five years to strive for. That set plays an important role in guiding a company in identifying the market in which it is, the ends it seeks, and the means it will use to achieve these ends. For the purpose of successfully introducing sustainability orientation tools and practices for Victoria, it is obligatory to have knowledge of the respondents' perception on the current position of Victoria in the market and the targeted goals for the hotel chain in the future.

The interviewees reveal that Victoria is quite well-positioned in the market. Throughout more than 20 years of growing, Victoria has always been developing the consistent image that is the excellent caring for various stakeholders. The interviewees believe that they should continue doing what they are expert at, alongside with promoting new added value which is the sustainable responsibility.

I think as Victoria particularly, we're very well positioned. (S2)

Speaking about the travel industry in Vietnam, we are one of the leaders.
(S1)

With regard to the respondents' views on the future position of Victoria, it is stated that they all have some sets of goals towards sustainability in their mind. Out of the seven hotels and resorts belonging to the chain, there is one hotel in Xiengthong Palace, Laos which is labelled as the plastic-free hotel. The respondents disclose the wish to become the plastic-hotel chain in the vision of three years. Another set goal that was mentioned during the interview is to apply for the Travellife certification. It is the prestigious award when it comes to

sustainability in the hospitality industry. Victoria Hotels and Resorts has been a member of that community for roughly one year and at present, they are performing the auditing process to get certified.

[...] the whole group vision is to all become the plastic-free hotels in the next three years. (S4)

[...] we are one of the first of hotels and resorts to be Travellife certified [...] And we're in the process to get our certification. (S1)

I would like to go ahead to apply for the Travellife standard which is the really nice and high standard for sustainability in hotels. (S5)

On the whole, it appears that the position or goals that Victoria aims at both in the short-term and in the long run are connected to sustainability. These targets deem reachable if the action plan, strategy and evaluation plan are well made and implemented at Victoria corporate level. Additionally, the Travellife standard could be also regarded as an effective sustainable evaluation method.

5.4.3 Description of Strategic Management Process

It is noted that all seven Victoria resorts and hotels are managed by TMG; however, the strategic management process differs from one hotel to the others. Interestingly, it is contingent on the viewpoint of the general managers on the topics and their management styles as well. Therefore, at the moment, there is no guideline or policy concerning the strategic management that is applicable for and implemented at all properties. One interviewee claims that the hotel, in accordance with the literature, follows the basic process of strategic management that comprises four main steps namely environment scanning, formulation, implementation and evaluation.

First, you get to evaluate the environment and to see where and what you can do more. And of course, you need to have some trackable records of your performance. [...] that's essential to see where's your starting points and where you are now and what is your next target. (S1)

Surprisingly, it is not the same case with the other hotels, according to the respondents, there is not really big strategic paper or the overall plan at Victoria. When the general managers come up with the idea, they discuss about it in the group and then try to implement it. Sometimes, it does not work well and there is not any evaluation plan also. It is simply because they believe that the other managers will implement it as it is their responsibility. Apparently, the cost is not high since it is just various small activities combined together.

There's no major – there's no overall plan. So, a lot – it is really small stuff. [...] then there is not really a follow up because honestly, I trust the GMs to do it [...]. We're all in a WhatsApp group to discuss a lot of things. Some GMs will toss an idea out there into the group and we discuss it and think about it. And sometimes it works, sometimes it doesn't. (S2)

With respect to the time management, the respondents all indicate that it takes them a remarkable amount of time to implement or start any activities. There are numerous internal preparation steps in advance due to the group policy for instance. All the logos and the designs should be the same in all properties. Mostly every goods or product are also needed to be ordered following the group purchasing contract, which usually takes place from one to two months.

It takes some time to integrate that solution because it requires a lot of preparation steps in advance. So that's a matter of time and the matter of efforts to come to that targets. (S1)

The process really comprises of various steps [...]. Normally it takes one-two months to make one group contract. (S2)

It took me three months to make the action plan [...]. It took me 1 month to just order the reusable refill water bottle. (S4)

All in all, the strategic management process varies greatly from one property to the others. There are some hotels employing a very clear process, whereas some tries to execute various things without a proper plan. Generally, the time it takes to really implement any activities or plans at all Victoria properties is quite long. These issues extensively address a must to introduce the strategic sustainability guideline on the group level so that all hotels could easily follow.

5.4.4 Competitive Advantage

In line with the academic literature, all interviewees agree that integrating sustainability into core hotel operation would result in gaining competitive advantages. That competitive advantages might not be visible in the short-term, yet when it comes to future outlook, hotels will unquestionably benefit from sustainability. Moreover, having oriented goals towards sustainability is also the way to put more pressure, to push hotels even try harder and come up with new things rather than just follow the usual routine.

If we cannot have an approach to sustainability, it will kill us within a few years. I totally believe that, I'm convinced of that. (S2)

This is a very nice way to keep the hotel teams moving on with new things coming up and not setting down in a daily monthly yearly routine of the same operation over and over and over again. We're trying to keep dynamic. We are trying to not stay and fall asleep on our successes from the past. (S5)

Not only does the integration keep the hotel be active, it brings about other sets of competitive advantages in terms of sales and marketing. In other words, after implementing the number of sustainable activities, hotels witness a dramatic increase in the annual occupancy rate, from 50% to 100%. It could be regarded as the stronger selling point since the marketing process is far improved.

Only sustainable properties, sustainable brands will keep attracting returning guests and regular guests. (S5)

[...] they also recommend Victoria to the others. We welcome so many walking guests as well when they pass by and see our notice. (S4)

It helps you with the marketing as well because once you start to share with your partners, [...], it's a very positive impact. (S1)

However, it should be also noted it is tougher now to sustain competitive advantages due to the hyper-competition that exists in the hospitality industry. More and more hotels are moving towards sustainability, so that Victoria might

have the advantage as the pioneer within the domestic hotel chains, but in the long run, Victoria should always be vibrant, creative and encourage innovation.

The competitive advantages cannot sustain forever. But on the other hand, the hotels should always be creative, always look for new innovation, not only follow the trend but to create or initiate the trend to sustain the competitive advantages. (S3)

Essentially, the incorporation of sustainability into strategic management will enormously benefit the hotels in the long-term vision. It could accelerate the sales revenue and build a positive image in customers' eyes. To sustain these competitive advantages even in the future, the hotels should be more active and innovative in every aspect of the operation.

5.4.5 Challenges

Victoria Hotels and Resorts, as the hotel chain owned by TMG is composed of a variety of both internal and external stakeholders. Provided that wishes and needs of different stakeholders vary, sometimes conflicts might arise. As the complex organisation, Victoria groups might face the significant number of challenges along the way when integrating sustainability into the core business. The first and foremost hindrance comes from the outer environment. In Vietnam, the infrastructure is not ready for the acts of protecting the environment such as waste sorting, the law and the policy at the moment do not show support or encourage business to move forwards sustainability.

Another obstacle base on the interview is the mindset of people. Those include the employees, the suppliers, and sometimes the customers. Some Victoria hotels are located in the rural areas where many habitants cannot access proper education. The considerable number of housekeeping staff for instance could not even read or write, thus it is more challenging to "sell" them the idea of sustainability.

To be honest, don't get me wrong but the Laotians here, they are not that well educated. They asked what kind of benefits they will get if they do what I tell. If there is no benefit, then they will not follow. (S4)

I think that the important thing is that you get people on board. (S2)

Also, there might be certain disagreement between TMG – the owner and Victoria – the management team with regard to used products. To specify, TMG might ask all properties to use the same products purchased through the group contract to have incentives or to ensure the standard and quality, conversely different hotels will have their own preference and they are not satisfied with the products.

When we give the contract to the properties, they are not happy at all. They like these products, but the group forces them to use another one. (S3)

In the formulating and implementing process, there are some conflicts, I want this one, but the group prefers the others. (S4)

Broadly, Victoria encounters several challenges coming from both the outside and the inhouse environment. In agreement with academic literature, it is easier to control the internal situation, thus the challenges with the mindset of people and the dissimilar opinions between the properties and TMG should be noticed to tackle with in the process of proposing sustainability recommendations. The flexibility can be applied to solve the problems, particularly since Victoria is still running on a small scale with seven hotels in total.

5.5 Cost Control

In fact, businesses need to be profitable to survive in the market, they are not charity, hence the cost planning should be realistic and reasonable. To achieve the thesis's aims, it is significant to contemplate the financial aspect in the short-term and long run as well. It is claimed that the cost of eco-friendly products is usually more expensive than that of the plastic items. To reduce the cost, certain solutions such as setting up upon the guests' demand with the corn starch amenities have been taken. Using the products made by the locals is also more cost-saving than the imported ones.

The toothbrush and [...] the plastic comb and all that [...], even in Vietnam these alternatives now, but they are really expensive, too expensive. (S2)

The more sustainable the products are, the higher the prices will be. (S3)

Currently, the products that we are using in Vietnam is crazily expensive, it is 50% more than the plastic one. But in Laos, the locals make it, so it is just 30% more. (S4)

It is true that the cost for these biodegradable products are remarkably higher; nevertheless, when considering them in the long run, the return on investment is noteworthy too. Moreover, Victoria intends to keep the hotels relevant in the long period of time. Therefore, investing in these green products or initiatives not only benefits the environment or society, but also saves the operation cost eventually.

It helps to save you the cost as well if you make it the right way. (S1)

We have to make money, but we're not here to make quick money and then move out. I mean, we're here for the duration. (S2)

Investment is bigger, but the return on investment is very interesting. (S5)

Largely, even though the cost for investment for eco-friendly goods is significantly high at first, all managers, in keeping with the literature, assert that this will be cost-saving as long as they look at the medium or long term. The planning for the cost aspect should be feasible as the goal of Victoria or any other business in the end is to be lucrative.

5.6 Stakeholders Engagement

When it comes to stakeholders, they can be classified into two main groups which are internal stakeholders such as employees and external stakeholder including suppliers, partners, local authorities. For the successful implementation of the sustainable strategy, it is irrefutable that engaging various stakeholders is an extremely important task. With regard to the employees, Victoria encourages them to participate in various activities towards sustainability. The notice is put at the staff's room or canteen to raise awareness about the issue. However, Victoria is performing this on a voluntary basis.

Staff [...] it's voluntary basis and I mean, spread to the personal life [...] we try to encourage with the campaigns [...] with some special awards. (S1)

We do some not really training, but we do some communication about the sustainability. (S5)

On the contrary, concerning the suppliers, Victoria refuses to work with the suppliers who deliver items with any kind of plastic. It is a must for suppliers to follow Victoria's sustainability guideline. The respondents indicate that the priorities of Victoria and the suppliers are not the same, thus it is demanding to cooperate and maintain a good relationship in a business setting in the future.

Let's be very clear any supplier who cannot deliver or produce without plastic bags. I will put for another supplier. (S2)

Some of our local suppliers are understanding what we are doing and some doesn't understand. Sometimes we change supplier because of this. (S5)

For the suppliers, [...] we just have the choice to make it compulsory. [...] we refuse to work with the suppliers who don't follow our sustainability guidelines. (S1)

All in all, it is discerned that Victoria hotels and resorts has applied several methods to deal with both internal and external stakeholders. To actively engage various stakeholders, actions such as providing proper training for employees or having a clear communication plan with suppliers at first could be taken.

5.7 Implementation at Victoria's Corporate Level

Undoubtedly, it is crucial to analyse how different individual property integrates sustainability into their strategies and compare to acknowledge the needs for proper implementation at Victoria corporate level. The majority of interviewees express that the project is still on a small scale and there is not any strategic paper to guide how to execute. It is mentioned that the level of implementation is varied from one hotel to another. In detail, there are certain hotels which outperform the remaining with respect to how well they manage to be more sustainable due to factors such as the size of the hotel, the differences in operation and the situation in the local area.

It, again, is rather low scale as it were [...]. I've never seen a lot of strategic papers in TMG. I don't really think they exist. (S2)

There are around 30-50% of the hotels who also implement, 50-70% of the hotels left is not. (S4)

Every property is a little bit different. And so, it means, [...] some properties are doing a bit less, some properties are doing a little bit more. (S5)

Furthermore, the respondents stress that if they could apply it on a larger scale, the quality and the high standard of Victoria will be maintained even at different locations. Currently, Victoria group has seven properties, hence, they could do it faster and more transparent compared to other domestic or international chains with thousands of hotels. Again, they will have the competitive advantages of the first plastic-hotel chain in the market only if the strategic management process is well managed. It means that the vision, mission, objectives, as well as guidelines and evaluation plan should be set and effectively communicated to different stakeholders.

We don't have many parts so we can do things quite quickly. [...] fast without much without much bureaucracy. (S2)

It will be easier because we are smaller compared to our competitors. (S4)

Green Star campaign which will be scaled on a company or group level. [...] we try to spread the actions that we have taken already on the company level to the group level. (S1)

So, it will guarantee that all the Victoria properties will have the same standard. (S3)

Overall, the considerable variation in terms of the level of strategy implementation between different properties has been recognised during the interviews. This emphasises the importance of and the strong demand for introducing a strategic sustainability guideline at Victoria's corporate-level strategy. The recommendations will support Victoria hotels and resorts in the process of creating and sustaining the competitive advantages in the market nowadays.

6 SUGGESTIONS FOR SUSTAINABILITY APPROACH IN VICTORIA'S CORPORATE STRATEGY

6.1 Overview of Selected Strategic Tools

To propose recommendations for the sustainability approach in Victoria's corporate strategy, numerous pertinent strategic tools namely Strengths, Weakness, Opportunities and Threats (SWOT) analysis, vision and mission statement, Triple Layered Business Model Canvas (TLBMC) and Sustainability Evaluation Model were employed. The suggested tools and practices, in accordance with the literature, are categorised in four phases forming the whole strategic management process. It then assures the integration of sustainability into the strategic management process which is identical to the focus of this study. In addition, the fulfilment of these tools, models or analysis is drawn base on the author's theoretical interpretation, the interviews' result and the research on the characteristics of the hospitality industry in the region.

To illustrate, in the first phase which is environmental scanning, the SWOT analysis plays an important role in understanding the current situation through the lens of sustainability and recognise the outside factors that could impact on the process. Concerning the strategy formulation phase, the mission, vision statements and the TLBMC enable the effective communication of the targeted goals with various stakeholders which are customers, local communities, employees, investors and business partners. Moreover, the TLBMC describes the general process with key activities, the benefits and impacts in regard to three dimensions of sustainability aligned to three layers of the framework.

The canvas, in light with the literature, provides a consistent logical overview of a company that helps to guide the strategic choices and actions as well as forms the link between the strategy formulation and strategy execution phase. Managers or any employees could refer to the TLBMC to make appropriate decisions and taking immediate actions to optimise the result in all the hotels' operations. Lastly, regarding the strategy evaluation phase, the Sustainability Evaluation Model provides Victoria with sets of indicators to review and assess sustainable performance. Furthermore, the utilisation of the evaluation allows

Victoria to pinpoint the weaknesses or loopholes in the first three phases of the strategic management process.

Although the suggested sustainability extension of Victoria's corporate strategy is introduced to help different properties easily follow and thus implement it in the same way, the current external environment is varied from one hotel to another. In other words, it means that this guideline might work more efficiently for this hotel; notwithstanding, it is not the same case with the others. Therefore, the managers should be selective and flexibly adaptable to the current situation and make necessary changes to optimise sustainability in the most possible way. However, it is irrefutable that there are certain policies need to be strictly followed to guarantee the same standard and quality of the group. It is tough to sustain the competitive advantages due to the hyper-competition that exists in the hospitality industry nowadays, Victoria should always be innovative and active in the sustainable operation management process so as to stay vibrant and relevant in the market.

All in all, the SWOT analysis, the mission and vision statements, the TLBMC and the Sustainable Evaluation Model for Victoria merely serve as the suggestions. It is contingent on Victoria's broad management team to take the results of this study to the next level concerning sustainability implementation and the strategic management process.

6.2 Strengths, Weaknesses, Opportunities and Threats Analysis

In accordance with the literature, the first and foremost step in the strategic management process is to analyse both the internal and external environment. There are several tools that can be utilised in this phase such as STEEP analysis, Porter's Five Forces analysis, and PESTLE analysis. However, the SWOT analysis was applied to identify Victoria's strengths, weaknesses, opportunities and threats with regard to current sustainability implementation. The analysis enables the researcher and commissioner to thoroughly understand the current situation of how Victoria is dealing with sustainability and recognise the outside factors that could impact on the process. The SWOT analysis is grounded

according to the interview and the author's research interpretation on the external factors.

Essentially, when it comes to strengths in developing sustainable strategies at Victoria (Table 2.), the top managers' full awareness of sustainability and the willingness to change should be highlighted. Moreover, numerous activities and campaigns towards sustainable development at Victoria are being implemented, it should be thus upheld and promoted stronger to customers. These two elements will have a significant influence on the way in which the hotels will grow and develop towards sustainability in the future.

Table 2. Victoria's Strengths and Weaknesses

INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> • Positive brand image regarding sustainability • Well-defined position in Vietnamese market • One of the leaders in the region grow towards sustainability • Top managers' full awareness on sustainability • Having organised numerous activities for sustainable development (Under Green Star Campaign) • Willingness to change, to innovate to quickly adapt to the market situation • Great appreciation for current sustainable actions by foreign guests • Easier to apply sustainable acts due to small scale (7 hotels) 	<ul style="list-style-type: none"> • Quite old infrastructure to adapt to better sustainable solutions • Lack of cooperation with employees in implementing sustainable activities (communication, training) • Difficulty in engaging stakeholders (suppliers, local authorities and employees) to act green (mindset of people) • Insufficient strategic guideline to implement at Victoria corporate level • Lack of and calling for domestic market's support • Inflexibility of strict group purchasing policy • Taking considering amount of time to start or implementing activities/ strategies

Secondly, the weaknesses (Table 2.) lie within the difficulty in changing mindset of people and the insufficient strategic guideline to implement synchronously at all Victoria properties. Besides, the inflexibility of strict group purchasing policy is considered as the contributing factor that makes the strategic management process unnecessary lengthy and inefficient. Overall, strengths and weaknesses are the internal factors that Victoria has an ability to control to make the sustainable implementation process efficient.

With respect to external factors (Table 3.), Victoria could gain benefit from numerous opportunities. The world trend towards sustainability in every sector, especially in the eco-tourism and hospitality field and the increasing customers' demand for opting for sustainable products and services will generate advantages and benefits for Victoria. Several awards and certifications concerning sustainability in the hospitality industry also serve as the motivator to encourage hotels to act greener. However, the threats that hinder Victoria from gaining competitive advantages by integrating sustainability are noteworthy. For instance, the threats can come from international competitors who have vast resources and capabilities to make a substantial investment in sustainable facilities such as a solar panel or reusable energy. The high cost of eco-friendly products will be problematic if the hotels want to be profitable.

Table 3. Victoria's Opportunities and Threats

EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> Worldwide trend towards sustainable tourism, sustainability in hospitality Growing awareness of and demand from customers choosing hotels which have environment protection and social support acts More public government aid for cultural and eco-tourism development Increasing awards and certifications in term of sustainability 	<ul style="list-style-type: none"> International competitors who have more resources and capabilities Smaller competitors (Airbnb) could easily operate towards sustainability Conditions and infrastructure in developing countries are not ready for sustainable acts High cost of eco-friendly products/initiatives

6.3 Victoria's Vision and Mission Statement

In order to communicate effectively with different stakeholders, the vision and mission statement should be formulated. Victoria's vision and mission statement should align with the strategic direction of TMG – its owner and at the same time take the wishes and expectations of top-level managers into account. In the interviews, managers accentuated that they would like to promote Victoria's sustainable image, in addition to the existing values. Drawing on that wishes, the

suggested vision and mission statements for Victoria Hotels and Resorts (Figure 11) were introduced.

The suggested sustainable-oriented vision statement was formulated after carefully analysing the current position of Victoria in the market and the rate of development from the beginning. Therefore, it is realistic, achievable yet ambitious to motivate all actors to reach that position in the future. With regard to the mission, it targets at four groups namely customers, local communities, employees, partners and investors which represent core stakeholders of Victoria. Furthermore, the employees or managers could refer to the mission statement when making any decisions in the operation process. Overall, the sustainability factor is clearly presented in both Victoria's future strategic position and the current scope and purposes. It will showcase Victoria's strong commitment and promise towards sustainability in every operation.

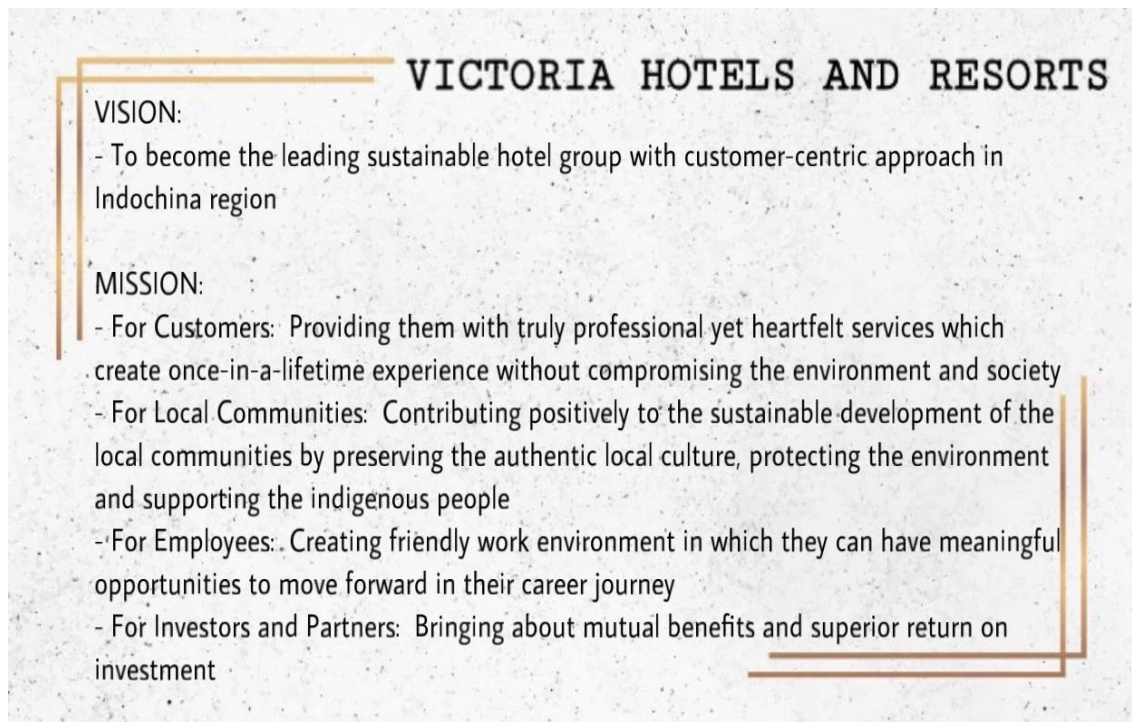


Figure 11. Suggested Sustainable-oriented Vision and Mission Statement

6.4 Triple Layered Business Model Canvas for Victoria

As to analyse and conceptualise the sustainability-oriented business model, the TLBMC (see appendix 3.) was formulated for Victoria Hotels and Resorts group which encompasses economic layer, environmental life cycle layer and social

stakeholder layer. In addition, each layer has nine building blocks dealing with various aspects to be considered when sustainably operating a business. The TLBMC was filled with information from the conducted semi-structured interviews, the official release documents of Victoria and the academic literature as well. Even though identifying an applicable business model belongs to the strategy formulation phase, the TLBMC, according to the literature could also serve as the strategic guideline for the implementation phase.

The main purpose of the TLBMC is to guide and direct all the group's activities so that Victoria can run in a most possible sustainable way. The managers at all levels and the employees could refer to and consult this framework to make appropriate decisions and act accordingly. With respect to the external stakeholders such as investors, partners or customers, the TLBMC works as the means of communication and marketing to publicly announce and spread the sustainable messages. It not only represents and unites opinions of several key managers and directors of Victoria, but also serves as the group strategic guideline so that even different properties could follow. It thus guarantees that the strategy could be implemented at the same level and degree in seven properties. The TLBMC also can help Victoria creatively discover possible innovations and the potential value creating impacts of such innovations in three perspectives of sustainability.

To start with, the economic layer (Table 4.) with nine blocks captures how Victoria generates values for targeted customer segments, with whom they will cooperate and in which way they can earn the profit. Victoria could continue delivering a customised experience to its usual target customers, besides promoting more strongly and effectively to those who pay attention to sustainable issues. Rather than a customer, the hotels could treat guests as their family members so that the heartfelt services can be created, then sensed and felt. Hence, it is also important to ponder employees as the key asset and resource of a company.

As the role of the hotel, Victoria provides guests with accommodation, in addition to other entertaining services and transporting opportunities. It is recommended that the hotels could organise more social activities such as cooking, traditional dance, folk song, custom making class to introduce local culture. To successfully

run and organise, Victoria has partnered with other subsidiaries of TMG at national and international level. Besides, the relationship with other companies who share the same values and priority should be maintained and well managed. Overall, the first layer regarding economic aspect pinpoints the areas that should be focused and can be improved to make the business profitable. The business should first and foremost be cost-effective so that it can take care of the environment and society (Table 4.).

Table 4. Economic Layer of Victoria's TLBMC

<p><u>KEY PARTNERS</u></p> <ul style="list-style-type: none"> - Group strategic partners and investors - TMG subsidiary companies: Hai Au Aviation, Ivivu OTA, destination management companies and other hotel brands. - Tour operators, online agencies (Booking, Agoda) - Attractions and Points of interests - Group and Local suppliers - Government, authority, locals. 	<p><u>KEY ACTIVITIES</u></p> <ul style="list-style-type: none"> - Accommodation: hotel rooms and villas - Restaurants: offering international and local cuisine - Other relaxing and entertaining activities: spa, guided tours, cooking class, etc.) - Transportation: Victoria express train, speed boat and cruises <p><u>KEY RESOURCES</u></p> <ul style="list-style-type: none"> - Human Resource - Victoria and TMG brand - Infrastructure - Strong network 	<p><u>VALUE PROPOSITION</u></p> <ul style="list-style-type: none"> - Customization: tailored experience, customer-centric orientation - Newness: once-in-a-lifetime experience by delivering heartfelt service (creativity and innovation) - Discounted packages with TMG partners - Booking hotels and resorts directly with Victoria to get special price offers and other benefits 	<p><u>CUSTOMER RELATIONSHIPS</u></p> <ul style="list-style-type: none"> - Long-term relationship: loyalty customers to Victoria or TMG groups - Dedicated personal service relationship built with staffs (Flexible when dealing with guest's demand) <p><u>CHANNELS</u></p> <ul style="list-style-type: none"> - Selling on the official group website - Cooperating with travel agencies and tour operators 	<p><u>CUSTOMER SEGMENTS</u></p> <ul style="list-style-type: none"> - Segmented Market - Upper Middle Class - Mainly European and domestic customers - Couples/ Friends/ Families - FIT (Free independent traveler) and GIT (Group inclusive tour) - Those who care for the environment & local community and support hotels' sustainable acts
<p><u>COST STRUCTURE</u></p> <ul style="list-style-type: none"> - Balance between cost-driven and value-driven - Employee payroll - Maintenance cost - Marketing and advertising cost - Operating cost 		<p><u>REVENUE STREAMS</u></p> <ul style="list-style-type: none"> - Asset sales: services and products sales, renting. (hotel and resorts rooms and villas ~80%, restaurants, spa, other tailored activities ~15%) - Cashless payment method for paying customers => transparent - Commissions ~5% (from key partners) 		

The second layer of the TLBMC is the environmental life cycle canvas (Table 5.). It could examine the environmental impacts and benefits of Victoria with distinctive indicators over the full-life cycle of the service. In other words, it measures the impacts from the beginning stage of providing service or product to the end. This layer allows Victoria to acknowledge where the organisation's biggest environmental impacts lie within, so that they can take it into account when developing environmental-oriented innovations. As with the case of Victoria, the impacts would be tracked by the hotels' consumption of plastic,

paper, energy, water and electricity over a period of a year or more as stated in the functional values block.

Furthermore, to reach the goal of protecting both the hotel operating area and the outside natural environment, suggested materials used, production key activities and main types of supplies were identified (Table 5.). For instance, when it comes to waste management, “reduce”, “reuse” and “recycle” acts should be noted. To reduce the plastic consumption, the use of the plastic single-use items should be limited and strictly control. There should be a control report monthly to be aware of precisely how many kilograms of plastic being used for the hotel operation.

Table 5. Environmental Life Cycle Layer of Victoria’s TLMBC

<p><u>SUPPLIES AND OUT-SOURCING</u></p> <ul style="list-style-type: none"> - Water, energy, electricity for normal operation process - Eco-friendly and plastic products (group purchasing contract - flexibility) - Food sources 	<p><u>PRODUCTION</u></p> <ul style="list-style-type: none"> - Creativity & Innovation: Replace plastic single-use products, setting up solar panel - Make good use of old items (curtains for making bags), organizing recycling competitions - Organizing Pick up trash day in the cities - Strict sustainable guidelines with suppliers 	<p><u>FUNCTIONAL VALUES</u></p> <ul style="list-style-type: none"> - Examining: the use of plastic, paper, energy, water and electricity weekly multiplied by the amount of consumers over a period of year - To help protecting both the hotel operating setting and natural environment - To encourage and engage different stakeholders to the sustainable management process 	<p><u>END-OF-LIFE</u></p> <ul style="list-style-type: none"> - Waste is dumped and buried currently in landfill sites - Guests are taking considerable amount of amenities back home - Waste food 	<p><u>USE-PHASE</u></p> <ul style="list-style-type: none"> - Chemical using in laundry and cleaning - Potential use of transport by suppliers, hotels and customers - Equipment generating CO2, CFC, heat - Substantial use of electricity and water
<p><u>MATERIALS</u></p> <ul style="list-style-type: none"> - Eco-friendly amenities, refillable water bottles, water station, filler system - Natural-based items - Green certified chemicals - Digital applications 			<p><u>DISTRIBUTIONS</u></p> <ul style="list-style-type: none"> - Suppliers and guests delivering without plastic - Running the transportation means for guests with greener fuels 	
<p><u>ENVIRONMENTAL IMPACTS</u></p> <ul style="list-style-type: none"> - Having a negative impact on the human health, the ecosystem (flora, fauna and animals), the air, the beautiful landscape - Affecting the ozone layers => contributing to the global warming - Affect the natural resources 			<p><u>ENVIRONMENTAL BENEFITS</u></p> <ul style="list-style-type: none"> - Reducing plastic, paper, energy, water and electricity consumption - Controlling the carbon footprint impact - Decreasing the air pollution and emission - Educating people about environment issues 	

It is also imperative to engage the staff and suppliers actively in the sustainable management process. The strict sustainability guideline and notice should be made. To illustrate, it is not on a voluntary basis for suppliers and employees, but it is obligatory for them to act appropriately in light with the sustainability guideline. Meanwhile, the use-phase, distribution and end-of-life boxes (Table 5.) present

in which stages that the environmental impacts are generated, through which ways and where they will end at respectively. It allows the users to locate the main problems in specific phases to come up with ideal solutions. As the remarkable volume of emission is dumped to the environment, the greener fuel and the customer engagement to the sustainable process could be notable. Essentially, the environmental life cycle layer (Table 5.) could help Victoria to measure and mitigate their environmental impacts and locate areas for improvement to make the environment benefits more significant and outweigh the impacts.

Likewise, the social stakeholders layer (Table 6.) of TLBMC also could spot the primary social impacts of the organisation in order to help explore ways to improve its social value creation potential. The social values that Victoria would generate are enhancing the guest's experience and creating a mutual beneficial relationship with local communities and suppliers. It should be noted that Victoria should not only consider the community where its headquarters locates, but it should take all the communities that its different properties operate in as equally important. As stated in the economic layer, employees are the key asset of a company; hence, Victoria should be responsible for providing a workplace in which everyone could have equal opportunities even from the recruiting phase. The frequent training program in terms of profession, duties, sustainability or languages should be carried out to support employees' personal development.

Regarding the societal culture aspect (Table 6.), Victoria's strong corporate social responsibility practices and campaigns could be regarded as the culture of accountability and proactiveness. To ensure this, the decision-making policy should be transparent and reasonable. The scale-of-outreach describes in which ways Victoria could deeply and broadly create and maintain the relationship with different stakeholders groups. Victoria would prioritise partnering with suppliers for a long period of time, rather than focus on the cost aspect and change suppliers frequently. In addition, the training could be provided for local small suppliers as well if they do not have experience working with big hotel groups. Essentially, Victoria would be dedicated to actively participate in cultural festivals or events that are organised by local authorities to preserve the culture.

Table 6. Social Stakeholders Layer of Victoria's TLBMC

<p><u>LOCAL COMMUNITIES</u></p> <ul style="list-style-type: none"> - All surrounded communities where Victoria has its properties including: the locals, municipality, other social organizations (NGO, schools, universities, etc.) - Suppliers - Volunteers 	<p><u>GOVERNANCE</u></p> <ul style="list-style-type: none"> - Ownership: Privately own for-profit business unit by TMG (publicly traded for-profit) - Internal organizational structure: Organizational hierarchy - Decision-making policies: transparency 	<p><u>SOCIAL VALUE</u></p> <ul style="list-style-type: none"> - To enhance the experience of customers - To create mutual beneficial relationship with local communities and suppliers improve Victoria's social value creation potential. 	<p><u>SOCIETAL CULTURE</u></p> <ul style="list-style-type: none"> - Sustainable - Cooperate social responsibility - Flexibility - Encouraging innovation and creativity 	<p><u>END-USER</u></p> <ul style="list-style-type: none"> - Customer segmentations as stated in the economic layer - Local communities, Victoria staffs, suppliers
<p><u>EMPLOYEES</u></p> <ul style="list-style-type: none"> - Positive workplace, equal opportunities with employees coming from different nations - Strong customer relationship as 95% of employees are customer-facing - Frequent training programs, personal development support 		<p><u>SCALE OF OUTREACH</u></p> <ul style="list-style-type: none"> - Building long-term relationship with different stakeholders - Creating additional social programs (for employees, suppliers) - Donating to local projects, schools, orphanages. 		
<p><u>SOCIAL IMPACTS</u></p> <ul style="list-style-type: none"> - Overcrowded, bad impacts on the resources, infrastructure => decrease the inhabitants' life standard - Loss of native customs and traditions (Commercialized) - Increase the rate of crime such as pickpocketing 			<p><u>SOCIAL BENEFITS</u></p> <ul style="list-style-type: none"> - Provide job opportunities for the residents (increased income) - Introducing broadly the culture - Charitable contribution and sponsorship 	

The intended social impacts were listed (Table 6.), but it should be argued that the benefits Victoria aims to create are also considerable. In the interviews, the majority of respondents state that the inflexibility of strict group policy made the implementing process lengthy. It also can be clearly seen that the flexibility is highlighted throughout all three layers of TLBMC (see Appendix 3.). Hence, to solve this matter, several managers when referring and applying these strategic guidelines could be more flexible. For instance, if the properties could find daily products that have the same quality and competitive price compared with products suggested by TMG, they should carefully ponder over two options to purchase the one that has benefits for that individual hotel and the others as well. It could be also the flexibility when dealing with demanding customers, when negotiating with the suppliers and when applying this strategic guideline in order to bring about the best values for the group.

6.5 Sustainability Evaluation Model for Victoria

The Sustainability Evaluation model was introduced for Victoria to evaluate and measure to which level sustainability is integrated into the strategic management (Table 7.). The model associates the four perspectives of the BSC and the three dimensions of the TBL, which forms twelve correlations representing various indicators to achieve the full integration.

Table 7. Victoria's Sustainability Evaluation Framework

	Learning & Growth	Process	Market	Financial
Economic	- Employees' salary and benefits compared with other hotels in the region => Hotel is attractive to professionals	- Targeted cost reduction rate is achieved (Food cost & payroll cost) => structure and process are cost-effective	- Hotel's quality reviewed by customer (direct/through OTA) - Occupancy rate => Hotel achieves its market share goal	- Average Daily Rate, Revenue per Available room & profit compared with the goal and with same period last year => Hotel is profitable
Social	- Employee turnover rate (compared with the own set target <30% and with other hotels in the region) => Hotel is able to retain the staffs	- Hotel follows the social legislation strictly (Safe work, employees health) => Stakeholders acknowledge that hotel respects social law	- Social impacts are recognized with awards or certification => Local community and prestigious organizations appreciate hotel's efforts	- Amount of investment on social projects (% over total revenue) - Positive brand image => Stakeholders perceive benefits
Environmental	- Stakeholders consider hotel as transparent and ethical place to work => Hotel reputation is acknowledged by the community	- Hotel complies the environmental legislation strictly => Stakeholders acknowledge that hotel respects social law	- Environmental impacts are recognized with awards or certification => Local community and organisations appreciate hotel effort	- Amount of investment on environmental projects (% over total revenue) - Positive brand image => Stakeholders perceive benefits

Each hotel unit can apply the introduced framework (Table 7.) and evaluate individually, as a result the whole group can make a comparison between all seven properties. It could keep track of different hotels' performance, thus leading to making appropriate decisions and immediate actions as one group. The final result would provide an answer to whether all properties are implementing sustainable strategies at the same rate. The indicators are set based on the analysing current situation of the hotels and the hospitality industry characteristics in the region. For instance, the employee turnover rate is the indicator of employees acknowledgement, in which learning and growth perspective intertwines with the social dimension (Table 7.). The targeted rate for Victoria is 30%, which results from the analysis of the economy in the region, the rate worldwide and several manager's opinions.

So as to evaluate, at least three managers from each hotel property will participate and rate their hotel's performance on the scale of one to five with regard to all categories and indicators. The hotels will achieve five if they successfully perform in term of that aspect and will get one score if they are unable to complete the set objectives. The means and mode would be calculated in the end to make a comparison between each unit and Victoria, as the group could be able to review its internal process and general performance and acknowledge room for improvement as well. Providing that some hotel units also aims at getting the Travellife award and on the process of auditing, along with the recommended sustainable evaluation model, Travellife standard could also be considered as the useful sustainable evaluation tool for Victoria.

7 DISCUSSION

Initially, the focus of this study was on helping Victoria Hotels and Resorts or Victoria for short – the commissioning company – achieve the integration of sustainability into strategic management. That comprehensive incorporation could lead to gaining competitive advantages in the hyper-competitive market nowadays. Thus, the objective of this thesis was firstly, to assess how sustainability has been integrated into strategic management at Victoria and propose recommendations for the sustainability approach in Victoria's corporate-level strategy.

To successfully propose suggestions for the sustainability approach in Victoria's corporate strategy, the qualitative research was conducted consisting of two methods namely semi-structured interview and content analysis. This methodology and methods somehow offered the best result since it enabled the gathering of rich information on the current situation and intended future strategic direction from top-level executives of Victoria. Those are currently working at different hotel properties or at TMG – the owner of Victoria, thus resulting in the objectiveness of the interview result. Aligning with the aim of the thesis, it is undoubtedly imperative and necessary to employ these methods to verify the most suitable sustainable practices based on the perception and vision of the management team. Moreover, the content analysis allowed the author to gain a holistic view in several topics or categories to have new insight into each theme to reach the final conclusion.

The semi-structured interview disclosed that the top-level managers were fully aware of sustainable issues. In addition, as a business, they have a high responsibility to take care of the environment and society, especially with the case of the hotels, it is believed that main motivator for tourists to travel is the local culture, the city, not the fancy hotel. The hotel cannot survive if the local society and environment do not exist. Therefore, preserving the nature and the indigenous culture are not only activities for the sake of sustainability, yet contemplated as the acts for the accelerating economic development and the reason for existence of the hotels as well.

Since the broad managers are mindful of the issues, through the interviews, they also divulged the strong need to promote Victoria's sustainable identity to customers. The "people" element representing through their heartfelt services is also emphasised as the distinctive values of Victoria. Moreover, the goals or objectives that the managers set for the hotels both in the short term and in the long run are also connected to sustainability. Drawing on that needs and expectations, the mission and vision statements were formulated taking those factors into consideration.

To suggest suitable strategic tools and practices, it is crucial to analyse and map the current activities at Victoria towards sustainability. It should be noted that numerous activities have been planned and organised at different properties so far. These activities belong to the Green Star Campaign, which started at the end of 2019. However, it appeared that the project is still on a small scale without the group's common consensus on strategic guiding. It is stressed that the level of implementation is varied from one hotel to another. To specify, there are certain hotels which outperform the remaining with regard to how well they manage to be more sustainable. These issues extensively highlighted the importance of and the strong demand to introduce the strategic sustainability guideline on Victoria's corporate level; so that every hotel property could refer to and employ.

However, as a complex organisation, Victoria needs to deal with various challenges along the way when achieving the integration of sustainability into strategic management. It could be the difficulty in changing the mindset of stakeholders which are customers, employees and suppliers, or the conflicts might arise between TMG and the management team at different properties concerning the used products. It is because little preparation in advance has been made leading to the managers' confusion at several stages. Meanwhile, the strict group purchasing policy made the process unnecessary lengthy.

To solve the problems, the clear target values were set in the three layers of the TLBMC so as to clearly direct the hotels. In detail, regarding social aspect, Victoria intends to enhance the experience of customers and to create a mutually beneficial relationship with local communities and suppliers, as a consequence, improving general Victoria's social value creation potential (see Appendix 3.).

With respect to the environmental dimension, the group expressed the need to protect both the hotel operation area and the natural environment outside. Furthermore, it also can be clearly noticed that flexibility is highlighted throughout all three layers of TLBMC (see Appendix 3.). The flexibility could be taken into account when handling demanding customers, when negotiating with the suppliers or when applying this strategic guideline so long as it will generate the best values for the group. Notably, sustaining the competitive advantages in the competitive market today is exceptionally hard, as suggested in the TLBMC (see Appendix 3.), hotels, including staff should always be innovative, active, creative and flexible so as to find room for improvement and make the management process more efficiently.

The key results comprised the SWOT analysis, the vision and mission statements, the TLBMC and the Sustainability Evaluation Model designed for Victoria to handle these mentioned challenges and expectations. The suggested strategic tools are categorised in four phases, in accordance with the literature which contribute to the whole strategic management process. To specify, in the first phase which is environmental scanning, the SWOT analysis was utilised to acquire the understanding of the current situation through the lens of sustainability and recognise the outside factors that could impact on the process. Regarding strategy formulation phase, the mission and vision statements and the TLBMC could play an important role in the communication with stakeholders about Victoria's intended goals and values. In addition, the TLBMC could serve as the sustainability strategic guideline to direct Victoria's activities so as to embrace sustainability in the implementation phase. Lastly, with regard to the strategy evaluation phase, the Sustainability Evaluation Model provides Victoria with sets of indicators to review and assess sustainable performance.

As the suggestion for the future potential research, owing to the limitation of this study, the strategy implementation process could be studied more thoroughly together with the commissioner. Thus, it could certainly help achieve the full integration of sustainability into all four steps of the strategic management process. Moreover, since this thesis solely focuses on the vision and discernment of the company, future researches could greatly benefit if employing a customer-oriented approach to gain new insights into the topic.

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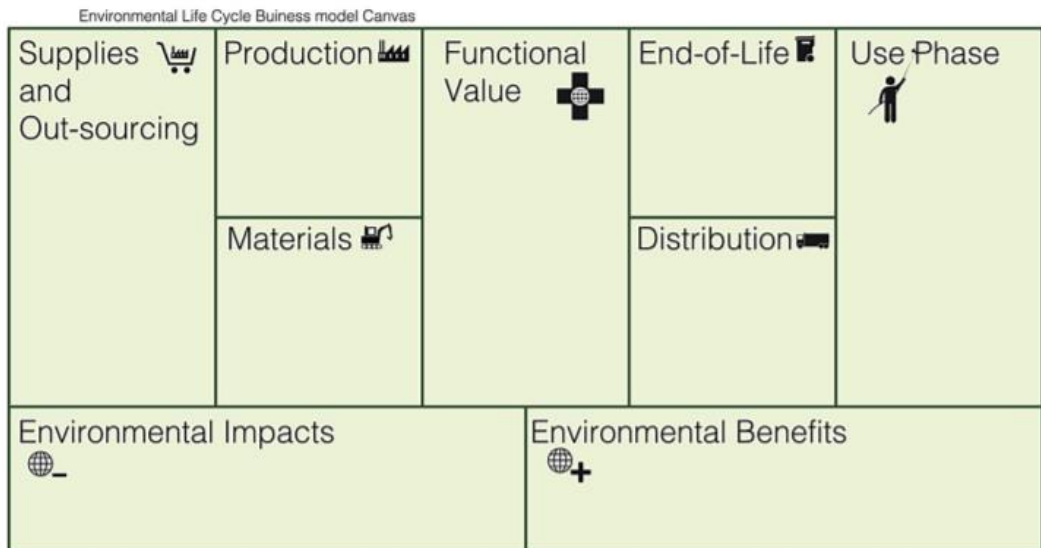
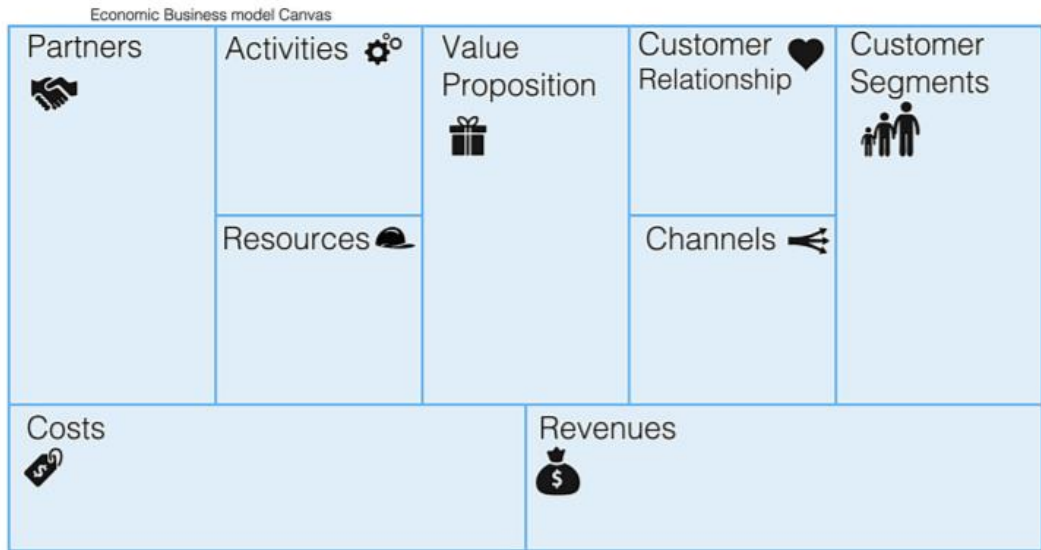
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APPENDICES

- Appendix 1. Triple Layered BMC (Joyce & Paquin 2016, 10)
- Appendix 2. Semi-structured Interview Template
- Appendix 3. Victoria's Triple Layered Business Model Canvas

Appendix 1. Triple Layered Business Model Canvas (Joyce & Paquin 2016, 10)



Appendix 2. Semi-structured Interview Template

Background information of the interviewee

- Name
- Organization
- Position

Research Topics	Related Questions
Sustainability in Hotels	<ol style="list-style-type: none"> 1. How would you define sustainability/sustainable development? (in terms of social, economic and environmental dimensions) 2. In your opinion, is it necessary for the hotel to launch sustainable campaign, initiatives? Why? 3. What kind of activities towards sustainability does Victoria have at the moment? And what are their impacts on the economy, society and environment? Which activities are most favoured by customers and which activities are usually be complaint? 4. What can be improved within your organization when it comes to sustainability?
Strategic Management in Hospitality Industry	<ol style="list-style-type: none"> 5. How do you see the position of the hotel within the hospitality industry in the next 5 years? 6. What kind of special/distinctive values does the hotel would like to maintain and promote? 7. In your opinion, how important is the whole process of setting the goal, formulating, implementing and evaluating the action plan (strategic management) in the hotel? Can you describe the process of strategic management in the hotel? 8. What can be improved within your organization when it comes to strategic thinking?
Integration of Sustainability & Strategic Management to Gain Competitive Advantages	<ol style="list-style-type: none"> 9. How is the combination of sustainability and strategic management in the hotel in your opinion? 10. Which sustainable strategies has the hotel utilized currently? Have these strategies also been implemented at other Victoria properties? 11. What is the most challenging factor to be considered when developing these sustainable strategies? 12. What kind of competitive advantages/edges of the hotel over the competitors if the sustainability is integrated to the core business? 13. Concerning the stakeholders (i.e. your employees, partners, suppliers or customers), how could you engage them in the sustainable management process?

Appendix 3 1(3). Victoria's Triple Layered Business Model Canvas

Economic Layer

<p><u>KEY PARTNERS</u></p> <ul style="list-style-type: none"> - Group strategic partners and investors - TMG subsidiary companies: Hai Au Aviation, Ivivu OTA, destination management companies and other hotel brands. - Tour operators, online agencies (Booking, Agoda) - Attractions and Points of interests - Group and Local suppliers - Government, authority, locals. 	<p><u>KEY ACTIVITIES</u></p> <ul style="list-style-type: none"> - Accommodation: hotel rooms and villas - Restaurants: offering international and local cuisine - Other relaxing and entertaining activities: spa, guided tours, cooking class, etc.) - Transportation: Victoria express train, speed boat and cruises <p><u>KEY RESOURCES</u></p> <ul style="list-style-type: none"> - Human Resource - Victoria and TMG brand - Infrastructure - Strong network 	<p><u>VALUE PROPOSITION</u></p> <ul style="list-style-type: none"> - Customization: tailored experience, customer-centric orientation - Newness: once-in-a-lifetime experience by delivering heartfelt service (creativity and innovation) - Discounted packages with TMG partners - Booking hotels and resorts directly with Victoria to get special price offers and other benefits 	<p><u>CUSTOMER RELATIONSHIPS</u></p> <ul style="list-style-type: none"> - Long-term relationship: loyalty customers to Victoria or TMG groups - Dedicated personal service relationship built with staffs (Flexible when dealing with guest's demand) <p><u>CHANNELS</u></p> <ul style="list-style-type: none"> - Selling on the official group website - Cooperating with travel agencies and tour operators 	<p><u>CUSTOMER SEGMENTS</u></p> <ul style="list-style-type: none"> - Segmented Market - Upper Middle Class - Mainly European and domestic customers - Couples/ Friends/Families - FIT (Free independent traveler) and GIT (Group inclusive tour) - Those who care for the environment & local community and support hotels' sustainable acts 	<p><u>COST STRUCTURE</u></p> <ul style="list-style-type: none"> - Balance between cost-driven and value-driven - Employee payroll - Maintenance cost - Marketing and advertising cost - Operating cost 	<p><u>REVENUE STREAMS</u></p> <ul style="list-style-type: none"> - Asset sales: services and products sales, renting, (hotel and resorts rooms and villas ~80%, restaurants, spa, other tailored activities ~15%) - Cashless payment method for paying customers => transparent - Commissions ~5% (from key partners)
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Appendix 3 2(3). Victoria's Triple Layered Business Model Canvas

Environmental Life Cycle Layer

<p><u>SUPPLIES AND OUT-SOURCING</u></p> <ul style="list-style-type: none"> - Water, energy, electricity for normal operation process - Eco-friendly and plastic products (group purchasing contract - flexibility) - Food sources 	<p><u>PRODUCTION</u></p> <ul style="list-style-type: none"> - Creativity & Innovation: Replace plastic single-use products, setting up solar panel - Make good use of old items (curtains for making bags), organizing recycling competitions - Organizing Pick up trash day in the cities - Strict sustainable guidelines with suppliers 	<p><u>FUNCTIONAL VALUES</u></p> <ul style="list-style-type: none"> - Examining: the use of plastic, paper, energy, water and electricity weekly multiplied by the amount of consumers over a period of year - To help protecting both the hotel operating setting and natural environment - To encourage and engage different stakeholders to the sustainable management process 	<p><u>END-OF-LIFE</u></p> <ul style="list-style-type: none"> - Waste is dumped and buried currently in landfill sites - Guests are taking considerable amount of amenities back home - Waste food 	<p><u>USE-PHASE</u></p> <ul style="list-style-type: none"> - Chemical using in laundry and cleaning - Potential use of transport by suppliers, hotels and customers - Equipment generating CO2, CFC, heat - Substantial use of electricity and water
<p><u>MATERIALS</u></p> <ul style="list-style-type: none"> - Eco-friendly amenities, refillable water bottles, water station, filler system - Natural-based items - Green certified chemicals - Digital applications 		<p><u>DISTRIBUTIONS</u></p> <ul style="list-style-type: none"> - Suppliers and guests delivering without plastic - Running the transportation means for guests with greener fuels 		<p><u>ENVIRONMENTAL BENEFITS</u></p> <ul style="list-style-type: none"> - Reducing plastic, paper, energy, water and electricity consumption - Controlling the carbon footprint impact - Decreasing the air pollution and emission - Educating people about environment issues
<p><u>ENVIRONMENTAL IMPACTS</u></p> <ul style="list-style-type: none"> - Having a negative impact on the human health, the ecosystem (flora, fauna and animals), the air, the beautiful landscape - Affecting the ozone layers => contributing to the global warming - Affect the natural resources 				

Appendix 3 3(3). Victoria's Triple Layered Business Model Canvas

Social Stakeholder Layer

<p><u>LOCAL COMMUNITIES</u></p> <ul style="list-style-type: none"> - All surrounded communities where Victoria has its properties including: the locals, municipality, other social organizations (NGO, schools, universities, etc.) - Suppliers - Volunteers 	<p><u>GOVERNANCE</u></p> <ul style="list-style-type: none"> - Ownership: Privately own for-profit business unit by TMG (publicly traded for-profit) - Internal organizational structure: Organizational hierarchy - Decision-making policies: transparency <p><u>EMPLOYEES</u></p> <ul style="list-style-type: none"> - Positive workplace, equal opportunities with employees coming from different nations - Strong customer relationship as 95% of employees are customer-facing - Frequent training programs, personal development support 	<p><u>SOCIAL VALUE</u></p> <ul style="list-style-type: none"> - To enhance the experience of customers - To create mutual beneficial relationship with local communities and suppliers improve Victoria's social value creation potential. 	<p><u>SOCIETAL CULTURE</u></p> <ul style="list-style-type: none"> - Sustainable - Cooperate social responsibility - Flexibility - Encouraging innovation and creativity <p><u>SCALE OF OUTREACH</u></p> <ul style="list-style-type: none"> - Building long-term relationship with different stakeholders - Creating additional social programs (for employees, suppliers) - Donating to local projects, schools, orphanages. 	<p><u>END-USER</u></p> <ul style="list-style-type: none"> - Customer segmentations as stated in the economic layer - Local communities, Victoria staffs, suppliers
<p><u>SOCIAL IMPACTS</u></p> <ul style="list-style-type: none"> - Overcrowded, bad impacts on the resources, infrastructure => decrease the inhabitants' life standard - Loss of native customs and traditions (Commercialized) - Increase the rate of crime such as pickpocketing 		<p><u>SOCIAL BENEFITS</u></p> <ul style="list-style-type: none"> - Provide job opportunities for the residents (increased income) - Introducing broadly the culture - Charitable contribution and sponsorship 		