



A VISION OF CHANGE

Sustainability in the Hotel Industry

Anwar Miah 2021149
Sustainable Hospitality and Tourism Management
BMIH5006
Dr. Huw Thomas

The idea of sustainability is, at its core, can be defined as the ability to use resources given without the risk of depleting them and jeopardising the future use of them. This is relevant in most factors of life and has become a significant portion of global concern, and in the business and hospitality world, this is no different. It is crucial for a company to be able to meet demand, both in the present and the future. The term of 'sustainability' is usually only spoken about in the ecological sense, talking about the effect of greenhouse gases on the climate, as well as the increasing threat of global warming. In spite of this, sustainability can be divided into *three* subsections, or 'pillars' rather than simply being about the environmental sense. These subsections are defined as Social, Economic and Environmental.

Social sustainability outlines the practice of managing the impact on people. In most companies, this refers to the lives of both customers and employees, both of which are affected by the companies decisions in different ways, therefore it is important for a company to put the effort into managing this well. Should they lack the social development and promote inequality and poverty, the business' development could be impacted negatively. (UN Global Compact, n.d)

Economic sustainability refers to making business decisions that promote economic growth by using capital resources efficiently, allowing for future use too. Economic sustainability often aims to improve the standard of living, and generally ties in with social sustainability.

Environmental sustainability is about using natural resources found in the ecosystem efficiently. Sustainable practices in this regard are often used to improve social and economic stability, as the world is slowly shifting into a more sustainable society, businesses are constantly looking for ways to utilise better ecological methods in their work in order to better their present state and keep the future of the company intact. (MasterClass, 2022)

Rather than being three different outstanding pillars, all of the subsections are closely related together. For example, when discussing the use of energy resources in a company, economic sustainability is often included, as a lack of energy waste leads to savings, and therefore a more sustainable economic climate.

Because of the role that the hotel industry has on the social, economic and environmental state of society, it goes without saying that the industry is closely tied with the idea of sustainable development.

Furthermore, it is natural that the hotel industry is concerned about the current state of their sustainable development, most often due to the increasing government pressures and regulations put in place. Agreements such as the Paris Agreement were put in place to reduce global warming and climate change on an international scale, setting goals to reduce carbon emissions by 2030. Whilst this agreement doesn't specifically mention the hospitality industry, the country-by-country accounts surely affect how many large companies and conduct their business. (United Nations Climate Change, n.d). The Sustainable Hospitality Alliance estimates that the hotel sector makes up at least 1% of global carbon emissions and is increasing per year. They've also calculated that the hospitality sector should reduce carbon emissions by 60% by 2030 in order to make up the difference. (Sustainable Hospitality Alliance , n.d)

Not only are hotel businesses pressured by government legislations, but they are also pushed towards more sustainable practices by the general public. In a post-pandemic society, studies have shown that consumers are making more and more environmental and socio-cultural conscious choices when deciding on what to buy or where to stay. Therefore, in order for hotels to turn profit, it is reasonable to assume that they would start employing more sustainable practices, as it would increase the likelihood of consumers choosing to stay at those hotels or return for another stay. (Pierce, 2021). The focus on environmental sustainability often leads to an improved state on social sustainability, shifting towards a more healthy and safe standing for the general public.

Hotel companies have gone to great lengths to reduce its ecological impact, in differing ways. For example, Melia Hotels International, a Spanish hotel chain, was the first hotel chain in the world to employ an environmental blockchain. In essence, members of 'MeliaRewards', which is a customer loyalty plan for customers that stay at the hotels, receive points, which can then be redeemed to support projects with the intention of offsetting the environmental damage done by the hotels natural processes. (Hospitalitynet, 2019). Whilst this doesn't specifically reduce how much

carbon is being output by the hotel change or the effect it has on the climate, the offset made by the projects allows the company to steer towards a state of carbon neutrality. It is difficult to tell whether this had made a significant impact on the hotel chain's economic growth, but one thing it has done is inspire competitors to follow suit and employ similar methods.

One of the biggest concerns companies face when it comes to these goals is the investment required and the cost-benefit ratio. More traditional business owners have to evaluate the most cost-friendly way to reach these goals without losing a substantial amount of revenue by shifting to different methods of sustainability, such as changing to new energy sources or investing in waste-recycling programmes. Whilst this concern isn't unjustified, it can be refuted by public opinion. A study in 2017 shows that consumers are more likely to choose a hotel that is more environmentally friendly when travelling, (Thomsen, 2017). Not only that, but this trend has appeared to continue and become more prevalent in more recent years, from multiple studies, implying that anywhere from 70-85% of consumers agree with the previous statement. It isn't unlikely that this increase in agreement has something to do with the recent pandemic, as in the same study, 61% of those asked stated that "the pandemic made them want to travel more sustainably in the future". (Barreiros, 2021). It is also likely that this opinion is simply due to the fact that climate change and global warming has gotten worse as the years go on, and more and more people are becoming aware of that fact. Hoteliers should take these statistics into account, as the commitment to the sustainable practices could be the deciding factor into whether they stay economically sustainable or not.

The idea of sustainability can be closely tied to the premise of circular economy. At the moment, our current economy functions linearly, in the sense that we gather naturally given finite resources, use them for whatever purpose is needed and then produce waste at the end that can't be used again. In an ideal circular economy, waste would be eliminated, and the resources would be regeneratable from the used resources. As it stands, a shift into a circular economy is difficult, as it also imperative to meet demand for social needs as well. (Ellen Macarthur Foundation, n.d).

Therefore, sustainable development and the circular economy are large factors in the corporate social responsibility, or CSR, of a company, including hoteliers' businesses. Many businesses should strive to adopt the right mindset and follow into a circular economy, such as adopting the 'Triple Bottom-Line' mindset instead of a single-bottom line mindset, which focuses on all three pillars of sustainability, rather than just profit. (Miller, 2020). They should also focus on ESG principles, which stands for environmental, social and governance, when investing, which guides companies into making decisions that allow for sustainable growth. (Investopedia, 2022).

Hotel companies have been adamant about their CSR, in order to stay prevalent in the modern age. For example, the Marriott Hotel chain have initiated the 'Serve360' movement, aiming to reach their 'Sustainability and Social Impact Goals' by 2025. These goals include reducing their environmental footprint involving water and carbon usage as well as waste reduction, as well as responsibly sourcing almost all of their priority resources, including animal proteins and bottled water. They also aim to improve community service and volunteer work and pour 15 million hours into these projects, as well as invest into programs that build hospitality skills amongst diverse groups. (Marriott, n.d). Thus, the Serve360 initiative is an extremely relevant example of a company taking their CSR seriously, getting as close to a circular economy as they possibly could. The Serve360 plan doesn't publicly outline how much money is being spent or will be spent in order to achieve these goals, however, the initiative does adhere to all three pillars of sustainability, as well as showcasing Marriott's Triple-Bottom-Line mindset. The focus on investing in hospitality skills into minority groups also showcases their adherence to the ESG principles.

There currently is a concern about hotel companies, as well as *all* companies from the general public, regarding these pledges to sustainability and CSR. That concern mainly lies in the idea of 'greenwashing', a term used to refer companies claiming to be environmentally conscious and/or pledging to make changes by a certain time, without actually having plans to do so, or at least purposefully not meeting those targets. This is usually done to mislead consumers and stakeholders for marketing purposes. (Edwards, 2022). Polls have shown that around a quarter of consumers believe that 'commitment' to ESG principles from hoteliers is only done for marketing

purposes. (Globaldata Travel and Tourism, 2021). This can be an increasingly big problem for all hotel chains; consumers crediting certain companies as untrustworthy in a society where consumers are looking for the most eco-friendly options possible can damage the genuine companies. Fortunately, certification programmes are put in place to help separate and distinguish the companies, such as LEED, which assigns scores for how a company is performing in certain categories – energy or water usage, for example – and awards a designated certification based on said score.

To conclude, sustainability clearly plays a huge role in today's society, and that is only becoming increasingly truer in the travel, hotel and tourism sector. As the push towards a more sustainable world becomes a more global effort, in all three aspects of sustainability, hotels should be keeping up with the trend and aiming to reach the targets they're guided towards by both government agendas as well as general public feedback. Following examples such as the Marriott's 'Serve360' initiative, focusing on all three pillars of sustainable development in an equal amount, amongst other's are a key way to gain favour with the public as well as keep up with competitors efforts. Whilst it is neither imperative nor simple to formulate new strategies to meet those targets, such as Melia did with the blockchain idea, it can be a significant step in the right direction. However, as stated earlier, companies should also aim to be both realistic and also genuine with how they decide to conduct their sustainable practices in the public eye, avoiding greenwashing. Whether it be intentional for the sake of gaining popularity using consumer trends, or accidental in the sense that the targets set for themselves are too impractical.

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