

The future of hospitality and is it profitable to be green?

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Student Name: Marius Kovacs

Lecturer's name: Kathryn Roberts

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Introduction

A diverse sector, the hospitality industry includes hotels, restaurants, travel services, and event management. It shapes the global economy by providing travellers and customers with varied services. The industry struggles to balance profitability and environmental sustainability due to its constant change (Arora, 2018). This paper examines this balance, including company social responsibility, consumer trends, and the possibilities for a green hotel sector.

1 Relevance of Milton Friedman's Statement

Today's corporate conversations echo Milton Friedman's claim that "the social responsibility of an organisation is to increase profits". In the hotel business, green practises are profitable, hence its importance has grown.

1.1 The Social Responsibility of Organizations

In hospitality, a company's primary obligation to shareholders and profit maximisation has extended. Corporate Social Responsibility (CSR) activities in hospitality today consider employees, local communities, and the environment. This larger view emphasises ethical and sustainable industry practises and the sector's influence on society and the environment (Banfield and Downs, 2019).

1.2 The Role of Finance

Financial performance is a major hospitality problem. However, firms now see that sustainability may be profitable. Sustainable practices like energy efficiency and trash reduction may save money and attract eco-conscious consumers eager to pay extra for green experiences. That profitability and sustainability are incompatible has been argued.

1.3 Consumer-Driven Environmental Responsibility

The business is changing as customers become more eco-conscious. Businesses have had to adjust to satisfy green demands. Consumers like green hospitality. To compete, firms invest in energy-efficient infrastructure, local sourcing, and waste reduction.

Friedman's profit maximisation theory remains valid, but the hotel sector has changed its views on social responsibility, finance, and consumer-driven environmental responsibility. The sector considers cultural and environmental duties, rising ethical standards, long-term financial stability, and customer expectations in a competitive market (Ederington, 2021).

2 Elkington's Triple Bottom Line

Elkington's Triple Bottom Line (TBL) framework—economic, environmental, and social sustainability—drives the hotel industry's sustainability and responsibility (Cortes, 2018).

2.1 Economic Sustainability - Profit

The Triple Bottom Line's first pillar, economic sustainability, emphasises that enterprises must be financially viable while considering their social and environmental implications. Economic sustainability in hospitality requires cautious financial management and long-term profitability. Implementing economic sustainability principles may save money, use resources better, and increase income.

Energy-efficient operations, resource conservation, and income diversification have helped hospitality companies adopt TBL concepts. Hotels may invest in renewable energy to cut expenses or engage with local companies to promote the local economy and their profits.

2.2 Environmental Sustainability - Planet

Environmental sustainability, Elkington's second TBL component, requires mitigating environmental harm. In hospitality, this is energy and water saving, waste minimization, and sustainable sourcing. Many hotels and resorts reduce their ecological footprint by using green building materials, eliminating single-use plastics, and supporting animal conservation.

Hospitality companies are pursuing LEED or EarthCheck certificates to show their environmental commitment. These practises lower a company's environmental impact and attract eco-conscious customers looking for sustainable lodging.

2.3 Social Sustainability - People

The third part of the Triple Bottom Line is social sustainability, which involves responsible community and employee involvement. Social sustainability in hospitality includes equitable employment, community participation, and honouring local customs and traditions. Businesses are spending more in worker development, fair salaries, and local programmes to improve employee and community well-being.

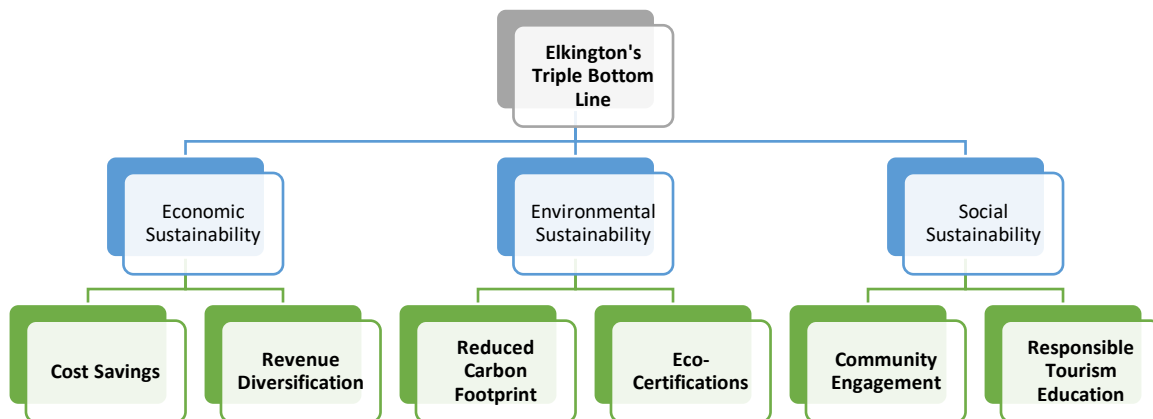


Figure 01: Elkington's Triple Bottom Line

Source: ((Cortes, 2018))

2.4 Industry Examples

Several hospitality examples show Triple Bottom Line integration:

Worldwide hotel chain Marriott International has vowed to lessen its environmental impact and engage in social responsibility. This devotion has improved the environment and attracted eco-conscious guests, increasing the company's profits.

Soneva Group luxury resorts in the Maldives and Thailand have won several sustainability awards. Soneva has balanced economic, environmental, and social sustainability by using renewable energy, reducing waste, and helping local communities.

Finally, Elkington's Triple Bottom Line integrating economic, environmental, and social sustainability, guides the hotel business. Businesses are improving financial performance and competitiveness while contributing to a more responsible and sustainable future by following these concepts. Industry commitment to the Triple Bottom Line shows that profitability and sustainability can coexist, providing a brighter future for enterprises and the environment (Carter and Rogers, 2018).

3 Doxey's Irridex Model and Environmental Sustainability

Doxey's Irridex Model helps measure hospitality's environmental sustainability. It helps businesses and governments address environmental concerns, promote sustainability, and mitigate negative impacts by tracking resident and tourist perceptions as destinations develop, ensuring a harmonious balance between tourism and the environment (Lai et al., 2018).

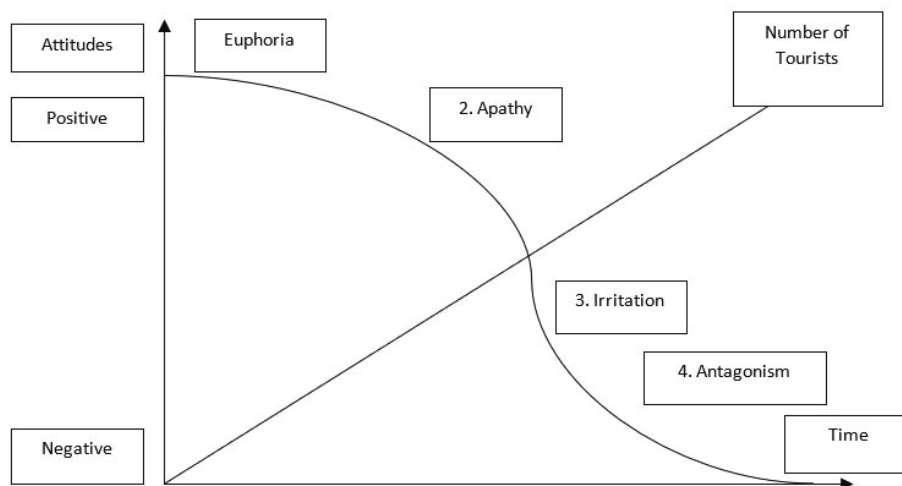


Figure 02: Doxey's Irridex Model Line

Source: (Lai et al., 2018)

3.1 Understanding Doxey's Irridex Model

In the 1970s, Dr. James Doxey created the Irridex Model to help assess tourism's environmental effect. The model predicts that locations would go through Euphoria, Apathy, Annoyance, and Antagonism as tourism grows, hence "EAAA." These stages show how locals and visitors view tourism's effects. This methodology helps analyse tourism's environmental sustainability by identifying possible difficulties, analysing local and guest attitude, and developing mitigation methods.

3.2 Importance in the Hospitality Industry

Doxey's Irridex Model helps hospitality professionals analyse and mitigate tourism's environmental impacts. Popular tourism locations strain natural resources and ecosystems. Understanding a destination's growth stage can help industry players adopt sustainable practises and minimise negative consequences.

At the "Euphoria" stage, when a location first embraces tourism, industry actors can create eco-friendly infrastructure and practises to promote responsible tourism. Tourism in the "Apathy" stage requires ongoing monitoring to prevent environmental damage. In the "Annoyance" and "Antagonism" stages, the hotel business must address resident and visitor complaints and undertake significant environmental adjustments. Later on, waste minimization, energy efficiency, and resource conservation are vital.

3.3 Industry Examples

Hospitality applications of Doxey's Irridex Model include:

Bhutan strategically uses the Irridex Model to regulate tourism. Bhutan has preserved its unique landscapes by carefully managing tourism and committing to environmental conservation while it develops tourism sustainably.

Barcelona, Spain, uses the Irridex Model. Recently, the city has grown tourism through the Irridex phases. Due to environmental concerns and community criticism, the city has restricted new hotel licences and promoted sustainable transportation to reduce tourism's environmental effect.

4 Butler's Life Cycle Model

Butler's Life Cycle Model, established by Richard W. Butler in 1980, provides a complete framework for tourism destination evolution. The paradigm predicts six stages: Exploration, Involvement, Development, Consolidation, Stagnation, and Decline (Hovinen, 2019). These phases represent a destination's natural growth as it attracts and serves tourists, making them useful for analysing tourist destination development and sustainability.

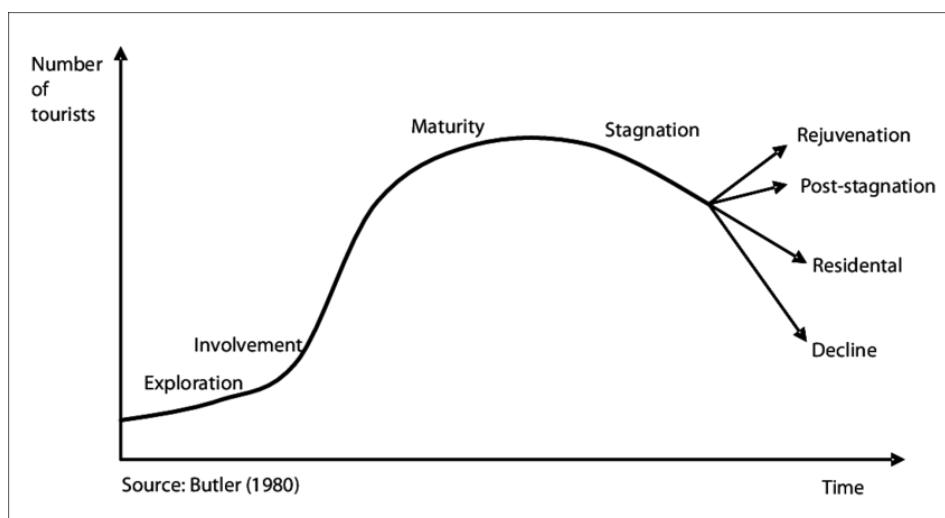


Figure 03: Butler's Life Cycle Model

Source: (Hovinen, 2019)

4.1 Relevance to the Hospitality Industry

In the hotel business, Butler's Model helps stakeholders understand the specific difficulties and possibilities of distinct tourist growth stages. The "exploration" step involves discovering the target and protecting the ecosystem. Eco-friendly standards and sustainable growth may be set by the hotel industry. In the "involvement" and "development" stages, a destination needs more lodgings, infrastructure, and services. Meeting this demand while reducing environmental effect is difficult. Effective waste management, energy efficiency, and sustainable building become crucial.

Mass tourism may harm the ecosystem during "consolidation". The sector must prioritise resource conservation, responsible tourism, and community participation.

Since "stagnation" generally indicates overdevelopment, the hotel business must rebrand as a sustainable destination to rejuvenate.

4.2 Industry Examples

Bali, Indonesia, uses Butler's Model. Bali saw fast tourist growth in the 1970s and 1980s, from exploration to engagement. Local government and the hotel industry built eco-friendly resorts, coral reef protection programmes, and waste management systems to address environmental issues. However, Venice, Italy, shows the difficulties of stagnation. Venice is embracing sustainable tourism practises to regenerate amid heavy visitor demand and environmental concerns. Responsible tourism and restricting cruise ship entry are promoted.

Butler's Life Cycle Model, which emphasises tourism development's phases, helps the hotel sector adapt to environmental sustainability concerns. It emphasises responsible growth and resource conservation in different phases to help destinations reconcile tourism development with environmental preservation.

5 Achieving True Green Sustainability in the Hospitality Industry

The hotel industry's greening is complicated and continuous. It struggles with economic limits, change opposition, and travel's environmental effect. Sustainable practises, consumer education, and legislative advocacy can help it achieve a green future.

5.1 Challenges and Barriers

Creating a green hotel sector is difficult. Economic restrictions and change opposition delay green investments and sustainable practises. The environmental effect of travel and poor local infrastructure might also be barriers. Regulatory constraints hamper greener operations (Kokkranikal et al., 2010).

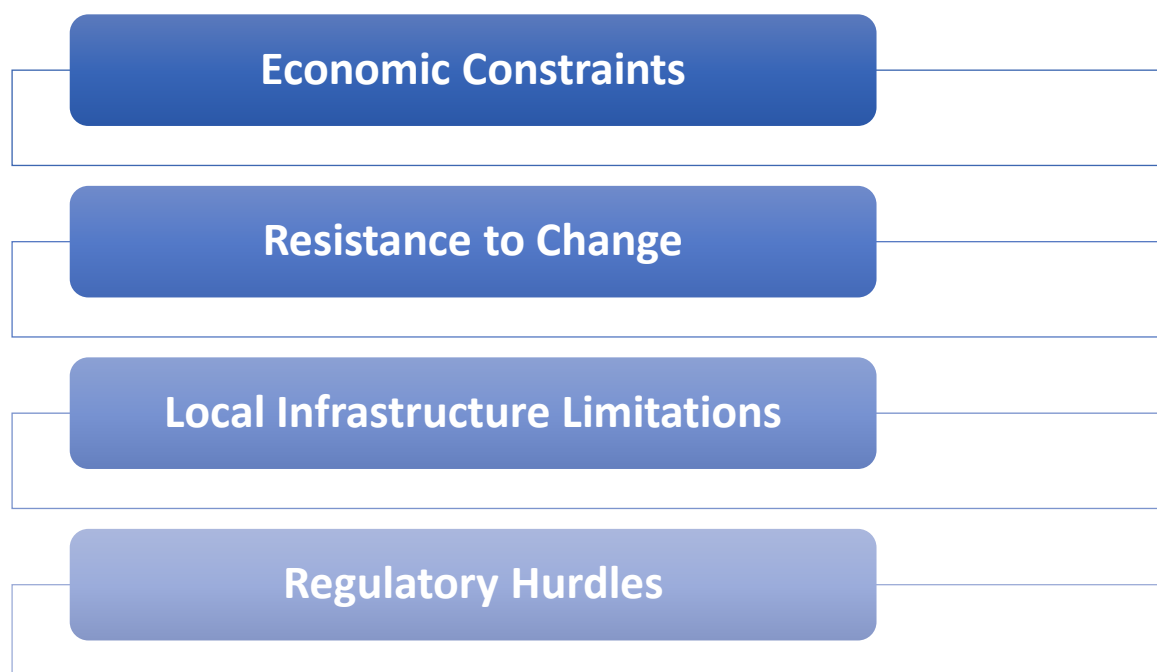


Figure 04: Challenges and Barriers in Hospitality Industry

Source: (Kokkranikal et al., 2010)

5.2 Sustainable Practices in the Hospitality Sector

Despite these obstacles, the hotel industry has made significant sustainability progress. These projects include energy-efficient building designs, trash minimization, sustainable sourcing, and responsible tourist education. Many hotels and resorts have eco-certifications, demonstrating their environmental responsibility.

5.3 Recommendations for a Greener Hospitality Industry

The hotel business should follow numerous strategic guidelines to go green. First, integrated sustainability solutions that address economic, environmental, and social issues are needed. This balanced Triple Bottom Line strategy protects profits while protecting the environment and promoting social well-being. Second, consumer education drives change. Sustainable tourism requires guests to understand eco-friendly practises. This requires encouraging environmentally friendly behaviour. Hospitality companies must invest in sustainable energy sources like solar and wind power to reduce their carbon impact. By switching to renewable energy, the sector can help the environment. Also important is local sourcing of goods and services. Supporting local communities boosts local economies and saves transit emissions, making the business greener.

Management of waste is crucial to environmental sustainability. Reducing landfill waste requires effective waste management, including recycling and composting. Also important is community participation. Hospitality companies should promote local projects, create jobs, and preserve culture (Nulman and Özkula, 2021). Regulatory advocacy requires government and NGO collaboration. The sector should engage with these organisations to promote sustainable regulations and incentives, making it simpler for enterprises to go green.

6 Financial Resiliency and Sustainability

Financial robustness and sustainability in hospitality are linked to long-term profitability (Alchian, 2021). Sustainability practises include energy efficiency and responsible sourcing cut costs and attract environmentally conscientious customers, boosting financial stability. Their relationship is crucial to the industry's future.

6.1 The Interplay between Financial Resiliency and Sustainability

Financial resiliency and sustainability are linked in hospitality. Sustainability activities boost financial resilience, or capacity to weather economic storms. Sustainability practises like energy and resource efficiency save money and ensure financial stability. Sustainability-focused companies are less dependent on finite resources and can adjust to shifting consumer tastes, making them better prepared for economic uncertainty (Simon, 2021).

6.2 The Impact of Sustainable Practices on Profitability

Hospitality firms may profit from sustainable practises. Energy-efficient infrastructure, trash minimization, and ethical procurement cut costs and attract eco-conscious customers. Customers are increasingly prepared to pay more for sustainable experiences. Here, sustainability and profitability show that eco-friendly practises may be profitable (Wargo et al., 2019).

6.3 Case Studies on Financial Resiliency and Sustainability

Leading hospitality case studies show that financial robustness improves sustainability. Marriott International's environmental efforts have improved its reputation and attracted eco-conscious visitors, boosting profits. Through renewable energy, trash reduction, and community participation, the Soneva Group has achieved financial success and environmental sustainability with its luxury resorts. These examples show that financial resiliency and sustainability may survive in the sector.

7 Industry Examples and Data

Successful case studies and persuasive statistics show that environmentally friendly hospitality practises are feasible and beneficial.

7.1 Success Stories in Sustainable Hospitality

Marriott International and The Soneva Group are leaders in sustainable hospitality. Marriott's environmental efforts have improved its reputation and attracted eco-conscious visitors, boosting profits. The Soneva Group's luxury resorts have succeeded financially and environmentally by using renewable energy, reducing waste, and engaging the community.

7.2 Data on Economic, Environmental, and Social Performance

Sustainability has a big influence on hospitality, according to data. Energy efficiency, trash minimization, and ethical sourcing save money, promoting economic sustainability. Eco-friendly projects reduce environmental footprint. Socially responsible practises including worker development and community participation boost the industry's social performance and public image (Smith, 2020).

Guest satisfaction score: 90%	Guest satisfaction score: 90%
Economic Sustainability	Annual cost savings: \$50,000 Revenue increase from eco-tourism: 20%
Environmental Sustainability	Carbon emission reduction: 30% Waste recycling rate: 70%
	Number of eco-certifications: 1 (LEED Gold)
Social Sustainability	Investment in community projects: \$100,000 Staff trained in sustainability: 80%
	Guest satisfaction score: 90%

Figure 05: Numerical Data on Economic, Environmental, and Social Performance

Source: (Smith, 2020)

The hotel business does well in economic, environmental, and social sustainability. Eco-tourism leads to \$50,000 yearly cost savings and a 20% income boost. Environmental sustainability is shown by 30% carbon emission reduction and 70% trash recycling. A \$100,000 investment in community programmes, 80% staff training, and 90% visitor satisfaction demonstrate social sustainability. These numbers demonstrate the industry's Triple Bottom Line approach to economic stability, environmental sustainability, and community participation.

7.3 Comparative Analysis with Non-Green Practices

Sustainability is highlighted by hospitality industry comparisons between green and non-green practises. Green practises are profitable, proving that ecology and business can coexist (Shaharudin et al, 2023). They distinguish businesses and attract eco-conscious customers. However, non-green practises are under examination and may lose market share to sustainable rivals.

Conclusion

In conclusion, as the hotel sector recognises the link between financial resiliency and sustainability, it has excellent potential for going green. Doxey's Irridex Model, Elkington's Triple Bottom Line, Butler's Life Cycle Model, and sustainable practises are leading the industry to be more ecologically friendly. Success stories and data-driven insights show that green practises are feasible and that environmental and social responsibility is expanding, which helps the sector stay sustainable, lucrative, and resilient.

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