Evaluation of Hotels “Turning Green” in a Managerial Accounting Perspective

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Abstract - Vanishing resources and the constantly changing ecological environment forces the industry to adjustments. Although the automobile, packaging, food, medical and retail industries have long realized the importance and purpose of the ‘green revolution’, the hospitality industry is still lagging behind. It is the time for perception, gratitude, and responsibility. The research concentrates on the ecological development of the accommodating industries in a managerial point of view. Hoteliers understand the importance of a new, more developed ‘green policy’ in their establishments, however, preliminary research indicates that expenditures interfere with execution. The ‘greening’ of the hospitality industry not only results in competitive advantage but also increases market share, brand value, public image and leads to customer loyalty. On the other side, this forthright strategy can and will reduce capital and operating costs. According to analyzers, these advantages are just fragments from all the benefits that the hospitality industry can secure by changing their strategic view promoting the environment in the favor of the society. This primary research concentrates on diverse articles, research papers, journals, books, websites and figures to examine the progress of the ‘green revolution’ in the hospitality section. A single hotel alone does not jeopardize the environment but observing the hotel industry as an entity, it has a significant effect on the ecological conditions and developments of Mother Nature. Awareness, recognition, and judgment are required to realize and accomplish the aim, the proposal for attaining a healthy environment. It is not only lucrative for all social levels but secures respectable credits. In the world of vanishing resources, the cost factors may not be regarded as a reason for not excepting an eco-friendly policy.

Keywords: Hospitality, environmentally friendly, competitive advantage, strategy

I. INTRODUCTION

The design director [1] at McKinsley & Company states: “A true brand is an emotional experience, one that is specific to a product or a service or an
environment. The experience extends beyond tangible objects to include thoughts, feelings, and sensory reactions to the designed object, space, or activity.” According to the marketing executive [2], a brand is not just a visual identification, but the customer’s spontaneous perception about a product or service combined with consumer sophistication and acknowledgment. In the venture of hotels, resorts, and restaurants, the brand is defined by the guest rather than the company. The identification is not determined by the industry but is shaped by the guests’ faith. A trademark assists consumers in recording and categorizing their alternatives. Many hospitality contributions are similar in quality and features, and the clientele will unequivocally decide on the brand by acquiescence. Academics [3] intermittently discussed and analyzed that hoteliers need to assign their fingerprints because even an exceptional product’s aftermath may not culminate in a competitive edge. The combination of functionality and quality are expected. Building a brand that incorporates eco-sensitivity helps consumers in their decision-making process. Hotels and resorts need to differentiate themselves with a strong identification, and having a ‘green’, eco-friendly political structure can be only obliging. Once sustainability and demonstration are accomplished, the industry will be accounted for credible and marketable.

II. MAIN BODY

A. Green Hotels

Tourism is recognized as one of the world's largest industries and continues to expand at a rapid rate. The United Nations World Trade Organization [4] [5] estimated the fact that over 1,300 million people traveled in 2017 and it is evaluated that the international tourism will continue to expand at a rate of 4%-5%. The author [6] of Global Tourism sees this industry as a profitable economic endeavor, making it an it an economically enticing industry and a form of development for many countries around the world. However, the benefits of tourism are often accompanied by many negative environmental and social impacts. These include:

- revenue leakage from the community,
- air, noise, and water pollution,
- degradation and depletion of natural resources,
- biodiversity loss,
- labor issues,
- encroachment and overbuilding

The scholars [7] discuss that the hotel industry forms a large part of the tourism industry and if not managed properly, may have the potential to be detrimental to the social and natural environment within which it functions. Hotels are resource concentrated and in order to reduce their impact, a change in strategy may increase intangible assets, whilst maximizing potential profits in the long-term. Many greening initiatives are not expensive to implement and provide substantial benefits to the business.

B. The impact on the environment

Individually, [8] hotels do not have a significant negative impact on the environment. Collectively, however, they can be very wasteful and consume a huge amount of resources. It has been estimated that seventy-five percent of hotels' environmental impacts
can be directly related to excessive consumption. This is wasteful in terms of resources and it creates unnecessary operational costs. The three crucial domains of environmental impacts are energy, water, and waste.

**Energy** - Uncontrolled energy use is expensive, but with simple modifications, the tremendous expenses can be minimized. Investigations have conducted that: "the average energy consumption per bed per night in hotels might be in the order of 130 Megajoules. Hotels [9] generally use more energy per visitor than local residents, as they have energy intense facilities, such as bars, restaurants, and pools, and have more spacious rooms" Studies have determined that a hotel emits an average 20.6

![Electricity Usage of Hotels](image)

**Fig. 1 Electricity Usage of Hotels**

More than any other facilities in the competitive industry are hotels that are relying day and night on the usage of electricity. Figure 1 shows the importance of electricity saving light bulbs in the hospitality emporium. [10].

**Water** - Tourists and residents alike require a clean and dependable supply of water for survival including drinking, cooking, and cleansing. However, water is integral to the amenities usually expected by tourists, such as swimming pools, landscaped gardens, and golf courses. Water also supports industries such as agriculture that support the tourism industry (11). Thus, tourists demand more water than local residents on a per capita basis [12]. Scholars estimated that “15,000 cubic meters of water would typically supply 100 rural farmers for three years and 100 urban families for two years, yet only supply 100 luxury hotel guests for less than two months” [13]. In drier regions, tourists' water consumption can amount to 440 liters a day per tourist, which is almost double the average amount of water used by residents in Spain [14]. In destinations that do not have the required infrastructure and systems to manage these impacts, severe degradation of the environment can occur. To further demonstrate the environmental impacts of hotels, the following figure identifies the main environmental footprints of hotel services and development.

![Daily Residential Indoor Water Use](image)

**Fig. 2 Daily Residential Indoor Water Use**

Fig. 2 shows the average water consumption in percentage used by different household facilities before water conservation methods. The toilette in every hotel and household is the largest daily consumer. Therefore, accommodating industries as well as households should consider the possibility to replace their old products with new high-efficiency-
toilets (HET) which will have a great effect on the total water usage [15].

Fig. 3 Water Usage Before and After Conservation Fig. 3 indicates the necessity of a water conservation system in hotels due to the high rate of water consumption by staff and customers [16]. Furthermore, not all hotels list their green programs on their website, so guests who may be opting for a shorter vacation period may not profit from its green program. The factors that a hotel should consider while turning ‘Green’ are:

- Durable service items
- Green training for staff
- Recycling
- Towel reuse and sheet reuse,
- Environmental cleaning
- Eco and organic food
- Recyclable disposables
- Alternative energy
- Gray-water recycling.

As shown in Figure 3, the water consumption of hotels is dogmatic and an environmentally friendly recycling method is more than necessary. Nevertheless, the fact is that tourism, specifically the hospitality industry contributed globally immensely to the water crisis phenomenon [17]. There are plenty of activities which can be pursued by hotels, so as to enhance and improve its environmental-specific footprint. These activities include but are not limited to the following:

- The collection and reuse of kitchen compost
- Keeping windows closed to save energy
- Recycling of grey water
- Less frequently changed linens and towels
- Automatic lighting switch off, when not in the room
- Using energy saving light bulbs
- The use of solar power
- Employee participation in environmental strategy

The newsletter “green hotelier” also advises the hospitality industry to make public their green initiatives and actions. These influence hotels on their way becoming green by receiving information, as well as challenge already participating hotels in the green wave. Furthermore, it would also inform the customer and may lead to improved overall impressions. It is the author’s view that this may lead to benefits resulting from green marketing. This advantage will not only strengthen their image in the society but may also increase their market share. An environmental strategy can be yielding, but it can also fail through bad planning, not enough participation, misunderstanding the market and having the wrong leadership. Therefore, it is essential to gain information, to plan and to investigate the already successful ‘green’ hotels,[18].

C. Long-term Perspective of Being Green in a Managerial Accounting Standpoint

Managers are continuously confronted with the awareness of cost control, important product decisions, coordinating resources and with the
guiding and motivating of employees. “Managerial accounting provides an information framework to organize, evaluate, and report proprietary data in light of an organization’s goals” [19] The website epa [20] states that according to the before mentioned guidelines the desired core competencies of a manager while thinking in a 'green direction', are the environmental costs such as:

- Energy costs
- Inefficient processes
- Capital and operating costs

Furthermore, executives have to consider when thinking in a long-term perspective of ‘going green’ between:

- The cost of equipment that controls pollution
  - Resolvable efforts
  - Salaries of environmental managers
  - Public relations

Other costs will also occur and these have to be incorporated into the decision-making process. Research and surveys from different universities around the world show that companies with an integrated ‘green policy’ not only support the environment and the society but also their own establishments. Environmental friendliness helps companies besides reducing costs also in recruiting new employees and increasing productivity [21]. According to scholars [22] 90% of young professionals preferred to work in an environmentally friendly atmosphere such as eco-friendly building and energy saving equipment, lights. They underline the effectiveness of an eco-friendly building by the example of an American company that saved in the first year $1 million in electricity and water consumption by the installation of energy saving devices. Furthermore, the authors mention that the costs of re-adjustments of going green are remarkably high, but it is usually recompensed within one year. The long-term benefits of ‘being green’ is usually combined with the improvement of the hotel’s and any industry’s public image and community relations. Moreover, it embraces the healthcare of employees, insurance premiums, and medical costs. An eco-friendly environment generates reduced turnovers, fewer absences, more efficiency, new market opportunities and a competitive advantage. Following this idea, according to the authors [23] a potentially long-term perspective of a hotel ‘being green’ should include:

- Gaining competitive advantage by being a leader in the sector
- Customer loyalty
- Employee retention
- Awards and recognition
- Regulatory compliance
- Risk management
- Increased brand value

Over the last decade, the construction costs to meet eco-standards have significantly dropped, allowing hoteliers to be able to change their facilities in a more environmentally friendly atmosphere. However, hotel owners complain not about the dropping prices but are more frustrated about the high costs of hiring a consultant that certifies the reached standards. One of these certifications is called LEED (Leadership in Energy and Environmental Design) [24] “LEED
The recognized standard for measuring building sustainability” [25]. The author [26] argues that ‘green’ hotels attract a higher occupancy rate and a sustainable standard, but it does not mean that this expansion also requires higher rents besides some occupancy premium.

Waste - A study conducted by Bohdanowicz [27] identified that hotels are not only resource fixative, but are also the subject of the problem of our waste generation. He identified “that an average hotel produces in excess of one kilogram of waste per guest per day” Approximately 30% of waste in hotels can be diverted through reuse and recycling.

Fig. 4 Waste Management
Figure 4 shows that there is more opportunity to shrink the already existing waste costs. Hotels, as well as their competitors, should be capable of generating a better outcome by having, developing a reliable environmentally friendly strategy. The latter figure also indicates that during the last decade nothing much changed in the field of waste management concentrating on the hospitality industry. The “Zero Waste Management” strategy is new, and will not be achievable for most of the hotels, besides gathering information and sustain the newly gained green strategic initiatives [28].

C. The Green Policy of Hotels and its Possible Effects to Increase Market Share
For some researchers, the fastest growing industry in the world is decades behind other greening approaches. Cassingham discusses in his article “Green to Gold for the Hospitality Industry” how important it is to follow the Green Wave even for the hospitality industry and lists three main issues that should be considered when participating in the green wave:

1) Environmental issues can surprise the best of companies
2) The environment can cost businesses real money—it’s not a fringe issue
3) Seeing the world in a new light opens the door to real benefits

The question is not why, but how accelerated can the concept of innovative eco-consciousness be strengthened in order to influence the future of the greening hospitality industry. Understanding and following an up-to-the-minute ecological modernism may help the hospitality industry to realize its tangible benefits by turning green. Changing the business strategy, employees, guests, vendors, and retailers could benefit and create a value chain for the proposed venture [29].

III. CONCLUSION
The changing environment forces the industry to invent different procedures, preventions, and precautions for the safety and complacency of the society. Most of the enterprises altered their view to an economically friendly policy. This modification started in the hospitality industry but need, however, to be further enhanced, endorsed and communicated.
to all levels. Where a decade ago the costs for adaptation of an eco-label or ISO certificate hindered the hoteliers to change their policy, today the high expenses for eco-consultants hinder most hospitality businesses on the modification of their views. A single hotel alone does not danger the environment, but observing the hotel industry as a whole; may have an effect on the ecological conditions and on Mother Nature. In the world of vanishing resources, the cost factors precept the reason to acquire an eco-friendly policy. Nevertheless, at present hotels have the possibility to choose between various types of eco and brand certificates that are less expensive than LEED or ISO licenses. Furthermore, the ‘greening’ of the hospitality industry not only results in competitive advantage but may equally increase market share, brand value, public image; leads to customer loyalty, reduces capital and operating costs and finally ‘green becomes gold’ for all industry participants.

IV. REFERENCES