GREENING THE SUPPLIES FOR HOTEL OPERATIONS

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ABSTRACT

BACKGROUND

The study investigates supplier group’s intent in greening of supplies by the application of the Value-Additions to hotel operations. It examines the supplier groups which are subsidiaries co-owned by chain of star hotels and the value additions they explore to offer. They interrelate to their intentions in greening the services/supplies to star hotels which are their parent properties but also to several other star hotels where they operate. Data were gathered by face-to-face surveys, conducted by trained interviewers in Pune, India. Greening is treated as a vital activity and also as a strategy to beat the competition. Sustainable supplies attract pervasive interest and support not only the hoteliering companies in the hospitality industry but also the wellness industry. In view of such growing concerns, hotel operations are adopting and implementing effective remedies to prevent further deterioration caused to the ecosystems and encourage restoration of environment protection. Progress made in the choice of green supplies still remains vital and is also a pivotal challenge in current times. The hoteliering business is an integral part of tourism sector which is a prominent service sector. Star hotels have a profound impact and a major role in changing the supplies in line with the environmental practices being followed while achieving sustainable growth patterns. The city of Pune, India has shown a steep growth in hotels by reaching its inventory of more 32 new star hotels in the organised sector between 2003 and 2013 as per HVS International (2013). It has the potential to make positive contribution in following some green practices, by cautiously using resources catered to matured clientele who express their care to protect the resources and environment for the future generations. This paper, with help of review of literature and three case studies of hotels discusses the issues and practices of hospitality and helps in understanding the importance of greening the supplies and best practices in the hotel industry for sustainable development.

KEYWORDS

Hospitality, Tourism, Greening the Supplies, Sustainability, Star Hotels, Eco-friendly, Environmental Management.

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BACKGROUND

A Snapshot of Tourism in India

UNWTO’s World Tourism December Barometer 2013 has estimated that there would be 25 million tourists in India by 2020. However, so far the tourism sector supported 25 million jobs in 2012 and is growing year after year in all states of India. The Hotel & Restaurant Industry has contributed between 1.2% & 1.5% of the GDP over the last ten years. It is expected to amount to 31 million jobs by 2023. Ministry of tourism Annual Report 2012-13 estimates that there have been more than 8,700 hotels at 54 key locations across country with total room supply of 1,74,000 hotels inclusive of classified, approved, and not classified & licensed by government. The tourism sector is expected to contribute 7.8% to the GDP for the decade 2013 – 2023. This is above the world average of 4.2%.

Hotel companies make tertiary commodities that add value to the luxury seeking guests and to their lifestyle. The typical features and characteristics of the asset intensive star hotel industries sets it apart from the other industries. The moderately to high production volumes and complex supply chain pose significant challenges to the star hotel companies in this major industry of the tourism sector. They are failing to realise enormous potential value in the greening of their supply chains - an area that represents up to major percent of the company’s cost structure throughout the system both in Food & Beverages as well as in the accommodations division. Since the process of green supplier selection is a complex system composed of many factors, such as environmental management, design, manufacturing, and compliance with regulations, there is no universal agreement among researchers and practitioners about what exactly constitutes evaluation indicators in the selection processes. This suggests that green supplier selection is context dependent and the selection should reflect the real operating environment of the investigated industry or company. However, past researches show that greening may also lead the hotels to acquire various advantages like gaining competitive edge for the hotel in the market, building customer loyalty to green products and services, enabling employee retention, promoting awards and recognitions in the tourism sector, regulatory compliances, leading to creation of a brand image of the hotel. In this scenario, an attempt was made to examine the practices of greening of the services supply chain management by comparing them with the best practices across star hotels in the city of Pune, India.

Objectives of the Study

- To understand the importance of greening the supplies in star hotels in Pune.
- To know the various issues as regards greening of the supplies.
- To understand the strengths, weaknesses, opportunities and challenges while greening the supplies for hotel operations.
Companies across all sectors are developing new products and processes with the aim of minimising negative environmental effects. Overtly, these developments are driven by socially responsible goals, although it is argued that the underlying stimulus for such action remains economically motivated (Choi and Parsa, 2006). Some companies recognise the marketing potential of ‘green’ initiatives and are working to establish themselves in a new niche for consumers with environmental concerns.

- Chou et al observed that when restaurants are faced with environmental innovations, they will place a great emphasis on economic and positive benefits that are associated with observable resource savings. Furthermore, previous scholars have incorporated the Delphi Technique to develop green standards of restaurant and hotel management. The results show that green hotel and restaurant management standards comprise three facets: green foods; green environment & equipments; and green management & social responsibility for the existing restaurants. This view is in line with our characterisation of greening the supplies for star hotels. Although previous literatures have discussed the green practices or management in the hotel & restaurant industry, there are only a few studies on operations that offer variability effect on greening of their supplies. To supplement this gap in the literature regarding green restaurant research, a structural investigation of the impact of consumers’ values, environment concerns, and attitudes on green hotels and restaurants is essential.

- **Maigian and Ferrell (2004)** Expand on this notion by including the discretionary responsibilities of business to actively participate in the betterment of society beyond the minimum standards set by the economic, legal and ethical responsibilities (p. 459). Using a more definitive framework, Mohr (1996) outlines four dimensions of CSR: obeying laws and ethical norms; treating employees fairly; protecting the environment; and contributing to charities. Engaging in ‘green’ practices is one strategy that a business can implement in order to increase its level of corporate social responsibility (CSR). For the purposes of this study, the terms ‘green’ practices and eco- or environmentally friendly practices are used interchangeably. Similarly, ‘green’ restaurant will be used to denote any restaurants that actively engage in ‘green’ practices, while ‘non-green’ will describe those that do not. In manufacturing, the concept of an ‘environmentally friendly product’ is well understood, that is, a product that has a reduced environmental impact. Like products, the delivery of services can also have a major impact on the environment, which should also be minimised. This can be done, for instance, by implementing practices such as purchasing energy saving capital equipments, reducing and recycling waste, purchasing locally produced materials, engaging in environmental protection programs, and paying to offset a business’ carbon emissions. Collectively, these practices are then referred to as ‘green’ practices.

- **Sarkiz et al (2011)** Truly, the study and comprehension of the impacts of industrial squanders and contaminations has been a dubious issue for social orders. Mechanical unrest was noted in the thoughts of work as per Adam Smith in manufacturing organisations which made such requirement for a set of exceptional suppliers and appropriated the new frameworks and henceforth catered to production network administration. Some of the early ideas of SCM were introduced by Henry Ford, for example, incline producing, which is in view of the thought of waste diminishment. In any case, the meaning of waste administration during those times was absolutely temperate and not somewhat identified with nature.

- **Rahman et al (2011)** Environmental concerns snowballed in 1970 as the news of a worldwide temperature alteration and organic fiascos started proliferating by researchers. This expressed a new period of green decade bringing about the appearance of green customers who were more cognisant about their foot-shaped impressions on the earth.

- **Wang et al (2013)** “Greening supply chain management involves addressing the influences and relationships between supply-chain management and the natural environment. Similar to the concept of supply-chain management, the definition of GSCM depends on the goal of the investigator.”

- There are distinctive reasons regarding why to practise environmental awareness; some incorporate financial advantages, reinforcing responsibility among representatives and clients, enhancing speculator relationship, advertising and above all broad social and natural priorities (Rahman et al 2011).

- **Guang Shi, Victor et al (2012)** Utilised the two by two matrix technique; based upon supply chain features as well as need features, to create a choice pipeline method for traditional supply chains. Results with this existing function advised that which types of supply chain relationship influences has an immediate effect on the right range of Green supply chain methods. As a consequence, the relationship is a perfect sizing that must be used into things to consider whenever creating a taxonomic construction concerning picking a suitable Green method. Results with this study additionally recognised ‘Product’ as well as ‘Procedure Technology’ features because necessary measurements that impact the option are vital for the associated Green methods. They recommend the 3 dimensional taxonomic plan that is appropriate about delineating GSCM methods. The measurements, as well as their own gradations, tend to be the following:

- **Relationship (Supply Chain Relationship)**- is possibly coercive or even collaborative;
- **Procedure**- targets probably eco-efficiency or even Green effectiveness;
- **Product**- is possibly functional or even revolutionary.
• Green administration ideas take three frameworks of material, society and ecological dimensions into thought in ways that they stay free from contamination. This happens by taking the supportability models into the procedure of item and administration creation paradigm, improvement prototypes and authoritative frameworks. (Wang et al. 2013).

• Leena N. Fukey, Surya S. Issac (2014) The authors have discussed that hotels can take up environmental practices to protect the environment. Some of the practices are reuse of used linen and exchange only once in two days, energy efficient lighting, leftover food is given to charities, use of environment friendly chemicals, water saving fixtures fitted in rooms, air suction technology in toilets, use of dispensers in guest rooms. Kitchen wastes and garden wastes can be composted to convert into fertilizer. The hotels have started initiating guest participation in environment management system. The guest can press green program option button and can choose to reduce energy in rooms. Water consumption is very high in hotels; larger consumption means more contamination to be released in the environment. Hence, the waste water can be treated and used for various other purposes in hotels. Installation of solar panels is a popular method of saving energy and money. Hoteliers feel that the importance of environmental initiatives and practices should be imparted to employees during their induction and proper environmental training programs should be conducted on a regular basis. There is a competitive edge for the hotel while going green. Purchase practices in hotels can follow reduce, recycle and reuse methods. Most of the products purchased could be made from recyclable material. Hotel managers should embrace regular environmental audits where environmental performance is constantly recorded and monitored. Targets for each department should be set and continuous and periodic monitoring of results should take place.

• Verma Abhiruchi Singh (2014) In his exploration titled ‘Market Structure and Interest Side Substitutability of Tied Urban Hotel Fragments’ has records of Arne Sorenson, President and CEO, Marriott International, Co-seat, Marriott Executive ‘Green Council’ who has shown that Marriott is resolved to safeguard environment. As indicated by the creator, the organisation’s soul to protect system calls for greening its USD 10 billion store network. It would further lessen fuel utilisation by 25 percent for every accessible room and would make development gauges to accomplish LEED confirmation from US green Building Council (www.marriott.com).

• Itkonen Gategaeo (2014) Have inferred that ‘turning out to be naturally agreeable can bring down our expenses and expand your incomes’. They watched that organisations that make reasonable store network as an objective will accomplish industry wide associations that are game changers prompting re-examining of plans and action for their supply items, innovations and procedures. The creators opined that this can appropriately be accomplished if there are built-up measures of inventory network frameworks.

• Borkar Suneeta and S. Koranne (2014) Riding on these new ideas, the thoughts of green hotels and ecotels came into presence, which is keeping in view of the naturally agreeable administrative thoughts to spare water vitally, lessen waste and even the expenses of hotels. This is likewise a decent technique for hotels to spare cash and additional business preferences and benefit by enhancing proficiency and lessening ecological dangers.

• Diffley, Sarah, and Patrick McCoile (2015) Consider size, office age and tie affiliations to be amongst alternate issues influencing the green development of hotel industry. They accept that-

• Large offices have a tendency to send more broad environmental and natural practices than little measured hotels. This is because of economy of scale, furthermore accessibility of adaptable assets needed for such remodels, for example, human or monetary assets.

• Age of hotel’s offices has a negative relationship by ecological administration adaptations. Since some of these practices oblige conditions of workmanship, they bear remarkably on the current trends of eco-friendly offices and civilities.

• Chain connection likewise has a positive impact on taking up natural administration rehearses because of better access to assets and exploiting monetary scale.

Shockingly a few hotels decide to get sustainable simply in light of money related advantages and they do not consider the genuine importance of practical advancement idea. The absence of legitimate certificating associations has prompted perplexity among client with reference to how genuinely green these properties are or the approaches to analyse them in view of certificates picked up from conflicting associations. In contrast, a few hotels can essentially claim to make strides toward environmental friendliness without acquiring fitting confirmations or by just paying the expenses of procuring a declaration with no genuine changes.

Case Study of Hilton Hotels
The size of Supply Chain Company, a case in point is Hilton Supply Management (HSM) - a subsidiary of its parent company Hilton Hotels Corporation which has a large client base. Currently in the Hilton portfolio are 4,800-plus properties across 13 brands in more than 100 countries. The brands include Hilton Hotels and Resorts, Waldorf Astoria, Conrad, Double Tree by Hilton, Embassy Suites, Hampton, Hilton Garden Inn, Homewood Suites, Home2 Suites, Tru by Hilton, Canopy, Curio – A Collection by Hilton and Hilton Grand Vacations. Additionally, Hilton has more than 1,700 properties in the pipeline. Altogether, HSM supports supply chain management for 6,000-plus properties across 65 brands (13 Hilton along with 52 non-Hilton brands).

Importance of HSM’s Greening Program
Following are the details of greening the supplies followed by HSM. It manages a complex supply chain and engages with business partners who are committed to delivering products and services responsibly. Its responsible sourcing policy
outlines the fundamental principles, environmental, social and economic, that are expected of all suppliers, regardless of their region.

**Energy Management**
HSM manages the purchasing of electricity and natural gas in regulated and deregulated markets, in addition to providing renewable energy and related utilities programs for its properties. In support of Hilton's commitment to corporate responsibility, HSM offers programs for efficiently reducing the cost and carbon footprint associated with the consumption of required utilities, and it can manage supplier relations for purchasing energy-related hotel services and products. Its energy procurement services include electricity, natural gas, steam, alternative renewable energy, utility bill pay, and energy audits and management services. Energy products include HVAC, PTAC, thermostats, lighting controls, electrical supplies, electric vehicle charging and building automation systems.

**HSM's Sustainability and Recycling Programs**
These include mattress and TV recycling, universal waste recycling, synthetic turf landscaping and food digesters.

**Case of Starwood Hotels**
With nearly 1,300 properties in 100 countries, Starwood is one of the world’s leading hotel and leisure companies. The company owns, operates and franchises hotels, resorts and residences under 11 brands including Aloft, Sheraton, Westin, W and Element.

**The company’s Sustainability Practices**
It includes developing a comprehensive seafood sourcing program. *Using posters and hotel communications, Starwood educates their chefs to help them avoid sourcing endangered species, noting that Starwood banned the sourcing and serving of popular international foods like whale, sea turtles, and shark fin worldwide.*

Starwood believes strongly in ethical and sustainable practices across all of its supply chain operations. One area where the company has identified a need for close contact is in its dealings with the textile industry overseas, which provides Starwood with pillows, uniforms and sheets, among other items. Textiles is an industry where the manufacturing facilities are often based in low labour cost countries with a history of human rights violations, as per Starwood top employee Wampfler, global chief supply chain officer. As a buyer with hundreds of millions of dollars to spend on textiles, Starwood has decided to use supplier group’s knowledge and influence to make a positive impact on the lives of the workers who make products for Starwood hotels.

Starwood regularly conducts third-party audits into new and existing vendor locations. These audits examine pay, hours, building and other working conditions. The contributions are appreciated which are made in ensuring suppliers take corrective actions as regards the hundreds of human rights violations that Starwood has identified, that is a very important and rewarding aspect of the Starwood’s responsibility.

**Savings from the SCM Effort**
The company has in recent years taken large strides toward achieving its global supply chain goals by creating continent and large metro-area leadership teams, tracking key metrics and identifying the tools needed for hotels to be on the same page with regard to green sourcing. Although Wampfler says implementing the strategy remains a “work in progress,” Starwood has already found success convincing its stakeholders of the value in the unified approach, by delivering financial benefit of to the tune of greater than $100 million in 2015 for the entire group.

**Case of JW Marriott Hotels**
The JW Marriott hotel is among eco-friendly logistics as well as few Supply Chain processes. The hotel buys 60% of the materials through inside a 100-kilometre radius to cater for most of its dining places. Global hotels team possess a signal associated with carrying out as well as checking applications because of an initiative of its suppliers to produce environmentally friendly supply chains using items that are either previously recycled or would be recycled later after disposals sent from the hotels. E.g. Greener key cards, produced using plastic from being dumped in the landfill. Eco-pillows, supplanting 100,000 engineered pillows that it buys with those loaded with material produced using reused containers. Earth-friendly towels, the one million towels Marriott buys in North America do not need to be prewashed, sparing six million gallons of water. Recycled pens, the 47 million pens that Marriott buys for its visitor and meeting rooms in the U.S., Canada are made of 75% reused material. Low VOC Paint, Marriott purchases about one million gallons of paint that are low in Volatile Organic Compounds (VOC), which are more secure and less polluting. Biodegradable clothing packs, in the Middle East and Europe, more than 100 hotels buy 43 tons of biodegradable plastic packs which crumble in two to five years, if not reused and reused first. Clothing cleanser, at Marriott hotels in Central Europe, they utilise a clothing cleanser that cuts the measure of phosphates discharged into waste water by approx. 100,000 kg (220,000 lbs).

**Limitations**
Gathering of data was very difficult as many star hotels though they were practising Green Services Supply chain Management were not aware of the metrics that others in the industry follow. Many budget hotels reported that they did not have any proper documentation and in many instances hotel companies were reluctant to provide information. Most of the companies were not clear about Green Services Supply Chain costs while were reluctant to provide information. Most of the companies were not aware of the metrics that

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Research Outcomes

- Eradicating problems faced while transforming and adopting green services supply chain so as to maintain sustainable operations to beat the competitive environment. Familiarisation of greening the supplies to the guest’s standard operating procedural involvement in best green practices are new strengths to create guest choice.
- Adopting selective seafood sourcing is done by avoiding endangered species as identified by the local governmental authorities without potential conflict with the fishing communities.
- Textile sourcing from the low labour cost countries with a history of human rights violation (During and after colonisation) is done to overcome weaknesses of hotels in Africa and India.
- Tracking key metrics and identifying the tools are needed for hotels to be on the same page with regards to creating genuine opportunities for green sourcing that reduces perpetual ambiguity of labelling, misbranding and adulteration issues.
- Use of environmentally friendly green supplies and items that are either previously recycled or would be recycled later after disposals sent from the hotels is to be borne by every unit hotel despite the issue being a challenge. This has started to become imminent irrespective of the ownership structures by following the leaders in the industry greening standard to minimise food waste and to extend the chain.
- Employees to gain appropriate skills on green practices. They only need to be initiated in hotels greening policy at the owners association level in a phased pattern and incrementally.
- Suppliers to be provided with incentives for supplying as per the cohesive action for each listed & standardised items as per declarations and announcement made by owners’ associations in consultation with the NGOs that are classified as authentic so as to be held valid by the corporates and found to be reliable within the legal framework and especially those who do have a history of not facing political threats.

Suggestions

- General concepts framing consumer behaviour is laid down on the basis of “green consumption analysis” which would help to “orient” supplier organisations’ strategies towards green consumers by followup from the supplier subsidiaries owned by chain hotel companies.
- Since the consumer has the right to enjoy a clean and healthful environment, a proactive response by creating and marketing products that have been crafted in a way to help preserve our environment will have to be affectively marketed to hotel guests for a “green conscience” individual. Global hotels team possess a signal associated with it to carry out as well as check such applications to make it manageable within means for any member-hotel.
- The “green business model” will have a positive impact on the safety and health of not only the internal customers but also external customers of the organisation and the environment as a whole.
- In order for people to start purchasing green products at hotel organisations in the tertiary sector it has to start from basic services of education, food and healthcare offered at schools, hostels, clinics, hospitals, NGOs. Besides government agencies like FSSAI Commissioners must educate (“Promos”) about the safe-planet, and how adulterants/chemicals/contaminants affect health of end-users. These “Green-Products” need to be available (“Place”) within close proximity of the guests. The more stores that have green products made available, the more cheaply they can be “Priced.” As a result, more people will want to buy these products and unconsciously start taking care of the environment.
- If the well-known hotel brands have the desired branded green products they will continue to build a relationship with their guests on their own over a period of time. One should never ignore that the stakeholder responsibility would be the final objective of businesses which is to turn these friends into fans of not just hotels but patrons of the range of green-products emanating from the society where this hotel is ecologically located.
- For any star hotel to be recognised by the government and the general public it ought to “Go-Green First” and create sustainable living which is a trend which has now been identified; and now in order for the organisation to continue profitability they must not only offer products which suit the trend but also they must be aggressive innovators of this segment. This includes identifying what is happening within this hotel industry; who the competitors are; how the organisation plans to differentiate while going green within the tourism sector; and how the organisation plans to be a leader by the affairs it conducts in the corporate world to implement its environmental obligation for a greener supply.

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