

Start-Up Hotels And Environment Sustainability- Benefits And Strategy

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Abstract

Environment Sustainability for a firm means including concern for environment along with the profit motive as its prime objective. Businesses all over the globe are identifying the potential benefits of incorporating environmental sustainability in their strategic framework. The hospitality industry and specifically hotel industry are also making an attempt to reap the benefits of inclusion of these initiatives in their organizational objectives. Established chains of hotels like ITC, Marriott and Hilton have long back included policies and procedures for encompassing environmental concerns in their core values. The startups in the hotel industry are faced with tough competition. An attempt to include environment sustainability in their core values might provide the much needed leverage to the upcoming businesses. This brings a need for startup hotels to understand the benefits associated with environmental sustainability and devise a strategy to encourage such actions and practices in their new business. This study attempts to understand the benefits of being associated with environment sustainability for a startup hotel and tries to devise a strategy for the same. The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media report. The benefits range from reduced costs, enhanced brand image and visibility, better value chains to getting a competitive edge for a new business. A startup while facing severe competition can enhance its chances of success by adopting environment sustainable practices in its core values.

Keywords: Start-Ups, Hotels, Environment Sustainability, Benefits, Strategy

World Commission on Environment and Development, (1987), defines Sustainable Development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. “Consisting of three pillars, sustainable development seeks to achieve, in a balanced manner, economic development, social development and environmental protection.” In 1992, the international community gathered in Rio de Janeiro, Brazil, to discuss means to operationalize sustainable development. During the Rio Earth Summit, world leaders adopted Agenda 21, with specific action plans to realize sustainable development at national, regional and international levels. This was followed in 2002 by the World Summit on Sustainable Development, which adopted the Johannesburg Plan of Implementation. The Plan of Implementation built upon the progress made and lessons learned since the Earth Summit, and provided for a more focused approach, with concrete steps and quantifiable and time-bound targets and goals.

Sustainable development has since become the basic principle on which economies, businesses and the world, in general has based their growth strategy. All over the world, people are realizing the long-term fruits to be gained by incorporating

sustainable development in their agenda. Sustainability means the ability to be, supported, upheld, or confirmed. Environment Sustainability for a firm means including concern for environment along with the profit motive as their prime objective. Sustainable Development has been defined as “economic development that is conducted without depletion of natural resources”. Businesses all over the globe are identifying the potential benefits of incorporating environmental sustainability in their strategic framework. The hospitality industry and specifically hotel industry are also making an attempt to reap the benefits of inclusion of these initiatives in their organizational objectives. Established chains of hotels like ITC, Marriott and Hilton have long back included policies and procedures for encompassing environmental concerns in their strategic frameworks. In 2011, Starwood Hotels & Resorts became the first corporate partner of Clean the World, Soap Saves Lives. The Orlando, Florida-based social enterprise and global recycler collects and recycles soaps and bottled amenities. The soaps and cleaning products are sanitized, repackaged and distributed within 60 days to children and families in the United States, Canada and more than 40 countries. Recycling of biodegradable waste, Recycling of liquid waste to

stop contamination of natural fresh water bodies, supporting local school groups in environmental education activities and utilisation of non-conventional energy resources could be example of such initiatives.

There is a growing need for startup hotels to understand the benefits associated with environmental sustainability and devise a strategy to encourage such actions and practices in their new business.

HYPOTHESES:

This study attempts to

- 1) Understand the benefits for startup hotels to have environmental sustainability in their core values
- 2) Define a strategy for the hotels to include environmental sustainability in their core values.

RESEARCH METHODOLOGY:

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media report. Apart from collecting primary data from people whose opinion matters, valuable research work, secondary data sources like books, publications, journals and news articles were relied on in order to enable a thorough overall analysis and interpretation.

ANALYSIS:

Recently the Indian Government has initiated many schemes which encourage startup businesses. It has defined a startup as “A startup is an entity that is headquartered in India which was opened less than five years ago and has an annual turnover less than ₹25 crore (US\$3.7 million)”. The plethora of schemes and policies initiated by Indian Government creates a very welcome ground for the startups. Hospitality and especially the hotel industry is brimming with new startups, who have something different to offer to millennials and geo-travelers. At the same time, the need of including environment sustainability in the business strategy is being felt equally by government, community, customers and the corporates, too. Such initiatives are gaining prominence in business strategies all over the globe.

The environmental concerns voiced all over the world have impacted hotel industry also. The leading brands in hotel industry have created a successful environmental agenda bringing them

many intended and unintended benefits in the process. Marriott, for example, has achieved several certifications for its environmental efforts, and in 2011 was named the “greenest” hotel company in the U.K. Also, under the Taj Earth initiative, India’s largest hotel chain, Taj Hotels is working with EC3 Global, an international advisory group to reduce its carbon emission. Solar water heaters, low-energy light bulbs, reuse linen, use of renewable energy, recycled water and organic fertilizers in the gardens are some other operational example of environmental sustainability practices at Taj.

A recent study by Accor hotels along with Accenture very clearly demonstrates the tangible benefits of doing CSR by hotels. It goes to prove that main three benefits that accrue are positive effect on guest satisfaction, and hotel profitability and it also ascertains out that a hotel’s CSR performance is an important criteria for close to 90% of customers when choosing a hotel. “Sustainability is not just about “doing good”; rather, as this study proves, it also generates genuine business value. It helps a company enhance its brand in the marketplace by demonstrating responsible behavior, something that customers increasingly value in the companies they do business with.

Mr. Niranjana Khatri, General Manager of Welcom-Environ Initiatives expressed his views in an interview for the Green Hotelier stated that “For ITC Hotels sustainable development is a journey and not a goal. As responsible corporate citizens, we recognise our commitment towards maintaining a greener and healthier environment. We created WelcomEnviron, which is our vision for a green world. It's a multi-faceted programme created to propagate environmental causes in the cities where ITC Hotels are located. The guiding principle is 'Reduce, Reuse and Recycle'. Each hotel has its own programme, encompassing local participation, creating awareness among employees and internal conservation through energy-saving gadgets and environment-friendly material. Our guests are also encouraged to be a part of our campaign, 'Give back as much as you take from the environment'.” Such best practices of these star hotels can act as guiding principle on which startup hotels can also include environment sustainable practices in its core values. Taking this trend in to consideration, new hotel startups can leverage this opportunity to build in environment sustainability practices and policies in their infrastructure and operational strategies.

For the startup hotel, the environmental sustainable practices could have a range of benefits. Some of the benefits are:

- 1) **Reduced costs due to reduced wastage and efficient operations** – Startups can lower their costs by environment friendly practices like reusing water and linen, less energy consuming bulbs, solar energy equipments, recycling of bio-degradable waste, Recycling of liquid waste to stop contamination of natural fresh water bodies etc.
- 2) **Stimulate innovative practices in the organization as well as in the industry-** An attempt to include eco-friendly practices in their organisation, bring a culture of innovativeness. Startups can be first movers in adopting such practices with more flexibility and get leverage out of it. In the long run they will be pushed to consider new technologies and production approaches enhancing creativity and benefitting the whole organisation.
- 3) **Improved brand image and recognition-** Publicising such practices can lead to better brand recognition and enhanced image and visibility in front of policy makers, customers and stakeholders. Trends like eco-tourism etc. have made a notable preference of customers in favour of hotels adopting such practices.
- 4) **Competitive edge** – Adoption of environmental sustainable practices can provide a USP (Unique Selling Proposal) to the startups in face of tough competition prevailing in the hotel industry.
- 5) **Enhanced employee engagement-** The new age employees like to contribute positively and have a purpose in their workplace. Employees' engagement is enhanced and they feel motivated when they are involved in positive steps towards taking care of environment.
- 6) **Compliance to regulatory requirements** – Lowering environmentally harmful emissions and stopping such practices in the startups can bring them in good books of regulators.
- 7) **Better supply chains-** The inclusions of eco-friendly inputs and search for suitable supplier many a times improves the value chains of suppliers for the startups.

A startup while facing severe competition can enhance its chances of success by adopting environment sustainable practices in its core values. The given benefits provide more stability, exposure and innovativeness to the new business. The startups may find it easier to adopt such

practices, as their operations and organizational practices are not very rigid. The startups are in huge requirement of the positive image and publicity created by such initiatives. The success of such initiatives lies in how well they are implemented. To ensure, that inclusion of environmental sustainable practices faces less resistance and is cost-beneficial, startups must have a well-designed strategy for the same. This paper attempts to present a strategy for the startups for the same purpose.

STRATEGY:

The strategy for inclusion of environmental sustainability could be like:

- 1) Defining the prime focus you want to achieve in the field of environmental sustainability.
- 2) Define organisational goals for intended impact for environment sustainability and prioritizing them.
- 3) Create an organisational framework for management, governance and strategic planning concerning environment sustainability.
- 4) Create tactical action plans ensuring periodic review of implementation milestone achievements.
- 5) Define environmental performance indicators like water usage indicators, energy consumption indicators, ways and segregation of waste disposal, quantity and types of harmful emissions.
- 6) Devise tools to assess the positive impact on the environment like water and electricity saved, composting etc.
- 7) Identify planning and implementation errors, if any and rectify.
- 8) Publicise impact results to important stakeholders to ensure returns on investment.

CONCLUSION:

A startup hotel usually faces tough competition given the structure of the hotel industry. The recent changes in the field of tourism like growing popularity of eco-tourism etc. with the increasing concern for our planet are good reasons for the new business to incorporate environment sustainability practices. This brings them benefits like reduced costs, improved brand image and recognition, competitive edge, enhanced employee engagement, compliance to regulatory requirements and better customer recognition. To make it a cost-beneficial and long-term initiative, it is imperative that the startups devise a well-thought strategy based on the environmental sustainability

initiatives followed by pioneers in the hotel industry. A will to integrate environment sustainability in their core values will definitely help the hotel startups in the long run.

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