

Boston Hospitality Review

www.bu.edu/bhr

Published by the Boston University School of Hospitality Administration

To Green or Not To Green? A Guide for Small Hotel Properties

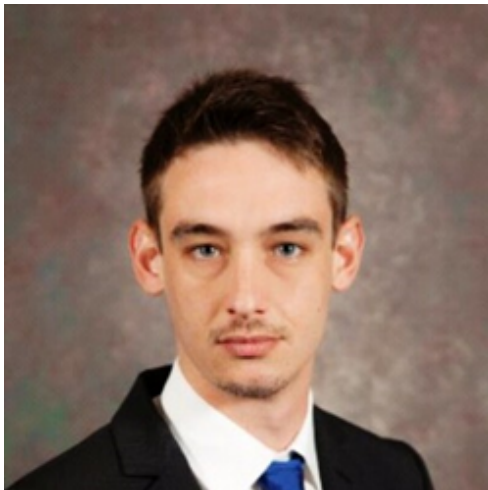
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Corporate Social Responsibility
November 2021

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Operating a hotel business is a resource-intensive venture. For example, although hotels showcase various on-premises amenities in their marketing activities intending to maintain existing guests, and entice new ones to choose their property, hotels consume up to 70% of their energy on heating, ventilation, and air conditioning (HVAC) operations (Goldstein & Primlani, 2012), and deplete on average 208 to 594 liters of water per guest night in some locations (Hadjikakou et al., 2013; Tirado et al., 2019). Furthermore, hotel operation involves a range of work tasks from various departments such as food and beverage, housekeeping, and maintenance that incrementally and collectively produce significant environmental pollution. Despite the increasing awareness by both large and small hotel operators of the tangible and intangible benefits of improving their corporate reputation through sustainability activities (Legrand et al., 2021), it becomes extremely challenging for small hotel operators to allocate time and resources to environmental efforts, while earning enough returns to recover expenses. Expectedly, the obvious alternative is to prioritize profitability in detriment to sustainability. Herein lies the dilemma regarding small hotels' decision to green or not to green.

Green hotels are defined as “environmentally friendly properties whose managers are eager to institute programs that save water, save energy and reduce solid waste – while saving money – to help protect our one and only earth” (greenhotels.com). While environmentally friendly practices (EFPs) are generally perceived as a value-added business strategy that has financial benefits to hospitality operations (Kin, Lee, & Fairhurst, 2017), the empirical evidence varies. On one hand, studies found that hotels adopting EFPs showed improvement in their operational processes that ultimately boosted profitability (Yusoff et al., 2020), but on the other hand, some hoteliers delay adopting EFPs due to the significant financial burden during the implementation process (Leonidou et al., 2013). For example, although implementing environmental certification benefits hotel properties in the long run (e.g., increase operational efficiency and lower overhead costs) (Bernard & Nicolau, in press), the lack of immediate return on investment and the need for extensive up front resource investment may be a challenge for small enterprises.

Indeed, increasing responsibility for EFPs also increases corporate social responsibility (CSR) engagement (Font & Lynes, 2018). In fact, there are several appeals in literature to rename CSR from “corporate social responsibility” to “corporate stakeholder responsibility” (Carroll, 2016). This suggests that stakeholders are integral in moving the EFP agenda forward. Particularly, the consumer stakeholder is more attentive to the environmental implications of the products they purchase, utilize, and discard and are the central stakeholders behind the green movement. According to a recent survey by Booking.com (2021), more than three-quarters (83 %) of global travelers believe traveling sustainably is important, while up to 61% said that the pandemic has aided their decision to travel sustainably in the future. Expectedly, many hotels are also making their operations greener to meet consumer demands, minimize their environmental impacts, enhance hotel reputation, and obtain a competitive advantage in the marketplace.

Before small hotels follow suit to brand their property as a green hotel, they should take care to delineate the hotel’s ulterior motive behind their EFP initiatives. In fact, several studies have promoted EFPs as either firm-serving or public-serving, contending that consumers are more skeptical of firm-serving causes since they are perceived as profit-oriented (e.g., increasing profit through internal efforts from towel reuse and energy saving EFPs), while public-serving causes are perceived more favorably because they go beyond firm-serving initiatives to benefit the public (e.g., sponsoring social causes such as human trafficking, education, poverty etc.). Increasingly, hotels are expanding their public-serving efforts due to consumer spending power and their tendency to boycott companies that fail to conform to consumer values or implement various corporate social responsibilities. Recent boycott campaigns were directed toward Chik-fil-A in response to their continued donation to anti-LGBT groups and

Sultan of Brunei's hotel properties that support the Shariah Law that advocates for death by stoning for homosexuality or adultery. While there are several hotel properties that "greenhush" (deliberately withhold from consumers and stakeholder's information about the property's sustainability initiatives) out of fear of being accused of greenwashing (overstating the sustainability performance or benefits of the property's sustainability initiatives), there is an upward trend of large hotel chains publicly self-declaring their commitment to various sustainability initiatives.



Strategies for Managing the Age of Boycotts. Source: Graziadio Business Review// [Salas et al.](#)

Hyatt has implemented their *Hyatt Thrive* environmental program that focuses on stakeholder engagement, stewardship, waste and water reduction. Likewise, Accor relaunched their *Planet 21* program in 2020 with ambitious goals to tackle child sex-slavery, implementing more eco-certified products and design and offering more sustainably sourced food in their hotel restaurants. In fact, IHG and Accor hotels have partnered with Hotelbeds, the world's leading bedbank, to display global certification standards (e.g., as set by the Global Sustainable Tourism Council (GSTC)), to broaden their sustainability initiatives in such a way that has a balanced impact on People, Planet, and Profit. Despite the challenge of smaller hotel properties not having the resources to make large scale environmental commitments, they can begin with designing low-cost, no-cost systems that can incrementally lower their carbon footprint and simplify default options for the growing number of eco-conscious guests. Several studies propose designing for environmental sustainability such that social norms can be leveraged in such a way that makes it difficult for tourists to choose options that are

contrary to their beliefs. Therefore, for small hotels to be clear in their ulterior motives, avoid greenwashing accusations, and manage their sustainable initiatives in the age of boycotts, three baseline strategies are proposed:

- Be fair in balancing requests for environmental program participation vs. reward. The success of the hotel's environmental initiatives depend on co-creating value for all stakeholders involved. Fairness is defined as "judgement of whether an outcome and/or the process to reach an outcome is reasonable, acceptable, and just" (Bolton et al., 2003). Negative perception of fairness could possibly deter prospective and existing consumers from participating in green hotel initiatives. Although basic hotel amenities such as pools and fitness centers provide tangible benefits to guests, eco-friendly practices or green initiatives can provide intangible benefits to appeal to guests' psychological and emotional needs, value orientation as well as self-esteem. The challenge is maintaining value for all parties involved. In a buyer-seller context, fairness is evaluated from an equity vs. inequity standpoint based on a comparison between investments (e.g., time, search efforts, price paid, etc.) and benefits received in return (e.g., quality, utility, satisfaction, etc.). Therefore, if the guests and other stakeholders perceive that the buyer-seller relationship is unbalanced, and in favor of the service provider, then perceptions of unfairness and injustice may occur (Choi & Matilla, 2004). Accordingly, hotels must provide incentives to guests and other stakeholders for involvement in various CSR initiatives to improve fairness perception and integrate sustainability as a genuine part of the hotel experience. For example, hotels may offer drink vouchers to in-house or nearby restaurants, room discount coupons or loyalty points whenever guests show proof of CSR participation. Research findings also suggest that as opposed to greenhushing, communicating CSR activities could lead to more favorable consumer responses during the vacation period (Ettinger et al., 2021). In fact, guests welcome reminders of their own responsible behavior (Ettinger et al., 2021). Therefore hotels can avoid greenhushing by gently reminding guests (either verbally at the reception counter or via placards in guest rooms) of their actual CSR activities and giving them the freedom to participate in these programs. Overall, rewarding consumer engagement in CSR activities and communicating only CSR activities the hotel is involved in are practical ways small hotels can be fair and balanced in their CSR initiatives.
- Be clear in sustainability communication. According to Booking.com (2021), although three out of four accommodation providers have implemented at least one sustainability practice at their property, only one-third actively communicate their efforts to guests. This is a lost opportunity for hotel properties. If in doubt, begin with using language that is clear, specific, and

consistent with the hotel's actual environmental performance. Small hotels can learn from larger hotel properties by publishing a detailed sustainability report on their website about the property's environmental initiatives and their measurable impact. If hotels lack resources to acquire certification that measures sustainability impacts, they can start with low-cost, no-cost metrics that evaluate their water and energy usage (e.g. energy saving stickers and towel reuse signs), improvement on cutting down food waste (e.g. sourcing food locally and preparing food based on consumer demand), highlight their involvement in local community initiatives (e.g., promote CSR activities in local newspapers and social media platforms), and commence programs that will educate both employees and guests about plans to target specific sustainability goals. During these initiatives, instead of using vague terms in their communication, they should notify guests of the specific CSR programs they are involved in (e.g., their use of ecologically compatible detergents, scholarship programs in the community, sourcing goods from local farmers, etc.). Hotels can communicate these initiatives via their online social media accounts, verbally to the guests when they are checking into the hotel or non-verbally via signs in the lobby or guest rooms.

- Hotels may also consider using the United Nations Sustainable Development Goals (UNSDGs) as a guide and begin with environmental initiatives that are closely aligned to the property's service culture. The UNSDGs "are a blueprint to achieve a better and more sustainable future for all." Cresta Marakanelo hotel in Botswana provides an excellent example of some best practices small hotels can use to implement several SDGs. They implemented sustainable programs aimed at preserving local culture and heritage that involved integrating the local culture in the construction designs of the hotel (Dude, 2021). Beyond utilizing local artifacts, the hotel stocks the local gift shops with traditional materials that are sold to tourists (Dude, 2021). Another strategy small hotels can implement is hiring people from the local community, which directly targets SDG 8 and 9 which calls for the hospitality industry to create jobs and promote local culture and products.



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



Source: UN Sustainable Development Goals <https://sdgs.un.org/goals>

In sum, although small hotel properties may not have the resources to implement highly priced environmental management systems, they can begin CSR engagement by communicating clearly about their sustainability initiatives and design simple environmental systems that are fair and provide value to all stakeholders involved, including guests, the local community, and their business.

Website Resources for Hotels:

- [United States Environmental Protection Agency](#)
- [Green Hotels Association](#)
- [Global Stewards Sustainable Living Tips](#)
- [Sustainable Hospitality Alliance](#)
- [Global Sustainable Tourism Council](#)

Acknowledgements

Special thanks to Dr. Yuan (Pam) Li from James Madison University for helpful comments. Articles accepted by Professors Manisha Singal and Seoki Lee.

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