Contemporary Sustainable Development Practices in Indian Hospitality Sector: Triple Bottom Line Approach

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Abstract:

This paper conferred existence of sustainable development in the Indian hospitality sector. Triple bottom line is a framework used to analyse the sustainable development. Being a largest sector in terms of economic growth and employment generation, its impact on society and the environment also huge. Increased awareness of environmental terrorism and corporate social responsibility brought organisation to look forward their vision beyond profit making. Since Hospitality is highly resource intensive, the consumption of energy, water, food and waste generation have significant impacts (Bohdanowicz & Martinac 2003) on society and the environment. Indian hospitality firms have established policies and programs that contribute successfully to society and the environment. This paper detailed the strategic plan and action initiated to sustainable development by Indian hospitality firms respect to triple bottom line perspective.

Key words: Sustainable development, Triple bottom line, Hospitality and Tourism, Environment, World Travel and Tourism Council (WTTC).

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11919

Introduction:

Sustainable development has been defined in many ways, it has been defined as environmental, economic and social well-being for today and tomorrow. Though the term got predominance attention when the International Union for Conservation of Nature and Natural Resources (IUCN) published a report called The World Conservation Strategy in the year 1980, the concept was discussed and appeared in the literature there before. Several authors who had discussed about emerging global environmental concerns in their works during 1950's to 1980's. On 1972 January, the British environmental journal The Ecologist published a landmark issue titled 'A BLUEPRINT OF SURVIVAL' explaining the need for environmental checkpoints. British economist Schumacher published his collection of essays in 1973 as a book titled 'Small Is Beautiful: A Study of Economics As If People Mattered'. He discussed about sustainable development in that book and the book was ranked among the 100 most influential books published since World War II by The Times Literary Supplement London.

Sustainable Development

Most common and frequently quoted definition of sustainable development was formed by The Brundtland Commission report (United Nation World Commission on Environment and Development report). The Brundtland Commission established in 1984 in response to the groundswell of environmental concerns, the commission published report in 1987 called 'Our Common Future'. The report defined sustainable development as 'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- The concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given
- The idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs.

The United Nations Conference on Environment and Development (UNCED), also known as the Earth Summit was held in 1992 in Rio de Janeiro, Brazil. Agenda 21 was declared in that summit, it was an international plan of action to sustainable development, which outlines the key policies for achieving sustainable development that meets the needs of the poor and recognises the limits of development to meet global needs. The United Nations Commission on Sustainable Development (CSD) was established by the UN General Assembly in December 1992 to ensure effective follow-up of UNCED. It is responsible for reviewing progress in the implementation of Agenda 21 and the Rio Declaration on Environment and Development. Agenda 21 and the Rio Declaration, both documents advised organisations, governments and industries to work for achieving maximum levels of sustainability, defined by the Brundtland Commission in 1987.We ought to have a plan for future needs, because meeting the plans of future solely based on current objectives and implementing decisions which we make today. While making decisions today we need to pay attention on social, economic, and environmental contribution from our side.

Hospitality and Sustainable Development:

Tourism is a fastest growing industry and its contribution to the global economy is certain. International tourism industry continues to show growth and contribution to global economy (UNWTO). In 2013 the industry contribution was 9.3% of global

GDP (WTTC). One in every eleven persons employed in this industry (WTTC). Hospitality is a pivotal sector in the tourism industry. Tourism is one of the largest industry in terms of economic contribution and employment generation. Hospitality is a major sub sector of the tourism industry, which has a substantial amount of resource consumption and significant impact on the economy and environment (Gossling 2002). Lodging is the fourth most intensive user of energy in the United States commercial sector (U.S. Environmental Protection Agency). Improving energy efficiency in the hospitality industry will help to reduce energy consumption, thereby reducing greenhouse emissions and global climate change. Reductions in the use of hazardous cleaning materials, water consumption and waste disposal will all contribute to protecting land, air and water resources (U.S. Environmental Protection Agency). Tourism is responsible for 5-7% of total emissions in Europe and climate change (European Environmental Agency). Government regulations and provided customer awareness forced organisations to realize Sustainable Development, implementation and benefit of implementing Sustainable Development into the organisation.

Indian Hospitality sector:

The Indian hospitality industry has been showing significant growth and contribution to the tourism industry. The Indian hospitality sector has been highly benefited from globalization, in addition to that government policy has made enormous support to its development in the recent past. The Indian tourism industry's water and energy consumption are considerably huge and it generates a disproportionate amount of waste. Out of total tourism industry consumption 60 % amount has been consumed by hospitality sector. Because hospitality sector requires a large amount of resources to build and maintain the entity. If the issues stated above not

sustainably managed, the industry can deplete natural resources and the consequences may look more dangerous than we expect. Already in its contribution to global warming is exist considerably, 5 % of global CO_2 emission are from the tourism industry (UNWTO). The Indian hotel industry consists of domestic as well as foreign players. Accor, Starwood, Marriott and Hayat are the notable foreign brands. Indian Hotels Company Limited, East India Hotels (now Oberoi hotels), Bharat Hotels Limited, Hotel Leela venture and ITC Hotels are the Indian brands has been giving robust contribution to this sector. These dominating players of the sector had responded well to the above stated issues with strong economic, social and environmental policies. Organisations adopted triple bottom line approach to implement sustainable development and corporate social responsibility.

Triple Bottom Line (TBL):

Triple bottom line, the term was coined by John Elkington in the year 1994. He had done research on corporate social responsibility (CSR) and sustainable development (SD). John Elkington has been described as 'a dean of the corporate responsibility movement for three decades' by Business Week. John Elkington is a world authority on corporate responsibility and sustainable development. He had been searching for new methods to expose the environmental agenda reported in 1987 and introduced the term Triple Bottom Line. Triple bottom line is a framework which is an expansion of old sustainable development concept developed by Brundtland Commission in 1987. The traditional bottom line of economics consist of making profit for an organisation. Triple bottom line is actually a paradigm shift in which organisations profit making policies are considered with the social and environmental impact of the organisation. Triple bottom line simply refers to 3P's such as

profit, people and planet.

Figure: 1 Triple Bottom Line

Profit

Economic impact

TBL

Environmental
Impacts

Social
Responsibility
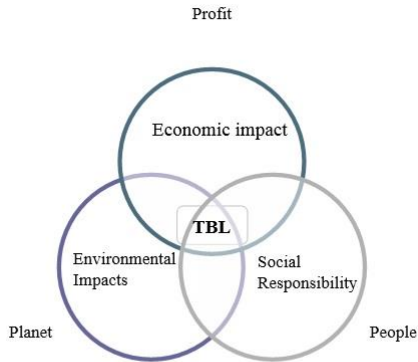
Planet

People

- *First bottom line* – Profit – economic growth of an organisation.
- *Second bottom line* – People – social responsibility and public relation activities of an organisation.
- *Third bottom line* – Planet – environmental responsibility measures of an organisation.

Economic impact:

Tourism is an important sector of Indian economy and gives substantial contribution to the wealth of the country. Indian tourism is among the top 10 sectors to attract highest foreign direct investment (FDI) to the nation. Its contribution to GDP, foreign exchange earnings (FEE) and employment generation has been witnessing growing horizon year over year. Since it brings foreign tourist arrival (FTA) to the country tourism is one of the sources for a FEE. In 2013 FEE from tourism accounted 107671 crore INR calculated growth of 14%, as compared to preceding year (Ministry of Tourism, Annual report 2013-14). Domestic tourist visits also increased drastically in the last decade. It has been registered double

digit growth in the last decade except 2005 and 2008. In 2013 the number of domestic tourist visits registered 1145.28 million with 9.6% growth over last year. Government of India allowed 100% FDI inflow through the automatic route in this industry. It is identified that investment opportunity in Indian tourism industry is about 8 to 10 billion USD. India has large manpower and vast resources for establishing a business and it has a potential to become a major destination for FDI. India has become a third most attractive destination for FDI (UNCTAD, 2013). During 2011–13, FDI inflows in this industry was increased by 274 % over last year (Department of Industrial Policy and Promotion). Tourism industry received 7013.29 million USD during April 2000 to January 2014 (RBI, 2014). Increased inflow has created a huge employment opportunity in this industry. The Tourism industry has an indirect influence on some other industries which have been benefited from the tourism industry. Its total contribution to GDP was 6.2% in 2013 and it is estimated to rise by 7.3% in 2014 (WTTC, 2014). In 2013 totally 35,438,500 jobs have been created by this industry, it was counted 7.7% of total employment and this is expected to rise by 2.7% in 2014 to 36,409,000 jobs (WTTC, 2014). As per planning commission report, The Indian hospitality sector is the second largest employer in the country. India's travel and tourism sector is expected to be the second-largest employer in the world, employing 40, 37,000 people, directly or indirectly, by 2019 (WTTC).

Social impact:

Nowaday's social contribution and responsibility are also considered as integral part of organisation policies with stakeholders' wealth. In today era corporate social responsibility getting noticed as an important factor while formulating organisation policies and strategies. Dominating players in this sector have robust corporate social responsibility policy. They train women housewives who are underprivileged

to hospitality and housekeeping. This has been implemented with the help of some NGOs. They encouraged training and development of differently abled youngsters. They have been doing activities like women empowerment, awareness program for farmers and primary education program for rural children. ITC is one of the predominant player who has been giving contribution for this sector's sustainable development with the Triple Bottom Line framework. Afforestation Program has been conducted by ITC has greened nearly 1, 14,000 hectares of dry land in the country and Watershed Development initiative irrigates nearly 65,000 hectares of dry land. ITC has helped to educate nearly2, 50,000 rural children through the program called ITC's Primary Education Program. ITC has provided digital infrastructure such as computer and internet access to rural farmers in the name of e-Choupal.

e-Choupal is world largest digital infrastructure program, it has empowered over 4 million farmers in India. ITC's Livestock Development initiative has provided animal husbandry services to over 10, 00,000 animals. Taj group is a pioneer of Indian hotel industry who has been contributing to the society in the form of corporate volunteering and train people in their competency area such as housekeeping, food production and laundry. Majority of the company projects focused to promote economic empowerment to vulnerable socio-economic background people. Marriott an international entity made contribution and donation to help victims of disasters and helping children who are facing medical challenges. The Youth Career Initiative (YCI) is to provide a six-month program for teaching life and vocational skills to young people at risk, including rehabilitated victims of trafficking. The entity has been engaging with effective community service which includes to support for Rising Star Outreach, Down syndrome India and Joy of Giving Week. Hyatt Thrive is a corporate responsibility platform of Hyatt entity, a leading international brand in hospitality sector. Its main motto is to help people to achieve

their potential through education and skills training. In 2013 the entity launched a program called Ready to thrive with a specific emphasis on literacy and career readiness. Oberoi group has engaged with many public charitable trusts to empower rural women and encourage them to make handicraft products. In Kolkata it has been working to provide help to slum dwellers. Twice in the year a contribution of 250-300 food packets prepared by the hotel is distributed amongst the slum dwellers. The Leela venture has been providing training and education of stakeholders which will include Employees, Suppliers, Vendors, Customers and Society.

Environmental impact:

Hospitality industry heavily depends on natural resources such as land, water and air. So it is very important to operate the sector without harm and make negative impact to the resources. Renewable energy and greenhouse gas emission are some of the key environmental measures for the industry. Organisations are more conscious of ecological problems and they started to contribute to environmental safety. Guests also become more conscious of the environment when they chose to stay. ITC hotels had set new standards of environmental performances in the Indian hospitality sector. ITC Hotels pioneered the concept of 'Responsible Luxury' in the hospitality industry, The Responsible Luxury commitment blends elements of nature to deliver a unique value proposition to guests, conscious of their responsibility to be planet positive. It is the world first largest green hotel chain. They are pioneers of LEED (Leadership in Energy & Environmental Design). LEED is a prestigious certificate given by US Green Building Council. ITC Grand Chola in Chennai is the world largest LEED platinum certified green hotel. ITC hotels all are certified green buildings. ITC has been using energy from renewable sources and carbon natural fuels for most of their operations, ITC Grand Chola Chennai is 100% powered by wind energy. In 2007

ITC initiated waste recycling program called Wealth out of Waste (WOW). Taj hotels initiated a project called EARTH (Environment Awareness & Renewal at Taj Hotels). The Eco Taj Policy sets the guidelines for minimising the use of water and energy and the emission of effluents. The Hyatt group initiated various programs called Green Teams, My Green Touches, Hyatt Earth Training Program, Meet and Be Green, Sustainable Building Design and Green Key Eco-Rating. It introduced Green Key Hyatt Hotels and made action to reduce greenhouse gas emission. Hyatt had implemented over 200 projects related to energy reduction during 2013, it is estimated to reduce greenhouse gas emission by 20,000 metric tons of CO_2 annually. In 2009 the entity formulated 'Sustainable Design Guidelines' for building and renovating hotels. Marriott is another international entity who has been following effective sustainable program to reduce environmental impacts from their group of hotels. Marriot installed electric vehicles to reduce carbon emission. Marriot formulated some effective goals and strategies to reduce natural resources consumption from their hotels and employees. It includes reducing water and energy consumption 20% by 2020, empower hotel partners to develop green hotels, engage green supply chain management and facilitate greening the fixture, furniture and equipment (FF&E) supply chain for hotels. Over 93% of its services having recycling programs. Oberoi, one of the well-known brand in hospitality industry owned prestigious and heritage hotels in India have been following well established environmental policies. Most of their hotels are equipped with rain water harvesting facilities. All of their hotels have water sewage treatment plants. Employees of Oberoi have been conducting 'Environment Week' annually. The way all of their hotels celebrating national holidays are quite different, they have been conducting 'tree plant event' in national holidays.

Conclusion:

Hospitality firms are already started focusing on sustainable business development. They are more conscious about society and the environment while formulating organisation strategies. Firms are stepping away from the traditional bottom line which mostly concentrate on profit making. Most of the entities are following triple bottom line approach of sustainable development which includes society and environmental contribution in addition to profit making. Women empowerment, children's education, digital infrastructure program and helping slum people are some of the milestones achieved by the hospitality firms in a recent past. Green hotel, eco-friendly equipment and renewable energy are success of sustainable development. Energy and water consumption by this sector have been reduced year over year. By their environmental activities this Hospitality sector gave a sound response to global warming issues with well-structured strategic formulation.

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