INTRODUCTION

Sustainable Development is outlined in the 1987 Brundtland report as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” The goals of sustainable development include working towards clearly securing economic development, social equity, and environmental while facing the challenge of harmoniously aligning these efforts with the conflicting goals of the hospitality industry. The issue of sustainability becomes increasingly challenging in the hospitality industry as the demand for good living, travel, and the consumer society ascends, often resulting in a conflict of interest regarding the protection to the environment.

The purpose of this report is to address hotel corporate responsibility in terms of how it affects local communities. This report focuses on analyzing the initiatives of three companies: Banyan Tree Hotels & Resorts, Marriott and Intercontinental Hotel Group (IHG). More recently, the hospitality industry has embraced sustainable development in defining the company strategies. Although hotel companies are increasingly promoting environmentally conscious initiatives, the hospitality industry’s inherent conflict of interest provides significant room for improvement.

This report attempts to answer the following questions regarding people, planet, and the future, respectively:

How are local communities impacted from hotel social programs?

How does the hospitality industry help the surrounding physical environment?

What does the future hold for corporate responsibility?

Methodology

The following report examines hotel sustainability using a case study approach. The report focuses on three hotel companies, each of which have social and environmental programs which are evaluated and assumed to be representative of the entire hospitality industry. The three companies examined are Banyan Tree, Marriott and Intercontinental Hotel Group (IHG), all of which have demonstrated eco-friendly practices that are indicative of the current hospitality trends. The report is broken down between social programs, environmental programs and the future outlook of hotel sustainability.
Social Programs

In the Hotel Industry

**Social Responsibility:** is defined as a company’s promise to set an example for both employees and guests, as well as to take a leadership role in creating improvements in its surrounding communities. Most hotel companies attempt to achieve a positive employee culture through not only engaging the employees, but having employees drive companies to further pursue their eco-friendly endeavors in the local community.

_How are Local Communities and Employees Impacted from Social Responsibility Programs?_
Banyan Tree’s Mission Statement:
“As a socially responsible business, Banyan Tree was founded with the core value of driving sustainable development. With the call to arms of embracing the local environment and empowering the people, we seek to continue being an agent of social and economic development through responsible tourism. Our triple bottom line (economy, society and environment) help direct our sustainable development by inspiring associates, guests, and partners to take a wider consideration encompassing a long term view when making business decisions.”

Seedlings Education Program
Banyan Tree supports the empowerment of education in local developing communities. Unfortunately, in many developing areas, education is still unattainable to some community members, and is considered an unreachable luxury. Banyan Tree has established several schools in local communities and sponsored university scholarships. The range of schools developed include language centers, marine biology programs, pre-schools, children community centers and primary schools.

Specifically, Banyan Tree has launched a program called Seedlings which is a group-wide initiative to support communities by honing the education development of young people. The program is designed to provide mentorship for young adults in their adolescent years. Banyan Tree also enables education by providing scholarships for families that cannot afford primary or secondary education. The program also provides internships in segments such as housekeeping, culinary presentation, engineering and maintenance, marketing, and customer service to help young adults gain work experience and prepare for their first job.

Establishing Health Programs
Banyan Tree seeks to improve the community’s overall quality of life by targeting the health and medical needs of the local communities. Many developing areas lack access to necessary health care facilities, which causes pressing concern when treatment is needed for rampant diseases such as HIV/AIDS, malaria, dengue, and other conditions. Children’s health within the community have become a priority of Banyan Tree’s corporate responsibility strategy. Banyan Tree has implemented programs that raise malaria and dengue awareness, HIV/AIDS Vertical Marathon, Walk for Chalk in support of the Chi Heng Foundation, and Swine Flu Awareness Events.

Criticism: Creating a Social Gap
As a luxury hotel company, Banyan Tree’s mission to provide a luxury hospitality experience to its clientele inherently causes a social gap in the developing communities that the resorts are located in. Thus, Banyan Tree’s image as a socially responsible company juxtaposes the anticipated social chasms that the company creates in its surrounding environment.
Recognized as one of the largest hotel companies in the industry, Marriott has taken corporate responsibility into their own hands by implementing large-scale social and environmental programs that directly affect the local community. Although not known as a leader for sustainable programs, this section uses Marriott as a case study to demonstrate how large hotels impact the environment. Marriott’s effort made towards a “greener” business model is seen in the firm’s ability to reduce emissions and protect wildlife with a large economy of scale. With several thousand hotels worldwide, Marriott’s sheer size has significant implications on reducing emissions and waste. Ranging from economy to luxury brands, Marriott is representative of the industry as a whole. The following case looks at both social and environmental aspects to hotel sustainable development, and compares the programs with other similar hotel initiatives.

Creating a Readiness for Hotel Careers

Developing the skills, talents, and careers of future employees is essential to Marriott’s corporate vision. Marriott has designed programs that foster young adults from challenging backgrounds in helping find resources to change their lives. For example, Marriott has partnered with the International Tourism Partnership’s Youth Career Initiative to enroll 1,600 young people in programs to help change their future. Marriott specifically helps young adults build their careers by providing scholarships for education and internship opportunities. As a result, Marriott has helped young adults find a career path in hospitality, and also gain skills through internship and educational programs.

Protecting Vitality of Children

A trend among hotel companies is the need to protect the vitality and health of children in local communities. Marriott has partnered with the Children’s Miracle Network, which funds 170 children’s hospitality in the U.S. and Canada, Safe Kids China, and SOS Children’s Villages. Marriott mostly uses its financial resources to fund the programs. For instance, Marriott has raised more than $58 million for communities that need children hospitals. Through Safe Kids China, Marriott has raised $400,000 to fund the program which educates students in 13 cities about fire and burn prevention.

Criticism: Funding Rather than Solving

Although the goals that Marriott has set in its social responsibility report highlight its alignment with helping underprivileged youth develop careers and improve health conditions, most of the methods on behalf of Marriott have been exclusively financial. Marriott has projected a philanthropic and involved image by capitalizing on its financial resources rather than actively taking strides to solve any problems first-hand.

QUOTE FROM Marriott’s CEO

“As I travel the world, I realize how important corporate social responsibility and community engagement are to customers and clients. We all want to do business with companies who embrace values similar to our own. Marriott’s “spirit to serve” our customers, employees and communities is an important part of our company culture and has become recognized around the world. As a good corporate citizen, Marriott is strengthening our communities throughout the world – today, and for tomorrow.”

- J.W. Marriott, Jr.
Chairman and CEO
IHG is a global hotel company with over 4,400 hotel properties that span across nearly 100 countries. With a portfolio of seven internationally recognized hotel brands, IHG has established a reputation for quality with guests around the world. IHG takes a unique approach to addressing corporate responsibility by creating value for their company while contributing a positive influence for the society and the environment. The four priorities that are the foundation of IHG’s corporate responsibility management include creating the best guest experience, seeking financial returns, taking an active role in responsible business, and efficiently managing the IHG people. IHG’s corporate responsibility strategy influences how the company manages their economic, social, and environmental impacts, as well as their relationships with their stakeholders.

Employee Relations
The Willard InterContinental Hotel’s programs have had social and economic benefits to both employees and the local community. In 2008, the Workplace Quality Index which surveys employee’s relationship to the company, job, and colleagues was implemented. The survey reported as score of 82 out of 100, which represents a quantified measure of the employee’s perception of the workplace quality. Programs such as Project HEALTH directly attribute to the employee’s quality of life through strategies such as partnering with the American Lung Association to offer smoking cessation aid and employing the Willard Road Runners program.

Community Outreach
The Willard has managed its relations with the local community for decades. For example, Project CARE is designed to involve Willard in the community. Project CARE consists of several programs that encourage employees to volunteer in the community. Willard employees have participated in efforts such as the AIDS walk for the Whitman Walker Clinic, the Susan G. Komen Race for the Cure, and a toy drive that donates toys to the Children’s National Medical Center. In 2008, 73 staff members participated in community service hours and volunteered a total of 1,210 hours.

Guest Inclusion
The Willard hotel also strives for guest inclusion in its sustainable development strategies through Project EDUCATE and Project COMMUNICATE. Project EDUCATE provides booklets to educate guests on conservation tips and the hotel’s sustainable development programs. Project COMMUNICATE involves guests by creating e-newsletters, Willard’s sustainable development website, and a sustainable development TV channel in the hotel’s in-house programming.

Criticism: Looking Beyond the Surface
While the Willard InterContinental is a pioneer for sustainable hotels, the issues that the hotel addresses are only the most basic problems of employee relations and the surrounding environment. The company needs to delve into deeper strategies than simply distributing surveys or pamphlets to guests. The current programs only begin undertake minor concerns of corporate responsibility. Willard’s Roadmap serves as a tool for representing a positive company image rather than actually investigating innovative solutions for improving local communities.

**Roadmap**

*Figure 1,* is a Roadmap of Willard’s economic, social, and environmental goals. The Willard InterContinental executes the Roadmap’s pillars through the following specific projects: Project CARE, Project COMMUNICATE, Project EDUCATE and Project HEALTH. Project CARE reaches out to the concerns of the community and workplace quality of life.
Environmental Responsibility

In the Hotel Industry

How does the hospitality industry help the surrounding physical environment?

Environmental Responsibility: For the sake of this report, environmental responsibility is defined as hospitality specific programs created by hotel companies that directly impact the physical environment of the local community. The main objective of an environmental program is to provide the environment a sustainable benefit through a firm-wide initiative. Environmental programs can take form as a conservation effort or a firm-wide policy that directly links to the physical benefit of the environment.
Conservation Labs

In 2003, Banyan Tree Hotels and Resorts envisioned a series of conservation labs that provided visiting scientist facilities and equipment to advance important field work that aimed to conserve the local environment of nearby resorts. In addition to supporting scientific research, the labs aim to raise awareness and partner with community members to solve local issues. Banyan Tree’s vision came to reality in 2004 when Banyan Tree opened their first conservation facility called the Vabbinfaru Maldives Marine Lab located off the coast of the Maldives Islands. The lab aimed to recover endangered species such as the Green Sea Turtle and the Black Tip Reef Sharks, while conducting growth research on local flora and fauna. Following the overwhelming success and local popularity of the Vabbinfaru Maldives Marine Lab, Banyan Tree opened their second research facility in 2006 called the Velavaru Maldives Marine Lab, which aimed to further understand and safeguard the natural Maldivian reefs and preserve the endangered Hawksbill Sea Turtle. The lab’s projects included planting four coral gardens, conserving nesting sites of the Hawksbill Sea Turtle, and successfully solving one of Velavaru’s most mysterious widespread mortality of reef fish conducted by the infamous Dr. Jacob Larsen, who specializes in harmful algae research. Both marine labs organize monthly reef cleaning sessions to remove litter from the reefs which is open to hotel guests and the local community. Subsequently in 2007, Banyan Tree moved to other conservation efforts and opened their third conservation lab called the Bintan Conservation Lab which focused on terrestrial conservation in Asia.

Coral Conservation Projects of Local Communities

Given the presence of marine life in Banyan Tree’s hotels and resorts, Banyan Tree sponsors Coral Conservation projects which aim specifically to preserve and re-develop local coral reefs located near Banyan’s beach front properties. Different from the conservation labs, coral conservation projects are structured under the supervision of Banyan Tree hired resident marine conservationist paired with local scientific communities that tackle coral local-specific issues. Projects include preventing beach erosion by creating an artificial 40-meter reef around a rare coral house, encouraging coral spawning of the rare Acropra corals and Mineral Accretion—a method invented by Banyan Tree scientists, Prof. Hilbertz and Dr. Gorear. The method involves using low voltage levels to create limestone which accelerate coral growth.

Criticisms

Compared to other hotel corporations, Banyan Tree has the most effective environmental programs within the hospitality industry. Despite their effectiveness, Banyan Tree’s programs suffer logistical issues that have a short-term perspective. Funding is provided by the Green Initiative Fund (GIF), which was created by Banyan Tree for the sole purpose of financing sustainable programs. The fund is financed through charitable donations of the Banyan’s hotel guests. Given the economic state, guests are less inclined to donate and therefore, weaken Banyan Tree’s ability to finance their programs. By not providing a consistent cash flow to the fund, Banyan Tree’s sustainable programs will be thinned of any opportunities to help the environment. A suggestion is to partner with a third party equity holder or NGO as a way to generate more funding.
The following section outlines Marriott’s environmental programs that impact local communities by purchasing an endangered rainforest, greener supply chain and eco-friendly development.

The Juma Sustainable Development Reserve

In 2007, Marriott signed a partnering agreement with the Government of Amazonas and the Amazonas Sustainable Foundation to purchase and protect 62% of the Juma rainforest in Brazil. Taking the proactive role in the agreement, Marriott purchased 1.4 million acres for an undisclosed amount and invested $2 million to fund an environmental management plan that aims to preserve the natural environment, as well as providing education, medical care and employment to nearly 2,000 Juma residents. Without Marriott’s intervention, the rainforest would most likely be subject to illegal deforestation which would result in 4 million tons of carbon emissions by 2020, which would wipe out the entire rainforest by 2050. In order to fund the program on a continual basis, Marriott implemented a guest program in 2007 that allows guests to donate $1 when booking a room online. With four hotels located in Brazil, Marriott’s Juma Sustainable Reserve is an example of the hotel industry directly impacting the local environment they are located in.

“Greening the Supply Chain” Program

With over $10 billion in purchasing power from vendors across the country, Marriott understood the need to purchase sustainable products to create a “greener supply chain.” In a typical hotel supply chain, amenities are disposed at the property and therefore pollute the local community when being disposed. By purchasing eco-friendly amenities, Marriott is able to reduce their ecological impact on a community level in terms of disposing certain amenities. Given Marriott’s sheer economy of scale, Marriott is able to purchase greener amenities without passing additional costs to the consumer—a privilege most hotel brands are unable to afford. The “greener” amenities Marriott provides guests include key cards made of 50% recycled material, eco-pillows made from recycled bottles, coreless toilet paper, low VOC paint, biodegradable laundry bags and eco-friendly laundry detergent.

Green Buildings

In conjunction with Marriott’s sustainability initiatives, Marriott established a “green portfolio” which is a compilation of 275 properties that have met ENERGYSTAR requirements. Each property is outfitted with ENERGYSTAR technology which in turn, reduces waste and emissions on the local community. Property development is seen as a highly unsustainable process of hotel expansion. Given Marriott’s ambitious plans for expansion, the firm announced it was launching a “green building” initiative which follows LEED development guidelines aiming to minimize damage on the local community this past month. At present, fifty Marriott properties in the pipeline are expected to receive first-ever issued pre-LEED certification by the end of 2009. Marriott’s first pilot as a “green building” located in College Park Maryland was able to reduce 64% or 450,000 pounds of waste in a single year.

Criticisms

Created with good intentions, Marriott’s rainforest purchase lacks adequate control over the property. There is no transparency between the Government of Amazonas’ intentions and the future of Juma. What exactly is Marriott’s long-term plan for Juma, and how do they plan to hold on to it? Is it plausible to hold on to Juma for eternity? Furthermore, Marriott is in a valuable position to do more with their supply chain rather than “re-usable keys” or “biodegradable trash bags.” Marriott can stretch their sustainable supply chain from soaps to using recyclable carpets. Although Marriott possess a “green portfolio” of assets, it is merely a label that meets a vague and non-monitored guideline. It’s a start to a standard, but is a low one at that.
“Green Engage” Carbon Reporting Programs

A major issue facing the hotel industry is the lack of a uniform sustainable benchmark. In 2007, IHG broke the silence by establishing the first sustainability system that allows general managers across 4,000 hotels to manage energy, water and waste consumption within the IHG brand. Managers’ input property-specific data that automatically generates tailored reports comparing the individual property to other comparable non-IHG affiliated hotels across the globe. The program evaluates key variables that influence the property’s carbon footprint such as water usage, products and materials, waste management, the building’s exterior, electrical systems, and operational criteria and management practices. By creating a benchmarking program, individual properties are able to self-identify areas of improvement, and thus reduce the ecological impact on the local environment.

Water, Waste and Energy Reduction

According to Ernst & Young’s “Hospitality Going Green” report, the earliest green practice used in the US hotel industry can be traced back to the 1920’s, in which hotels reduced the use of water, waste and energy (WWE). A simplistic and easy way for hotels to reduce their impact on the environment is by controlling WWE. With the creation of Green Engage, IHG is able to identify areas in need of sustainable improvements, and therefore is able to directly influence the amount of WWE reduced in a single property. IHG’s environmental policy explicitly states their commitment to measuring, managing and creating new techniques to conserve WWE. To date, IHG’s hotels are 10%-20% more sustainable than the average US hotel, according to the most recent Green Engage report. IHG has consciously reduced waste by installing energy efficient light bulbs, water efficient faucets, motion sensing light fixtures, ENERGYSTAR efficient washing machines, and reflective windows.

Criticisms

As one of the innovators of sustainability, IHG’s corporate strategy is still developing and has several areas in need of improvement. First, the programs serve only as a tool for corporate management, rather than an actual forcible action that directly impacts the environment. The benchmark programs provide valuable data for IHG, but has yet to become standardized metrics. Green Engage is only an internal tool of measurement that lacks consistency across industry standards. While IHG strives for transparency in its sustainability reporting practices, the tool itself can have greater potential benefits to the industry if ideas and knowledge are openly shared and discussed.
Future Outlook

What does the future hold for corporate responsibility?

Many hotel companies are starting to anticipate the future of sustainability issues within the hotel industry. What the industry currently faces regards discrepancies in the standards and regulations of measurement for sustainability. The issues can range anywhere from sustainable operations to green hotel development. As hotel companies continue to define and refine their corporate social responsibility and sustainability strategies, the next steps of action are pivotal to the long-term success of the industry. What those next steps entail is discussed in the sections to follow.
In recent years, the hotel industry has taken notice of “green” consumer and market trends. The current trends of hotel sustainability initiatives include:

- donating to local charities
- reducing water consumption
- coreless toilet paper
- linen & towel reuse programs
- “eco”-pillows
- green meetings
- recycling & composting
- green hotel development- LEED certification
- ozone laundry
- low VOC room furnishings

There is a wide spectrum of ideas and actions that are being circulated throughout the hotel industry and it is apparent that a push for organization and standardization of practices and procedures is what is most needed.

In order to better understand what the future holds for these programs, it is important to take a look at what is currently in place at hotel companies. The table featured below briefly summarizes the sustainability programs at a number of major hotel companies.

<table>
<thead>
<tr>
<th>Hotel Company</th>
<th>Sustainability Program</th>
<th>Description</th>
<th>Number of Properties</th>
<th>Number of Hotel Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accor</td>
<td>Sustainable Development</td>
<td>Early adaptor since the early 1990’s with their strong interest in environmental and risk management initiatives. Resulted in later launch of EARTH GUEST PROGRAM (Focuses on Green Hotel Development, Operational Efficiencies and Employee/Guest Engagement)</td>
<td>4,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Banyan Tree</td>
<td>Corporate Social Responsibility</td>
<td>Champion of sustainability, southeast Asian resort and spa development company with several community-based and environmentally innovative initiatives</td>
<td>18</td>
<td>655</td>
</tr>
<tr>
<td>Fairmont Hotels</td>
<td>Corporate Responsibility &amp; Green Partnership Program</td>
<td>Hilton New York Hotel wins “Green Street Award 2008-2009 from the Avenue of Americas Association for the implantation of the energy fuel cell initiative at the 1,960 room hotel.</td>
<td>56</td>
<td>23,000</td>
</tr>
<tr>
<td>Hilton</td>
<td>No formal program listed.</td>
<td></td>
<td>514</td>
<td>176,257</td>
</tr>
<tr>
<td>IHG</td>
<td>Corporate Responsibility</td>
<td>Green Manage (comprehensive energy, waste and water measurement and management system)</td>
<td>4,400</td>
<td>640,000</td>
</tr>
<tr>
<td>Kimpton Hotels</td>
<td>Earthcare</td>
<td>“To support a sustainable world by using non-intrusive, high-quality, eco-friendly products...”</td>
<td>41</td>
<td>9,322</td>
</tr>
<tr>
<td>Marriott</td>
<td>Social Responsibility &amp; Community Engagement</td>
<td>Comprehensive list of program that focus on social/cultural issues and environmental preservation.</td>
<td>3,178</td>
<td>560,681</td>
</tr>
<tr>
<td>Starwood</td>
<td>No formal program listed.</td>
<td>Experimental Brand: Element Hotels (An innovative brand that was &quot;influenced by nature&quot; and &quot;smart, environmentally-friendly design&quot;</td>
<td>968</td>
<td>292,000</td>
</tr>
</tbody>
</table>
Measurement Though all of these companies are strategizing to leverage their positions on various sustainability issues, there lacks a degree of comparability between these organizations. There are inconsistencies with proper understanding of metrics. Each company defines, measures and reports on sustainability in their own way, based on their own set of assumptions. The industry needs to strive for the standardization of sustainability metrics. At the recent Cornell University’s Center of Hospitality Research—Sustainability Roundtable, participants discussed the need for a “green bullet”—a realistic measure of sustainability that would involve creating and sharing effective sustainability models to move the industry forward and to develop a realistic measure of sustainability. With the pending ramifications of Copenhagen Climate Conference in December of 2009, “carbon” is a very hot topic within the industry. In order to anticipate regulations within the marketplace, companies are looking to get their measurement and reporting programs in order. IHG, Marriott and Accor are big advocates of such actions.

INNOVATION

Where does the industry go from here?

Beyond consistency and standardization of practices and benchmarks, hotel companies should be deeply concerned with the future of the industry itself and how sustainability ties into that framework.

“In the future, only companies that make sustainability a goal will achieve competitive advantage. That means rethinking business models as well as products, technologies, and processes” (Nidumolu, Prahalad, Rangaswami, 2009). What will push the hotel industry to the next level highly depends upon how companies are willing and able to innovate. Innovation is the platform in which sustainability becomes an integral part of the company’s core competency rather than regulatory or even, at times, philanthropic activities. Innovation can take place at any point within the organization. Each company can take several unique approaches towards innovation planning:

**Top-Down Approach**- This is the more traditional approach, where corporate strategies are implemented and initiated from top management down to individual line-level employees.

**Bottom-Up Approach**- This is where the ideas and initiatives stem from the local level of the company. In this case, this approach would start at property level focusing on the local environment in order to specifically target goals and initiatives that are conducive and relevant to each property.

**Integrative Approach**- This is a combination of the top-down and bottom-up methods of organizational change. This requires the most coordination from the both the corporate and bottom levels of the company, but has the greatest outcome potential if implemented correctly. The integrative approach provides input from corporate level executives and line-level employees. The idea is to have multiple people contributing multiple ideas that collectively aim to provide innovative solutions and ideas that help achieve sustainability within the organization.

Currently “the prevailing approaches to CSR are so disconnected from business” that there are missed opportunities in which companies can help benefit society (Porter, Kramer, 2006). The companies that incorporate CSR and SD issues as “business” matters rather than “philanthropy” or “compliance” issues will be the industry leaders in innovation. Companies, such as IHG and Accor, that approach CSR and SD as a business matters, tend to invest more in long-term sustainability projects and see the economic value in doing so. These are the companies who will be on the fore-front of the industry, especially as CSR and SD related issues become less voluntary and more necessary for companies to adapt in order to stay competitive.
As the trend to go green increases, hotels are more inclined to incorporate sustainable initiatives into their corporate strategy. After examining the three cases, recent trends suggest managing positive employee relations and positive social communities is an increasingly significant component in the company’s mission for social responsibility. The case studies suggest a common interest in educating local communities, building careers in hospitality, engaging employees in volunteering and funding initiatives for better health facilities. In addressing the environmental issues, the hospitality industry has created innovative programs in an attempt to improve the overall health of the environment. The programs that the hospitality industry has implemented range from actively preserving rainforest to improving management of waste, water and energy.

Although the hospitality industry has clearly taken steps to be socially responsible in their current mission statements, hotel companies continue to anticipate the challenges of improving sustainability for the future. As it stands now, the hotel industry is approach sustainability on a superficial level and is encouraged to seek innovative techniques for the future. Beyond the basic standard of addressing social and environmental programs, hotel companies will have to “rethink business models, products, and technologies” in order to gain a competitive advantage.
REFERENCES


