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Which Sustainable Development Goals should be embedded in the strategy of a hotel to ensure competitive advantage?

Recommendations for small and independent hotels

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ABSTRACT

The hotel industry has a global reach, and as such, is a driving force generating a wide range of broad economic, social and environmental impacts. It has therefore been recognized as an imperative actor to contribute towards the achievement of the UN's 2030 Agenda and its Sustainable Development Goals. However, sustainable practices are currently mainly undertaken by large, affiliated hotels, while small and independent ones seem to be lagging behind.

The purpose of this paper is to provide some guidance as to which sustainable practices and associated goals these small and independent hotels should focus on to ensure competitive advantage. We discuss their intrinsic characteristics that influence their propensity to implement such practices, to determine how they affect the feasibility of specific measures and the benefits drawn from them. Despite the widespread recognition of the essential place that micro and small-sized independent hotels occupy in the industry, little research has focused on searching beyond their limited propensity to implement sustainable practices and providing guidelines with practical implications.

We took into consideration that small and independent hotels have intrinsic characteristics that would compel them to have a distinctive approach to the prioritization of available practices than that of their counterparts. By also accounting for stakeholder importance and total impact, we were able to propose seven best practices for them to implement. These priority strategies are energy (SDG 7 and 13) and water efficiency measures (SDG 6), improved waste management (SDG 12 and 13), as well as engaging staff and guests to participate in these efforts (SDG 4). Furthermore, they should assure decent labor and human rights standards (SDG 8) and entertain a cooperative relationship with the local community (SDG 11).

We then looked at the competitive advantage that can be created through these practices and found that they were identical to those of large and affiliated hotels. Namely, they can lead to cost-savings achieved through resource efficiency, enhanced operational risk management, improved image and reputation and ensured regulatory compliance. However, we also found that the extent to which the implementation of sustainability practices affects the competitive advantage of small and independent entities varies from that of their counterparts due to characteristic differences and that its degree of impact is, for the most part, amplified.

FOREWORD & ACKNOWLEDGEMENTS

To conclude my management studies with a major in sustainable development, I wanted to tackle one of the fundamental questions guiding more and more companies today: How can businesses create a competitive advantage by establishing a sustainable strategy?

I think that our generation grew up at a time that allowed us to realize that we could no longer push back responsibility and accountability for universal issues, especially those of governments and companies. At the same time, we acknowledge the capitalist paradigm that puts pressure on corporate profitability. It, therefore, seems that this is a topic that will become more and more essential in the years to come.

During a trip to Mexico in the summer of 2019, I fortuitously came across Ajal Tulum Tree House Boutique Hotel, a small structure buried in the middle of the Tulum jungle and was indescribably fascinated and stimulated by the place. It was the definition, in my eyes, of how a business can push sustainability to its furthest limits. I was then fortunate to be able to return in 2020, to do an internship and learn more about sustainable practices in the hotel industry and in small and independent hotels in particular. There, I was able to draw inspiration from my daily work as a "sustainability consultant" to drive the writing of this paper by recognizing their struggles and finding solutions.

With joy and relief, I submit this thesis with a view of obtaining a Master's Degree in Management [120] from the Louvain School of Management.

I would like to express my sincere gratitude to my supervisor, Professor C. Desmet, for his valuable and constructive remarks throughout the development of this thesis.

I would also like to thank J. Pink and the whole team at Ajal Tulum Tree House Boutique Hotel, who allowed me to carry out an internship rich in learning, and that served as a great inspiration not only for this work but for my future aspirations.

Finally, I would like to thank my family and friends who supported me throughout the writing of this thesis, and especially my sister, who was my dear study partner during this challenging period of confinement.

Nadia.

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BACKGROUND

Modern society has been hit with increasing challenges over the past years, highlighting the need for all stakeholders to act quickly and with purpose, on key issues such as economic prosperity, environmental protection and public health. These downward pressures on the world's livelihood are only set to intensify in the years to come if all members do not identify opportunities for sustainable development as they navigate within an unsettled landscape. After an era of extraordinary evolution, humanity is beginning to grasp the complicated correlation and paradoxes between economic growth and sustainable prosperity based on equal societies and ecological resilience, as some are beginning to challenge the growth orthodoxy.

Income inequality is at its highest level since the fifties. The average income of the wealthiest 10% of the population is about nine times that of the poorest 10%, across the OECD (Corporate Citizenship, 2015). Disapproval of how governments are addressing economic and social issues has sparked protests throughout the world, such as the 2019 uprisings all around Latin America. Furthermore, people are starting to realize that everlasting economic growth will not be possible in a context where global temperatures are on their way to attain a 3°C increase by the end of the century. This surge is indeed twice what climate experts have warned is the limit to avoid the most severe global consequences (World Economic Forum, 2020). Once more, citizens' discontent translated through the "Fridays for Future" movement, culminating on 20 September 2019 in the largest climate strike in history that gathered roughly four million protesters around the globe (Laville & Watts, 2019). Additionally, new vulnerabilities resulting from changing societal, environmental, demographic and technological patterns threaten to undo the significant gains health systems have achieved over the last century. The devastating consequences of the 2020 Covid-19 pandemic are a prime example of the vitality of having resilient economic and societal structures.

The Global Risks Report of 2020 demonstrates how all global issues are interconnected, stressing the urgent need for cross-national and sectoral partnerships and collaboration (see Fig. 1). The United Nations ("UN") 2030 Agenda for Sustainable Development ("2030 Agenda") that saw the light in 2015 made a notable contribution in this regard, as it addresses a wide range of environmental, social and economic issues and challenges across most areas of human activity. The UN explicitly called on businesses to play a central role by harnessing their creativity and expertise to address the challenges posed by the visionary agenda and its Sustainable Development Goals (SDGs). In light of recent “degrowth movements”, some advance the necessity of an inconvenient trade-off between economic prosperity and environmental welfare. Greta Thunberg, the Swedish teenage climate activist, voiced her outrage to World Leaders at the UN’s climate-change summit in September 2019. “We are in the beginning of a mass extinction, and all you can talk about is money and fairy tales of eternal economic growth. How dare you!” (Chasan & Wainer, 2019). Others envisage a new economic era in which production for profit would continue. However, the economy would be realigned based on different priorities and growth driven by technological innovation, investment in sustainable infrastructure and increased resource productivity. The 2018 report by the Global Commission on the Economy and Climate affirmed, “We can have growth that is strong, sustainable, balanced, and inclusive” (GCEC, 2018, p. 8). In any case, the active commitment of the private sector to the achievement of the SDGs is considered essential.

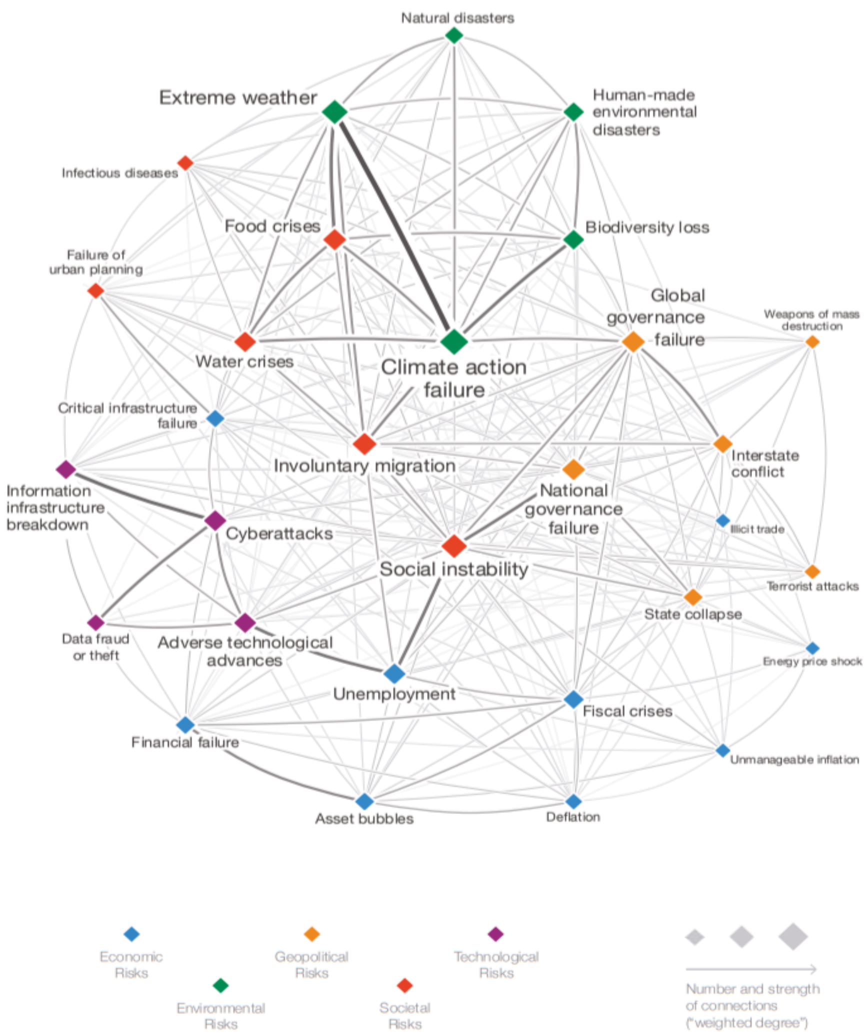


Figure 1. The Global Risks Interconnections Map 2020 (World Economic Forum, 2020, p. 3)

As one of the fastest-growing industries in the world, tourism is increasingly recognized as a vital contributor to the advancement of the 2030 Agenda, as it generates a wide range of environmental, social and economic impacts. In this context, responsible and sustainable tourism is vital to help preserve the natural and cultural heritage assets upon which it depends, empower host communities, generate trade opportunities, and foster intercultural understanding. Nevertheless, the growing number of travelers each year also produces pressures in terms of greenhouse gas ("GHG") emissions, resource management, unequal redistribution of wealth and adverse impact on the local population. While significant damage caused by the industry persists, there has been momentum and progress towards sustainability pathways in tourism, as can be illustrated by hotels around the globe that are increasingly investing in sustainability initiatives. This need for hotels to re-examine their traditional strategy and re-think socio-economic paradigms has become increasingly urgent in the face of recent natural disasters, threats to biodiversity and global pandemics. As the attractiveness of a tourist destination is highly dependent on cultural and environmental diversity and stability, hotels begin to realize that contributing to their conservation is vital to their long-term competitiveness. "In a world looking for new models of economic growth and development, fighting climate change and adopting sustainable management practices is no longer an option [for hotels], but a condition for survival and success" (Hotel Energy Solutions, 2011a, p. 7).

Within the structure of contemporary capitalist doctrine, hotels are most likely to address the SDGs that improve their business operations and are profitable. Fortunately for them, there is an undeniable business case to be made for integrating sustainability into a hotel's core business strategy. They would thereby significantly reduce cost, improve risk management, boost their reputation and assure compliance to the firmest regulations. As more and more chains are reporting their efforts through yearly sustainability reports, smaller, independent hotels seem to be lagging behind. Because it is indispensable to engage every member of the global community if the SDGs are to be achieved by the ambitious deadline of 2030, sustainability management practices for the hotel sector must be likewise implementable by smaller structures.

As small, independent hotels battle the constraints of lesser resources and a lack of general awareness and know-how about sustainability management practices, there seems to be a need to enlighten them in terms of prioritization of matters to focus on, as well as the competitive advantage that can be gained from addressing these issues.

Organization of the Thesis

This thesis is organized into two parts. In the first, we will discuss existing literature about the impact of the hotel industry on a global scale and how it fits within the context of sustainable tourism. Within this framework, we will review some contributions that hotels have been making towards the achievement of the 2030 Agenda. In the second part, our focus will shift towards small and independent hotels. After establishing why this category is distinct from their larger, affiliated counterparts, we will attempt to determine the best sustainable practices for them to implement in order to create competitive advantage.

Research Methodology

A qualitative research methodology was implemented to guide our reasoning throughout this thesis. The first step was to create a frame of literature that included the sustainable practices that hotels were already undertaking and linking them to the 2030 Agenda. We then proceeded to find evidence that supports that small and independent hotels have intrinsic characteristics that would compel them to have a distinctive approach to the prioritization of available practices than that of large, affiliated hotels. Based on this observation, we posed our first two hypotheses:

H1. There are sustainability practices implemented by large, affiliated hotels that are less efficient for small, independent hotels to replicate due to their structural and operational characteristics.

H2. There are sustainability practices implemented by large, affiliated hotels that small, independent hotels can replicate more efficiently due to their structural and operational characteristics.

Building on our belief that the implementation of sustainable practices brings along financial advantages, we then turned to the question of whether the kinds of competitive advantage created by these small, independent hotels would match those of large, affiliated ones. This led us to pose our third hypothesis:

H3. The types of competitive advantage that small, independent hotels create through their sustainability practices are identical to those of large, affiliated hotels.

JUSTIFICATION OF THE RESEARCH

The business case for corporate social responsibility ("CSR") and the incorporation of the SDGs into corporate strategy has been undisputed in past literature (Bonini & Swartz, 2014; Corporate Citizenship, 2015; Eccles et al., 2014; FEB, 2017; Gabriel, 2012; PwC, 2015a; Scheyvens et al., 2016; We Mean Business, 2014). Furthermore, various authors have tackled the subject of sustainability in tourism. These studies have, however, mainly focused on the environmental efforts of tourism companies, the role of regulators to incentivize proactive actions or the challenges of the hospitality sector in implementing the SDGs (Aragón-Correa et al., 2008; Aragon-Correa et al., 2015; Bonilla Priego et al., 2011; Chan, 2008; Chung & Parker, 2008; Jones et al., 2017; S. Sharma, 2009). Other studies have been conducted about sustainability best practices and reporting of big hotel groups (Bader, 2005; Raub & Martin-Rios, 2019; Roblek et al., 2016). Though, considering the peculiar nature of smaller-scale, independent hotels, and the high proportion of this type of enterprises in the sector, there appears to be a need for further focused research on this category.

Furthermore, previous research has found that hotels with the most proactive environmental strategies exhibited a significantly positive financial performance (Alvarez Gil et al., 2001; Dodds & Holmes, 2016). However, there seems to be a noteworthy gap when it comes to the business case of practices focusing on the social pillar of sustainability such as gender equality, human rights or cultural preservation. There is also a recognized critical need to address the lack of awareness and know-how that small hotels have in matters of sustainability and the financial benefits of sustainable practices (Aragon-Correa et al., 2015; Dewhurst & Thomas, 2003; WTO & UNDP, 2017). This paper addresses these gaps as it takes into account the unique characteristics of structural and operational features of small, independent hotels to identify which sustainable practices they can best implement. After addressing the practicability of implementation, we will determine the competitive advantage that hotels can gain, thereby furthering the clarification of their determinants of success. By aiming our focus on this specific category of hotels and by applying a holistic approach, which also includes the often-ignored social component of sustainability in our analysis, we believe that we should make a useful and practical contribution to the existing literature about business practices in the hotel industry.

PART I. THE UN'S SUSTAINABLE DEVELOPMENT GOALS AND THE HOTEL INDUSTRY

CHAPTER I. BACKGROUND AND CONCEPTS

1. Concept of corporate social responsibility

The attention paid by organizations to the moral, environmental, and social dimensions of business has considerably grown since the concept of CSR emerged in the second half of the 20th century (De Bakker et al., 2005). Stakeholders nowadays hold companies accountable for responsibilities that go largely beyond the strictly financial and legal. Although there has been a broad range of definitions of CSR proposed in literature, we will retain the one put forward by the European Commission (2019, p. 3) as "the responsibility of enterprises for their impacts on society. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximizing the creation of shared value for their owners/shareholders, their other stakeholders and society at large;
- identifying, preventing, and mitigating their possible adverse impacts."

There is a general agreement among scholars that CSR performance is assessed based on financial, social, and environmental performance measures. These references, also known as "Profit, People and Planet," are the fundamentals of the "Triple Bottom Line" concept (Elkington, 1998). In other words, businesses must weigh their actions on these three independent scales in light of current decision-making standards.

In this context, the agreement of the 2030 Agenda and associated SDGs, finalized in 2015, can be seen as holding meaningful potential towards shaping CSR in a way that recognizes the intricate interdependencies between environmental, social, and governance concerns (Dahlmann et al., 2019).

2. The need for a global agenda

The SDGs address an extensive range of issues on the global social agenda including poverty eradication, hunger and food security, healthy lives and wellbeing, inclusive and equitable education, gender equality, water security, sustainable and modern energy access, unemployment, sustainable consumption and production, climate change, conservation of biodiversity, and peaceful and resilient societies. However, before we discuss the 2030 Agenda, it is pertinent to go over the facts that built the context in which the UN's Member States set these goals in 2015.

First of all, there is a pressing need to manage Earth's limited resources responsibly. The rich biodiversity of land- and water-based ecosystems provide food, fresh water, clean air, and raw materials that fuel economic growth. They supply natural space for human settlements and mitigate climate change. Nevertheless, population growth, agricultural intensification, urbanization, and industrial manufacturing are creating competition for these natural resources. Land and water supplies are being overused, which is contributing to their rapid exhaustion and subsequent environmental degradation. Urgent actions are needed to shield and restore ecosystems and the biodiversity they support if one hopes to mitigate climate change and provide increased resilience in the face of growing human pressures and escalating natural disasters. Sustainable societies also require the establishment of robust national frameworks for responsible consumption and production, environmentally sensitive business practices, and consumer behavior (United Nations, 2018).

Furthermore, there is a fundamental human right of access to essential services that is not being met around the globe. Every citizen should have the right to safe drinking water, sufficient sanitation, electricity, safe transport, education, and health care. The provision of these basic services correlates with economic growth, social inclusion, poverty reduction, and equality. Globally, significant improvements have been made in increasing the quality of and access to essential services. However, there are too many instances where the poor and most vulnerable have been left behind. In 2015, 4.5 billion people (61% of the world's population) did not have access to safe sanitation services. "That same year, around 2.1 billion people lacked access to safely managed drinking water supplies, cases in which mostly women bear the responsibility of collecting water outside the home. This burden leaves women less time to engage in other activities, such as attending school or taking part in the labor market. […] Improving the lives of the poor and most vulnerable requires significant investments in quality basic services" (United Nations, 2018, pp. 14-15).

Another issue arises from the continuous urbanization that mankind has partaken in over the past decade. Over half the world's population lives in urban areas, a proportion that is expected to rise to 60% by 2030. Cities are growth engines, generating nearly 80% of the global GDP. However, they also face rising problems in terms of increasing air pollution, unplanned land use, growing populations living in poverty, and lack of basic services. Besides, the frequency and severity of natural disasters have increased as a result of climate change. Cities are becoming more and more at risk of such disasters because of their dense populations and growing concentration of economic activities. In the year 2000, 310 million people were exposed to cyclones and 370 million to earthquakes. These numbers are estimated to rise to 680 million and 870 million people, respectively, by 2050 (United Nations, 2018). Smart urban planning and management is necessary to make cities inclusive, safe, resilient and sustainable while continuing to be dynamic centers of innovation and enterprise.

Finally, the threat of conflict can be deflected by a resilient society. Over the past decade, there has been a significant increase in violent battles, forcing the displacement of millions of people. A rise in hunger and food insecurity is only one of the many consequences of conflict and war. The causes of disruption may vary widely, but the effects of climate change only aggravate its consequences. "Climate-related events such as drought threaten food and water supplies, increase competition for these and other natural resources and create civil unrest, potentially adding fuel to the already-disastrous consequences of conflict. Investing in good governance, improving the living conditions of people, reducing inequality, and strengthening the capacities of communities can help build resilience to the threat of conflict and maintain peace in the event of a violent shock or long-term stressor" (United Nations, 2018, p. 15).

We notice through this short summary of global concerns that their origins and, thus, solutions are interrelated. That is why the establishment of a universal agenda based on national efforts as well as international and intersectoral cooperation was deemed essential.

3. The UN's 2030 Agenda for Sustainable Development

In June 2012, the UN Conference on Sustainable Development was held in Rio de Janeiro, where the Member States adopted the outcome document "The Future We Want". The rationale behind this agenda was that it would serve as a plan of action for the sake of people, planet and prosperity, and that it would seek to strengthen universal peace in larger freedom. They decided to launch the process of developing a set of global goals, and among the main themes agreed on were poverty eradication, health and sanitation, energy, water and human settlement. In January 2015, the General Assembly began the negotiation process on the post-2015 development plan that finally culminated that September, in the subsequent adoption of the 2030 Agenda, with 17

SDGs (see Fig. 2) and 169 specific targets at its core (United Nations, n. d.). The 193 Member States thereby resolved to achieve the set goals and targets before an ambitious deadline of 2030. The universal implementation of the SDGs started in 2016. "In each country, governments must translate the goals into national policy, develop a plan of action, establish budgets, and be open to and actively search for partners" (Mujeri, 2018, p. 1).

Figure 2. The UN's 17 SDGs (United Nations, n. d.)

3.1. The "5 Ps"

The SDGs can be divided into five pillars, also called the "5 Ps" (see Fig. 3). Three of them might seem familiar from the Triple Bottom Line concept, namely, Prosperity (changed from "Profit"), People, and Planet. Two new categories have been added: Peace and Partnership. *People* aims at promoting human dignity, well-being of all, tackling inequalities, ending poverty, and gender equality. *Prosperity* focuses on the responsible use of Earth's resources as well as inclusive and sustainable economic growth. *Planet* combats climate change, encourages the conservation of biodiversity and supports sustainable patterns of consumption and production. *Peace* promotes life free from fear and violence, access to justice and human rights for all, and finally, *Partnership* calls for a global solidarity approach to development (Jayasooria, 2016).

Figure 3. The five pillars of the 2030 Agenda

3.2. Illustration: The 2020 Covid-19 pandemic

The global response to the Covid-19 pandemic of 2020 has shown what can be achieved when the world works together towards a common cause and highlighted the importance of international dialogue and a comprehensive agenda. Covid-19, also known as Coronavirus, emerged at the end of 2019 in Wuhan, China, and rapidly spread everywhere around the world (see Fig. 4). On 11 March 2020, the World Health Organisation (WHO) declared the Coronavirus outbreak a global pandemic, and the UN defined it as “the defining global health crisis of our time and the greatest challenge we have faced since World War Two” (United Nations, n.d.). By the end of May 2020, there were almost five and a half million confirmed cases around the globe, including 350 000 deaths[1] (WHO, 2020).

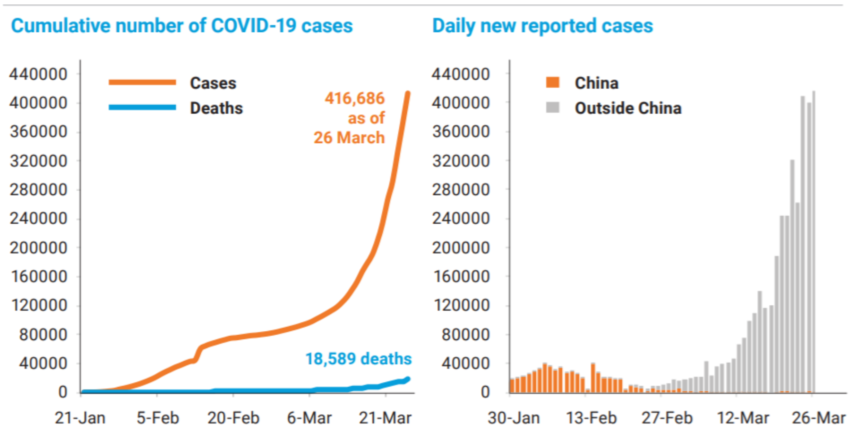


Figure 4. Covid-19, a fast-spreading global disease (United Nations, 2020, p. 3)

The pandemic quickly turned out to be much more than a health crisis. By stressing every country it touched, the Coronavirus had devastating consequences on social, economic and political spheres that will leave deep scars as it has repercussions on all 17 of the SDGs (see Fig. 5).

It will provide some of the most important lessons for a generation, as the world tries to work through the many unknowns and consider global and local responses to its consequences. In a short space of time, it has witnessed what can be achieved through operational agility and increased partnership between government, businesses, non-profits and the public. The global crisis acted as a stark reminder to act quickly to tackle global risks, and this, based on international and intersectoral coordination and collaboration, highlighting once more the

[1] This paper was last updated on 27 May 2020 when there were 5 488 825 confirmed cases and 349 095 confirmed deaths (WHO, 2020)

fundamental importance of the 2030 Agenda. The Coronavirus pandemic is a perfect example that demonstrates how all global issues and goals are interrelated.

Figure 5. Covid-19 pandemic affecting all 17 SDGs (United Nations, 2020, p. 12)

There is an opportunity to learn from this crisis and build back stronger, by making investments that propel the world toward a more inclusive, sustainable and resilient future. “Had we been further advanced in meeting the SDGs and the Paris Agreement on Climate Change, we could better face this challenge - with stronger health systems, fewer people living in extreme poverty, less gender inequality, a healthier natural environment, and more resilient societies” (United Nations, 2020, p. 2). The pandemic exposed just how precarious and unequal our societies are.

Even though the virus does not discriminate in medical terms, the consequences the global population has faced, in economic and social terms, hit those at the bottom end the hardest.

This devastating crisis might show politicians, businesses and society that there is an urgent need to strengthen their commitment towards the SDGs. Science tells us that epidemics such as the Coronavirus will occur with increasing frequency (Dordevic, 2020). By making progress on this global roadmap, the world will be stronger and better able to respond to forthcoming crises. Countries and corporations need to be dedicated to moving forward with the implementation of these shared commitments and seize the opportunity of a greener, more inclusive future.

CHAPTER II. THE HOTEL INDUSTRY ON A GLOBAL SCALE

Sustainable tourism is defined as "tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment, and host communities" (WTO & UNDP, 2017, p. 15). The tourism industry mainly includes accommodation providers, transport companies, tour operators, attractions, and destination management companies.

The industry has a global reach, and as such, is a driving force generating a wide range of broad impacts. "The recognition of the role of tourism in sustainable development and the emphasis placed in the SDGs on the development of public policies for sustainable tourism is a landmark breakthrough that provides a unique opportunity for all governments to create a sound and favorable policy foundation" (WTO & UNDP, 2017, p. 21). Although government policies are essential to provide guidelines and shape the legal landscape, businesses are the real key players of the tourism sector.

In this paper, we will be focusing on the hotel industry in particular. The online Oxford Dictionary defines a hotel as "an establishment providing accommodation, meals and other services for travelers and tourists" (Lexico, n.d.).

1. The hotel industry's impact on the global Triple Bottom Line

Because of its extensive reach and overarching involvement, the hotel industry can contribute - directly and indirectly - to the achievement of all of the SDGs. As we will discuss in the next chapter, it can contribute to generating inclusive growth, eradicating poverty, combating climate change, fostering gender equality, preserving marine and terrestrial ecosystems, promoting dialogue among diverse cultures, and enhancing mutual understanding and peace. However, a poorly managed hotel can also contribute to destroying unique cultural resources, harming the environment and disturbing social structures. In the current climate, where there is still a vast gap in the sustainable tourism legal landscape, it is up to individual businesses to maximize their positive impact and mitigate their potential risks.

To be able to assess the contributions that the hotel industry can make towards these various issues, we will first review the place it has in the global economic sphere and how its operations relate to people and the planet.

1.1. Impact on the global economy

The total contribution of the tourism sector was US$8.81 billion in 2018, constituting 10.4% of the global GDP. Total contribution includes the "wider impacts" on the economy, namely its indirect contribution through investment spending and domestic purchases of goods and services by the sector's supply chain, and its induced contribution supported by the spending of those who are directly or indirectly employed by the sector.

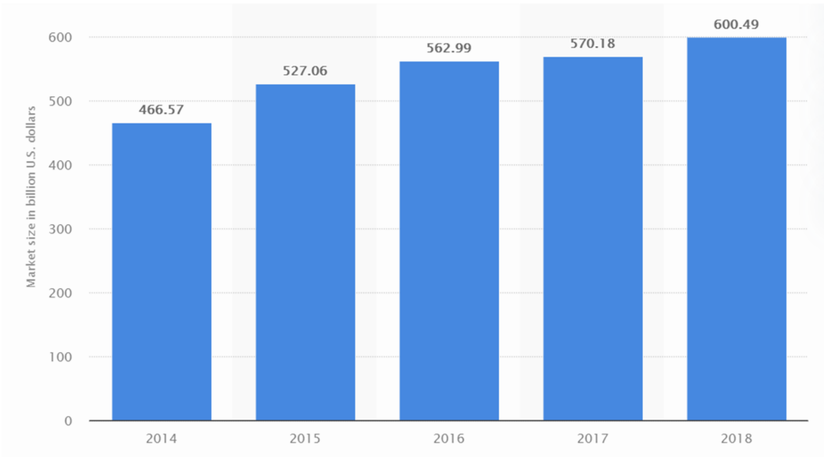


Figure 6. Market size of the global hotel industry from 2014 to 2018 (Statistica, 2019)
https://www.statista.com/statistics/247264/total-revenue-of-the-global-hotel-industry/

The employment created by the hotel industry accounted for 144 million jobs, or 4.3% of global employment in 2019 (ILO, 2020a). In 2018, hotels worldwide formed a US$600 billion industry (see Fig. 6), made up of 184 300 properties and 17 million rooms. This number of rooms suggests a decadal increase of 18% since 2008 (HNN, 2018).

Furthermore, 54% of rooms are affiliated with a global or regional group and 46% are independent. The top five hotel groups, IHG, Marriott, Hilton, Wyndham and Accor, account for 25% of worldwide room numbers (IHG, 2019).

1.2. Impact on its people

736 million people in the world are living in extreme poverty today, and in 2017, 821 million people were undernourished (United Nations, 2019). These numbers will only grow as an additional two billion are added to the global population by 2050. Being one of the fastest-growing trades in the world, the hotel industry is in an ideal position to foster economic growth and development that will drive the next leap forward in poverty and hunger eradication, mainly through income generation and job creations. Furthermore, as major employers, hotels have a considerable influence on the health, well-being and respect of human rights in the workplace, as well as for its guests and the local community they operate in. In an industry built on service excellence, people can be a hotel's most powerful competitive asset.

Talent shortage has raised a major issue in the industry these past decades. Over the years, as tourism expands, the global workforce ages, becomes more educated, and the next generation of talent is increasingly pursuing attractive careers in emerging fields. Attracting more talent and driving employee loyalty to mitigate a constantly high turnover rate are necessary for the industry to continue to grow. Through apprenticeship and recruiting programs, and partnerships with non-profits in career development, hotels have the opportunity to inspire young people to pursue a career in hospitality. Additionally, employee engagement initiatives such as training or transforming company culture have shown to improve staff retention (Deloitte, 2019).

Furthermore, the high rate of undeclared employment in the industry leads hotels to be highly impacted by human rights infringements. Workers are at an elevated risk of mistreatment in terms of working conditions, wages or hours. Additionally, they are vulnerable to the abuse of various recruitment systems, including recruitment debt, contract fraud and lack of legal and financial remedies for migrants. As a major global sector employing millions of people, including in many regions where the rule of law is weak, the hotel industry is particularly exposed to modern slavery. No country or industry is immune to modern slavery, defined as "the use of force, fraud or coercion to compel a person to provide labor, services or sexual acts against his or her will. It encompasses slavery and servitude, forced or compulsory labor and human trafficking" (Kotecha & Hargrove, 2018, p. 2). The most prevalent regions for these illicit practices are Africa and Asia and the Pacific (see Fig. 7).

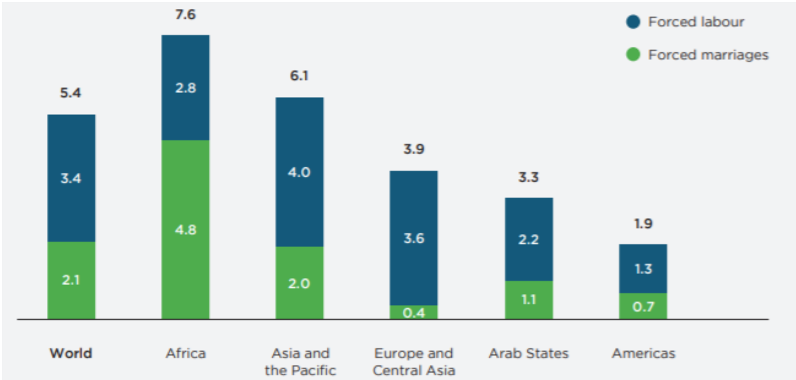


Figure 7. Regional prevalence of modern slavery per 1000 population (ILO, 2017, p. 26)

Global progress in this matter has been slower than expected, with 25 million people still being victims of forced labor in 2016 (ILO, 2017). 10% of victims were accounted for in the hospitality industry, of which 92% of the victims were women (see Fig. 8).

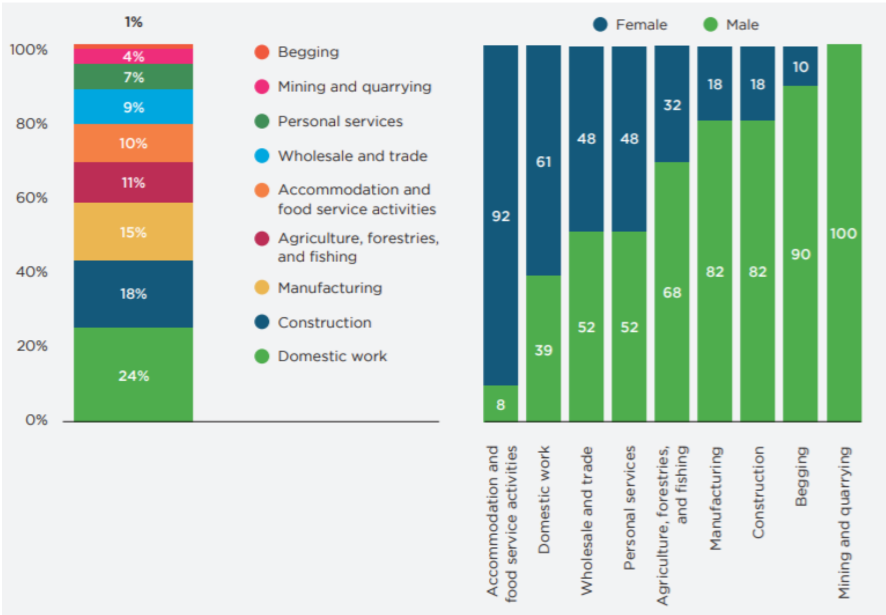


Figure 8. Sectors and gender distribution of forced labor exploitation (ILO, 2017, p. 32)

There are three main areas where forced labor and human trafficking instances can occur in the hotel industry:

- Hotels can unknowingly be used as a venue to exploit victims, particularly victims of sexual exploitation, who may be accommodated at hotels as part of the human trafficking journey. It is estimated that, annually, there are over 1.1 million victims of modern slavery in Europe, of which over 93 000 sex slaves and 4500 victims of forced labor are exploited in hotels (Kotecha & Hargrove, 2018).
- Workers that are recruited or subcontracted via dishonest agencies may be the victims of forced labor and debt bondage.

- Hotel supply chains with products passing through a complex network of producers, distributors and vendors may also carry the risk of being tainted by exploitation.

The goal to eradicate modern slavery is included in the 2030 Agenda (Target 8.7), which is indicative of the serious risk that it has posed and continues to pose to the global community. It is not only a moral obligation for hotels to protect these rights, but employees and community members being the backbone of the industry, it makes business sense to create a healthy, confident and trustful workforce and environment. Additionally, it avoids newspaper headlines bearing testimony to the workers' poor labor conditions and exploitation.

Another great issue that often comes along with massive tourism is forced displacement and evictions. Residential flats increasingly get converted into hotels as tourist accommodation is usually more profitable than renting out properties to residents. Forced evictions are particularly common when large events take place, such as the Olympic Games (Kamp, 2017). Although human rights standards and laws forbid it, an estimated 1.5 million people were displaced due to urban redevelopment leading up to the 2008 Olympic Games in Beijing (COHRE, 2007). Over 20 000 families were forcibly evicted in the city of Rio de Janeiro to make place for new roads, parking lots and luxury condominiums before the 2014 FIFA World Cup and the 2016 Olympic Games (World Cup and Olympics Popular Committee of RJ, 2015). "Forced evictions take away people's livelihoods, their land, their belonging to a community, and the dignity of a place to live in peace without the fear of losing their home" (COHRE, 2006, p. 11). Hotels are responsible for considering this issue when deciding where to build.

Following these overall observations of impacts that the hotel industry has on general society, we will now review its repercussions on the planet.

1.3. Impact on the environment

The volume and the expected exponential growth of tourism activities, and their multiple direct and indirect impacts, are increasing the global environmental challenges of the hotel industry. The tourism industry is estimated to account for 5% of global CO_2 emissions, and this amount is projected to increase by 130% by 2035 (UNWTO, 2010), becoming one of the industries with the most global impact on climate change. The hotel sector alone generates around 1% of global carbon emissions, mainly through heating, air-conditioning, and the provision of general guest facilities. This may seem low, but if we consider the 18% increase in rooms between 2008 and 2018, we can assume that the industry's negative environmental impacts will only continue to grow if not managed effectively. In 2017, a research was conducted studying the gap between the projected climate impact of the hotel sector and the alignment with the Paris Climate Agreement to limit the temperature increase to 1.5°C. It identified that to keep pace, the global hotel industry will need to reduce its carbon emissions per room by 66% from 2010 levels by 2030, and by 90% by 2050 (ITP, 2017, p. 3).

If a sense of environmental responsibility alone is not enough to convince hotels to reduce their carbon footprint, they should also realize that they are in the front seat for natural disasters and extreme weather events exposure, both consequences of accelerating climate change. Rising sea levels threaten to have a destructive impact on the tourism industry, as 80% of it takes place in coastal areas (WWF, n.d.). Warmer ocean temperatures have already caused over 50% of coral reefs to die since 2016, in Australia's Great Barrier Reef, one of the world's major tourist attractions (Hughes et al., 2018). Rising temperatures are also triggering extreme water shortages leading to immense distress, particularly where the tourism season often coincides with the driest months. Furthermore, extreme weather storms have significant impacts, as was shown by the 2017 hurricane season, which resulted in the estimated loss of US$741 million for the hospitality sector due to an absence of visitors to the Caribbean (WTTC, 2018, p. 2). These significant changes in climate and weather patterns can compromise the health, safety and comfort of tourists and ultimately affect their travel decisions. This resulting shift in tourism flow will acutely impact small island states and developing countries where tourism is the major economic activity and destinations that are used to relying on a predictable climate (ITP, 2008a).

Furthermore, building tourism infrastructure such as hotels, streets, facilities, and attractions needs much space leading to degraded or even destroyed ecosystems (Karschat & Kühhas, 2017). The risk of species extinction has worsened by almost 10% over the last 25 years, and degradation is affecting one-fifth of the earth's land area and the lives of 1 billion people (United Nations, 2019). The hotel industry depends to a large extent on the health of marine ecosystems. In turn, hotel development ecologically affects the coasts, but also the social, cultural and economic structures of coastal populations. The proportion of fish stocks within biologically sustainable levels declined from 90% in 1974 to 67% in 2015 (United Nations, 2019). Rich biodiversity and natural heritage are part of the reasons why tourists visit a destination, and it is therefore very much in the hotel industry's interest to be part of the solution rather than the problem.

"Action [on an environmental and social level] is not only necessary to protect destinations and communities but […] will be the only way to ensure hotels and operations are future-proofed and will yield considerable benefits for all stakeholders in both the short and long term" (ITP, 2020, p. 8).

2. Impact of the Covid-19 crisis on the Hotel Industry

Coronavirus-related lockdowns and travel restrictions (see Fig. 9) resulted in almost 1.6 billion workers, around half of the global workforce, to have suffered massive damage to their capacity to earn a living (ILO, 2020b). These workers are considered "most vulnerable" as they work in hotels, restaurants, retail and manufacturing, all sectors that experienced drastic falls in output.

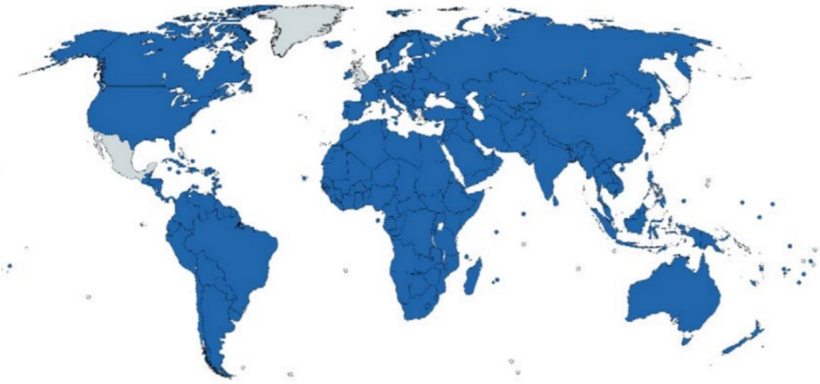


Figure 9. As of 6 April 2020, 96% of all world destinations had travel restrictions (UNWTO, 2020, p. 3)

There is probably no better example than the hotel industry to illustrate the far-reaching impacts that the Coronavirus had on the world, as it suffered the most immediate repercussions of the pandemic. Due to travel bans and postponement or cancelations of conferences, conventions and sports events, such as the 2020 Tokyo Olympic Games, travel and tourism for business and leisure were dramatically affected. The World Travel & Tourism Council estimated a potential tourism GDP loss of up to $2.1 trillion in 2020 (WTTC, 2020). Because the hotel industry runs on daily stays as opposed to months- or year-long leases, it is very volatile and reacts quickly when market conditions go south. As of the beginning of 2020, hotels worldwide suffered a remarkable drop in occupancy (see Fig. 10). A study conducted in the United States ("US") shows the historic nature of the drops in room demand and job losses in the hotel industry, comparing them to the 2001 and 2008 recessions (see Fig. 11). In March 2020, the industry experienced the largest monthly decline in total job losses it has ever experienced, effectively wiping out two years of employment gains (Burns, 2020).

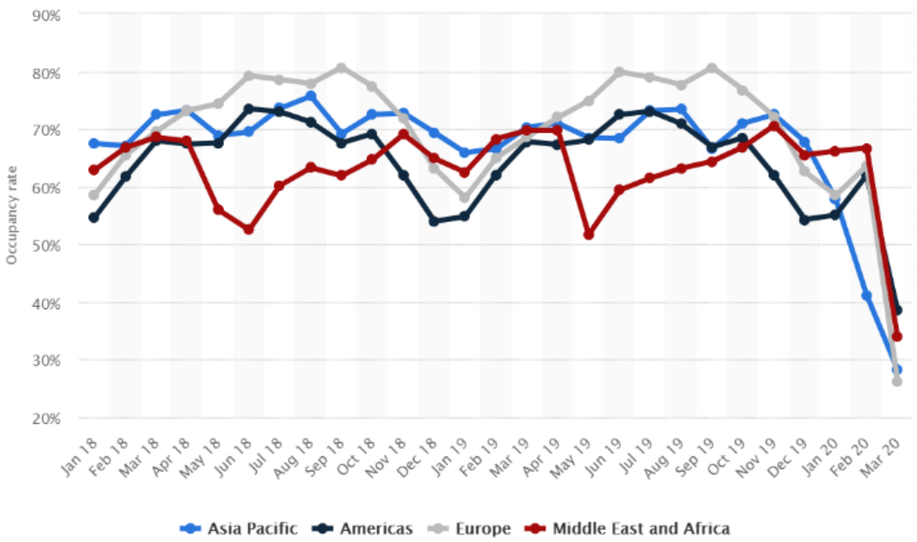


Figure 10. Monthly hotel occupancy rates worldwide between 2019 and 2020, by region (Statistica, 2020)
https://www.statista.com/statistics/206825/hotel-occupancy-rate-by-region/

In a matter of a few months, the Coronavirus crisis demonstrated how dependent the industry is on a tight network of supply chains and reminded hotels how essential it is to sustainably manage all the natural and cultural resources that define each destination. Incentivizing agricultural and manufacturing production in various regions would lead to more equal economic growth, better opportunities for social development and reduce emissions from transportation due to shorter delivery distances. Indeed, images of air pollution before and after the Coronavirus outbreak have shown the world how a drastic change in everyday behaviors can rapidly clean up the atmosphere.

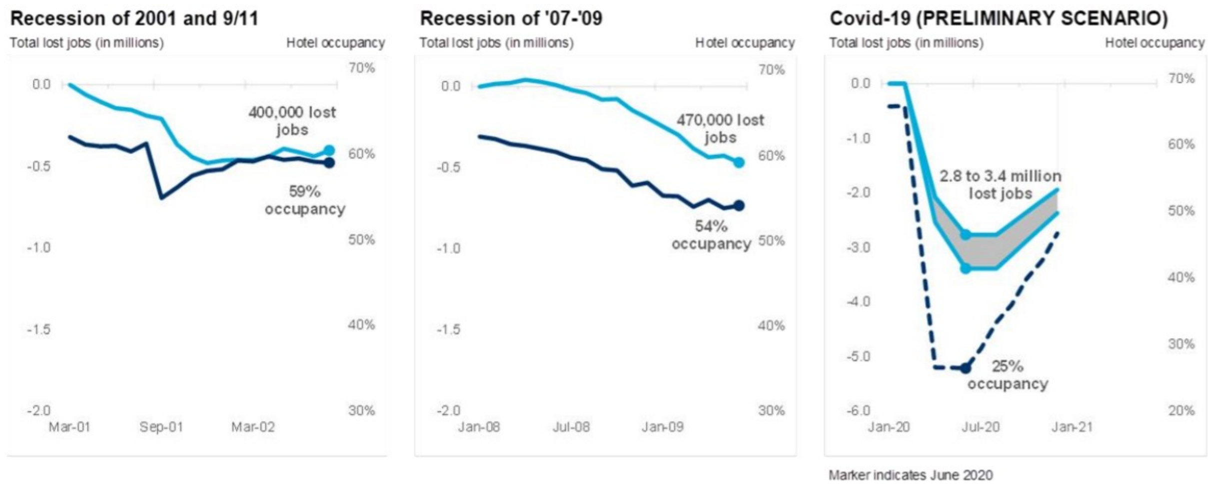


Figure 11. Comparison Between the 9/11 and 2008 Recessions and Early Stage Of Coronavirus Pandemic effect on the hotel industry in the United States (Oxford Economics Study, 2020)

In the aftermath of this global crisis, the hotel industry will have a crucial role to play in repairing lives within local communities. The responsibilities that hotels and all other businesses will face will be fundamentally altered in a "post-pandemic" environment. Millions of people will be unemployed, leaving them at high risk of poverty and exploitation. As they start to recover, hotels will be offering much-needed employment, and there will be a higher risk of unethical recruitment practices in labor supply chains that may arise as a result of people's increased vulnerability. Training staff and having appropriate corporate governance in place to mitigate human rights risks will be all the more essential.

Today, more than ever, the ambitions and transformative vision of the SDGs must be embraced, and the foundations of the traditional business model transformed if the industry hopes to respond to these new challenges. The paradigm shifts which hotels and other development drivers were sluggishly adopting on the eve of a distant 2030, are today proving themselves critically indispensable.

CHAPTER III. THE HOTEL INDUSTRY'S CONTRIBUTIONS TO THE ACHIEVEMENT OF THE 2030 AGENDA

At the low levels of occupancy and revenue forecast for 2020, hotels will need to respond by reducing their fixed costs and spending just a minimal amount on variable costs. As they get back on their feet, they might realize the cost-saving benefits of operating more sustainably, which will seem as an attractive strategy for them to ensure competitive advantage. CSR is no longer a mere notion or an altruist demonstration of business commitment to sustainability but has essentially become a unique opportunity for hotels to defeat their competition.

The SDGs aim to "ensure that all human beings can enjoy prosperous and fulfilling lives and that economic and social […] progress occurs in harmony with nature" (United Nations, 2015, p. 2). In this chapter, we will be reviewing the sustainable practices that hotels are putting in place to provide their contribution to the global goals.

1. The business case for SDGs: types of competitive advantage drawn from a sustainability strategy

Before going over the industry's best practices, it is important to clarify why and how hotels can gain competitive advantage from incorporating a sustainable strategy. Competitive advantage is the leverage that a business has over its competitors. Porter (1980) posited that a company could choose between one of two strategies to achieve sustainable advantage. It can either provide a product or service of reasonable value at a lower price than competitors, which is what he calls “cost leadership”. Or it can differentiate itself along dimensions valued by customers by offering an innovative or high-quality product or service, for example, to command a higher price. The edge that hotels investing in proactive sustainability-oriented practices create over their competitors relates to the latter “differentiation” angle of competitive advantage. At the 2017 SDG Business Forum, a statement was published claiming that “the SDGs provide all businesses with a new lens through which to translate the world’s needs and ambitions into business solutions. These solutions will enable companies to manage their risks better, anticipate consumer demand, build positions in growth markets, secure access to needed resources, and strengthen their supply chains while moving the world towards a sustainable and inclusive development path” (United Nations, 2017).

Porter and Kramer (2011) argued that the concept of shared value resets the boundaries of capitalism. This model can be defined as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (p. 66). We can expand that notion to added value creation on the environmental level. It, therefore, focuses on identifying and expanding the connections between societal, environmental and economic progress.

This shared value model has received its fair share of criticism as it goes against basic capitalist principles. Among others, Crane et al. (2014) argued that the model fails to recognize what are often significant tensions between economic, social and environmental goals. They suggested that “many corporate decisions related to social and environmental problems, however creative the decision-maker may be, do not present themselves as potential win-wins, but rather manifest themselves in terms of dilemmas” (Crane et al., 2014, p. 136). Indeed, developing a comprehensive sustainability strategy that incorporates the SDGs into one’s core growth strategy, value chain operations, and internal policy is challenging. The strategy development process typically focuses on expanding revenue-generating activities while reducing overhead costs. At the same time, adopting environmental protection strategies and demonstrating social support measures, based on different stakeholders’ pressures, could become costly and difficult to implement due to internal bureaucratic constraints (Gabriel, 2012).

Porter and Kramer, however, claim that “by better connecting companies’ success with societal improvement, it opens up many ways to serve new needs, gain efficiency, create differentiation, and expand markets” (Porter & Kramer, 2011, p. 67). The Business and Sustainable

Development Commission seems to agree with their theory as they claimed that "achieving the Global Goals opens up at least US$12 trillion in market opportunities" (BSDC, 2017, p. 12).

In order to function in a healthy and striving world, it is up to businesses to generate profit, protect the environment they operate in, and create a positive social impact. They may not be responsible for all global problems, nor do they have the resources to resolve them all. However, each company can identify a certain set of societal problems that it is best qualified to help resolve, and from which it can gain the most significant competitive advantage. "When a well-run business applies its resources, expertise and management talent to problems that it understands and in which it has a stake, it can have a greater impact on social good than any other institution or philanthropic organization" (Porter & Kramer, 2006, p. 93).

Many studies (Camilleri, 2015; Davidson et al., 2010; Frey & George, 2010; Nunkoo & Smith, 2013) have shown that responsible tourism businesses that engage themselves in sustainable environmental practices and meaningful societal relationships can create a competitive advantage. Hotels not only have the power to implement sustainability measures into their core business strategy, but also to inspire the tourists they welcome and promote responsible tourism in the communities they operate. Even so, many hotels cannot seem to figure out how to integrate a sustainable vision under the pressure of short-term earnings. As skeptics of the shared value model asserted, sustainability efforts tend to compete directly with other demands, which means that financial impact is crucial.

There are four scopes through which hotels can ensure competitive advantage by effectively implementing certain sustainable practices into their operations (see Fig. 12).

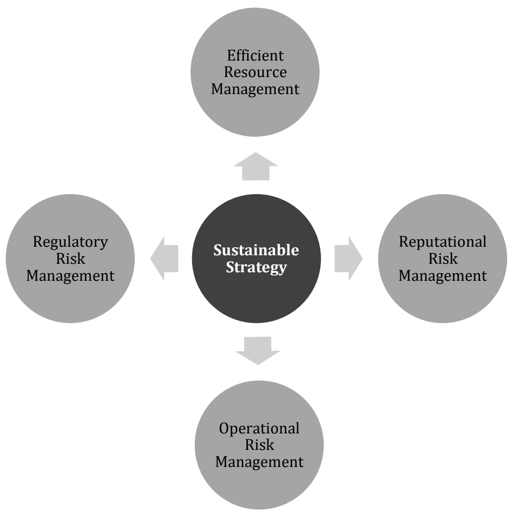


Figure 12. Types of competitive advantage resulting from the implementation of a hotel's sustainability strategy

They can achieve long-term profitability through efficient resource management, boost their image and attract more guests and talent through improved reputation, mitigate operational risks, and assure their compliance to gradually hardening regulations. The intricacies of how a sustainable agenda will create these types of competitive advantage will be discussed in depth in Chapter VI, in relation to small and independent hotels.

2. Best practices in the hotel industry

First-movers in the industry have demonstrated contributions to many areas of the Triple Bottom Line. In terms of economic sustainability, hotels mention the implementation of codes of conduct and compliance, corporate governance, risk and crisis management, knowledge and quality management, and strategic planning. Regarding environmental sustainability, their efforts include eco-design and efficiency and environmental management systems. Finally, they focus on social sustainability by taking into account corporate citizenship, fair labor conditions, human capital development, and attracting and retaining diverse talent (Roblek et al., 2016).

Looking at the CSR activities of a sample of 20 hotels (see Fig. 13), SDGs 12 - "Responsible Consumption and Production", 1 - "No Poverty", 13 - "Climate Action", 4 - "Quality Education" and 8 - "Decent Work and Economic Growth" accounted for the goals towards which the most efforts were being made. These were followed by SDGs 15 - "Life on Land", 14 - "Life below Water", 9 - "Industry, Innovation and Infrastructure", 17 - "Partnerships for the Goals" and 16 - "Peace, Justice and Strong Institutions". Only a few activities addressed issues related to SDGs 10 and 11 on "Reduced Inequalities" and "Sustainable Cities and Communities" (WTO & UNDP, 2017).

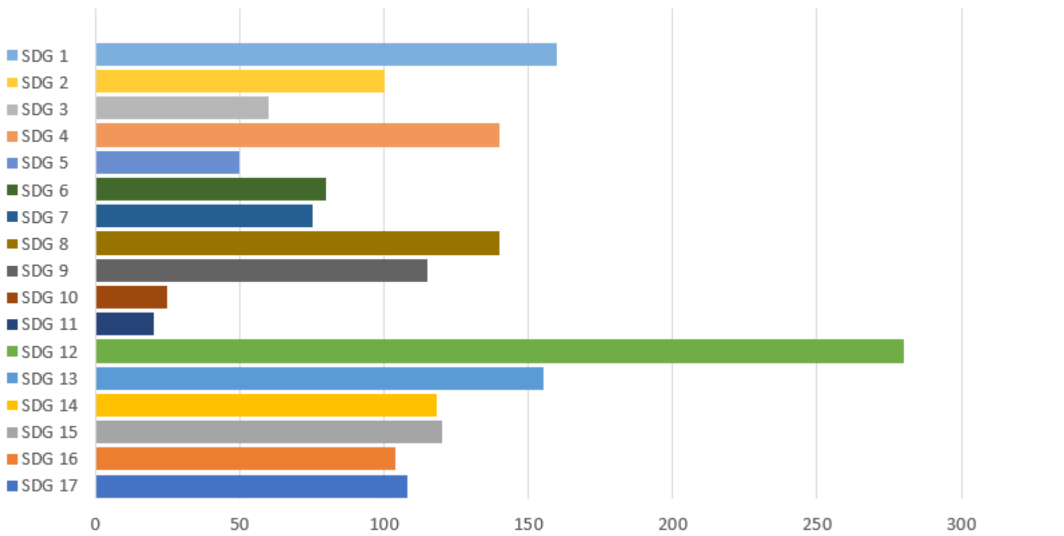


Figure 13. CSR activities per SDG, in total by the hotel industry based on a sample of 20 hotels (WTO & UNDP, 2017)

To conclude the first part of our paper, we will review the potential contributions hotels can make towards the 2030 Agenda and illustrate them with concrete examples that certain players are currently undertaking.

2.1. Corporate Governance and Business Ethics

"There can be no sustainable development without peace and no peace without sustainable development" (United Nations, 2015, p. 2). Tourism is dominated by the interests of governments and large companies, and in such a context, it can leave behind the rights of the populations involved, in the name of economic growth. However, because the industry strongly relies on geopolitical conditions, there is a strong business case for incorporating conflict sensitivity and robust governance mechanisms into corporate strategies. Given that the hotel business revolves around the multiplicity of encounters between people from diverse cultural contexts, the sector has an enormous capacity to promote tolerance and multicultural understanding, which works to lay the foundations for more peaceful and resilient societies. Moreover, as they often interact with numerous political and corporate players, they can set an example of good corporate governance through anti-corruption and anti-money laundering policies and business transparency.

Marriott International pledges to a fair and ethical workplace through a thorough business conduct guide that includes guidelines and commitments in areas of competition and antitrust laws, bribery, corruption, money-laundering, lobbying, trade restrictions, insider trading, conflicts of interest, support of human rights and dignity (Marriott International, 2013).

2.2. Efficient use of resources

Most of the big hotel groups have some type of policy regarding the responsible and efficient use of resources. By improving their natural-resource management, hotels not only decrease the environmental impact across their value chain, but they also reduce operating and maintenance costs by consuming less resources and using technologies with longer lifespan, which in turn mitigates the risks of operational disruptions.

a. Energy

As an industry that requires substantial energy input, hotels can be part of the shift toward carbon neutrality and increase their share in the global energy mix. The adoption of new solutions based on efficient energy consumption and renewable energy self-production has become a key element to improve the competitiveness of hotels (Azcárate et al., 2019).

Lighting and HVAC (heating, ventilation and air-conditioning) are usually responsible for over half of a hotel's energy usage, representing large areas for intervention (see Fig. 14). There are a lot of ways for hotels to achieve great savings at a low cost by pursuing the highest and most innovative levels of efficient technology, regular maintenance and staff training in best practice operations.

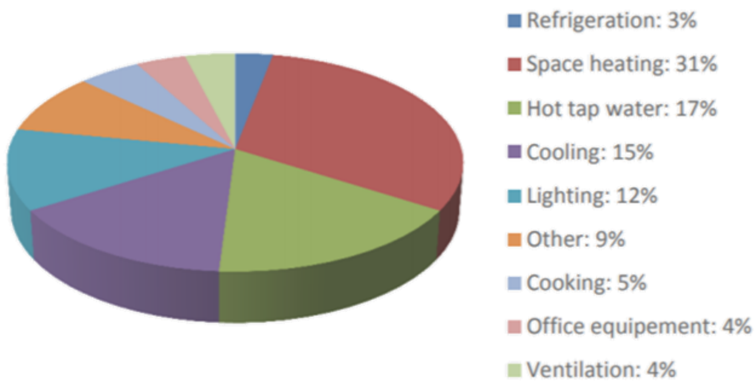


Figure 14. Hotel Energy Consumption by end-use (Hotel Energy Solutions, 2011c, p. 4)

Other adjustments bear a slightly higher cost but also greater saving potentials. These include manually resetting temperature controls, replacing outdated chiller with new energy-efficient ones, installing sub-meters, thermostatic controls, time clocks, occupancy sensors or key-card systems. Improving "building envelope" in terms of insulation and airtightness is also crucial for energy saving, such as sealing cracks around windows and doors to avoid heating and cooling losses. The highest investments with longer payback periods include heat recovery techniques, co-generation (on-site power generation, which makes use of the simultaneous production of electricity and heat) and self-production of renewable energy.

Parkroyal on Pickering in Singapore is an award-winning green hotel that incorporates a hotel-in-a-garden concept, with energy-saving features throughout the property. Their carbon footprint off-setting measures include green and blue glass used to improve solar performance, cascading greenery that keeps the walls cool and reduces energy consumption for cooling, fire staircases fitted with motion sensors to conserve energy, as well as energy-efficient lamps placed throughout the building (Pan Pacific Hotels Group, 2018).

A 90% reduction by 2050 essentially signifies a drastic transition toward carbon-neutral growth, and energy efficiency alone is insufficient to meet this prospective target. Although current best practices in matters of efficient technology, operations and build may achieve significant reductions in energy intensity of 30 to 40%, hotels can add renewable energy as a component to further reduce their carbon intensity worldwide. Hotels can support carbon reduction with a demand for clean energy but also with the production of on-site renewable energy. Renewable or clean energy encompasses "all forms of energy produced from renewable sources in a sustainable manner, which include […]: bioenergy, geothermal energy, hydropower, ocean energy, including tidal, wave and ocean thermal energy, solar energy, and wind energy" (IRENA, 2018a, p. 4). A recent cost study reveals that most renewable energy sources are now actually cheaper than fossil fuels, as their prices keep consistently decreasing (see Fig. 15).

	GLOBAL WEIGHTED-AVERAGE COST OF ELECTRICITY (USD/KWH) 2018	CHANGE IN THE COST OF ELECTRICITY 2017–2018
Bioenergy	0.062	−14%
Geothermal	0.072	−1%
Hydro	0.047	−11%
Solar photovoltaics	0.085	−13%
Concentrating solar power	0.185	−26%
Offshore wind	0.127	−1%
Onshore wind	0.056	−13%

Figure 15. Global electricity costs in 2018 (IRENA, 2018b, p. 10)

If a hotel decides to self-generate renewable energy, meaning it invests in its own renewable energy systems, on-site or off-site, to produce electricity primarily for self-consumption, the most likely suitable options are solar thermal, solar photovoltaic, wind turbines and biomass. Where it is not efficient to exploit directly on-site, the preferred best practices are to invest in renewable energy schemes or to purchase "green" electricity from an independent power producer or utility provider.

In 2017, Whitbread, the United Kingdom's (UK) leading hotel operator, committed to only buying 100% renewable electricity at their UK sites. In 2018, they opened the country's first battery-powered hotel in Edinburgh, and over 20% of their hotels had electricity-generating solar panels installed (Whitbread, 2019).

b. <u>Water</u>

Global water distribution is uneven, and historically, it has been poorly managed whether or not it is scarce. In many countries, a hotel guest's water consumption greatly exceeds that of the local population, counting up to 1500 liters daily per occupied room (Green Hotelier, 2017a). Water is essential to the hotel industry, for food preparation, cleaning and hygiene, guest comfort and recreation, as well as to their providers such as agricultural producers or textile suppliers who would not function without it. By constituting an intensive consumer of water resources, the hotel industry is responsible for its efficient management, ensuring that local residents are not deprived of this essential right. The global water stress is also a crisis of governance as it is often mainly rooted in poverty, power and inequality, rather than in physical water scarcity. "Poor resources management, corruption, lack of appropriate institutions, bureaucratic inertia, and insufficient capacity lie in many places behind the lack of sustainability of services" (Green Hotelier, 2017b). Hotels can use their power in certain regions to encourage a much-needed improved water governance that would allow for further prosperity.

Water accounts for around 10% of utility bills in many hotels (ITP, 2008a) with most of their water usage being consumed in guestrooms, followed by the food and beverage production, public bathrooms, on-premise laundry and finally, pools (Deng & Burnett, 2002; ITP, 2008d). A large portion of potential savings can be achieved through relatively simple and inexpensive installation of efficient water fittings, such as low-flush toilets, low-volume baths or by retrofitting faucets and showerheads with pressure regulators (cf. Annex 1, p. 94). Hotels can also recycle and reuse water through rainwater collection and internal distribution systems that use wastewater for irrigation. Whatever a hotel's commitment to water conservation is, it is usually combined with the communication of its policies to the staff and guests to ensure maximum efficiency. It can, for example, educate employees about the importance of water efficiency and tie performance bonuses or operations-based incentives to efficient practices.

The Marina Bay Sands hotel in Singapore has been recognized as a "Water Efficient Building" for its water conservation efforts. They installed delayed-action, self-closing taps and constant flow regulators in bathrooms, reducing water consumption by more than 350 million liters annually. Rainwater is collected and recycled through the building's flush water toilet systems. A drip irrigation scheme is also used to water plants and shrubs, thereby avoiding wasteful spraying or evaporation (Marina Bay Sands, n.d.).

c. Waste

A third component of resource efficiency is preventing waste mismanagement or littering and altering the use of products and packaging to reduce the amount of waste that could potentially enter the environment. 80% of marine pollution comes from land through sewage drains and rivers, in the form of garbage, including plastic bags, glass bottles, or packaging material, and of toxic chemicals such as fertilizers (de Mann, 2017). 35 million tons of solid waste a year is generated by tourism globally, and on average, a hotel creates around one kilo of waste per guest a night (Gutierrez et al., 2005). There is thus a massive opportunity for the industry to revise its current waste management system and implement impactful changes. There is a procedural "waste management hierarchy" that hotels can follow to define priority actions (see Fig. 16).

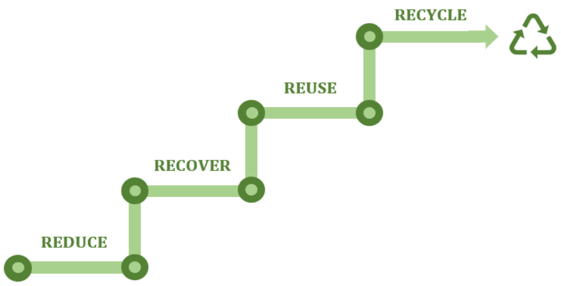


Figure 16. Waste management hierarchy

Their first concern should be to reduce waste by not producing any, to begin with. Actions could include avoiding disproportionate orders or selecting products with little or returnable packaging. For example, a hotel can "avoid the use of plastic straws, use containers with lids in preference to plastic wrap or foil, use refillable containers for soap and cleaners, substitute plastic bottles by reusable glass ones, use cloth or canvas bags for laundry instead of plastic bags, use mugs in preference to paper cups, and maximize the use of electronic mail to reduce paper use" (ITP, 2008c, p. 6). By reducing the amount of waste that goes into landfills, hotels can save a significant amount of money by avoiding waste management costs, which include transport and disposal costs, as well as landfill taxes that are levied in most countries. Preventing waste is also associated with multiple environmental benefits arising from avoided production and transport of products, and reduced handling and landfilling or incineration of waste. Waste prevention thus contributes directly to a reduction of resource depletion, land occupation, soil contamination, water pollution and GHG emissions (See Fig. 17).

Material	Glass	Board	Wrapping paper	Dense plastic	Plastic film
kg CO_2	0.92	1.60	1.51	3.32	2.63

Figure 17. GHG emissions avoided per kg of different types of waste avoided (Styles et al., 2013, p. 324)

In second place, a hotel should sort its everyday waste items such as bottles, cans, cardboard and paper. They can provide divided waste bins with separate compartments in guest rooms, and housekeeping can carry out sorting as well. This will also amount to financial savings as, in most countries, the collection of sorted waste is much cheaper than for general waste.

The third step is to reuse, by either using products for a different purpose, selling or donating them. By sorting everything that goes to waste, hotels can determine if some items can be repurposed before getting thrown out. The concept of circular economy is becoming more and more important. It requires an organization to radically rethink its relationships with suppliers and end-users, so that value is retained and regenerated, as waste is avoided as much as possible and materials are re-circulated within the system. A hotel can, for example, reuse worn towels, sheets and tablecloths as cleaning cloths and dusters, use straw and shredded paper or other degradable material for packaging, or give away used and surplus items to schools or donate partially-used guest soaps to homeless shelters and charities.

And finally, if the hotel cannot find a way to “upcycle” the materials that were thrown away, it can send the sorted waste for recycling. Despite significant energy requirements to recycle some types of waste, GHG emission savings are significant compared with landfill disposal and the production of new products with virgin materials (see Fig. 18).

Material	Glass	Board	Wrapping paper	Dense plastic	Plastic film
kg CO_2	0.39	1.08	0.99	1.20	1.08

Figure 18. GHG emissions avoided per kg of different types of waste recycled (Styles et al., 2013, p. 333)

When it comes to waste, one of the most general concerns for hotels is food waste. A third of all food produced globally is wasted, and food waste is the third-highest contributor to climate change. For hotels, it represents a cost that is paid three times over, for the cost of ingredients, the labor in the kitchen, and the means of disposal (ITP, 2014). Studies have shown that in the UK alone, food waste represents a cost to the hotel sector of US$390 million each year, or US$5000 per ton, with similar statistics in other countries (ITP, 2014). 45% of food waste in hotels is generated during preparation, including peelings and trimmings, inedible products such as bones, coffee grounds, tea leaves and kitchen errors. Furthermore, 34% comes from customers’ plates and 21% from spoilage and out-of-date food (See Fig. 19).

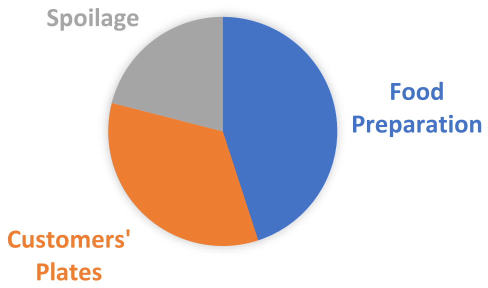


Figure 19. Origins of hotel food waste (ITP, 2014)

Hotels can be imaginative with their menus and consider what perishable ingredients or trimmings can be used in different ways, such as fish and meat bones for stock, bread for breadcrumbs or croutons, ingredients for pate or soups, etc. Avoiding the leftovers of customer plates can be achieved with better portion control or refill options. Offering “doggy-bags” is another good solution. Finally, preventing spoilage can be done by reviewing stock management and food delivery processes for food items with a short shelf life. It is also important to ensure stock is rotated as new deliveries come in (first in, first out). Furthermore, storing at the right temperature, in the right packaging, labeled and with dates is vital. Another option is to donate or sell leftover food. For example, “Too Good to Go” is an app that allows individuals to buy leftover portions from restaurants, supermarkets or hotels at a discounted price. Their initiative has allowed over 35 million meals to be saved from waste (Too Good To Go, n.d.).

2.3. Biodiversity conservation

The development of hotel accommodation of any size can be a contentious issue within a community and its surrounding environment, as they will inevitably be impacted by the building itself and the visitors it attracts. It is, therefore, essential for hotels to measure, manage and mitigate their impacts on ecosystems and natural resources. As travelers seek experiences that reflect the unique characteristics of the places they visit as well as desire the comforts of home while abroad, hotels understand that an environment that is bad for its citizens is also bad for tourists. The hotel industry has the potential to lead administrations to invest in structuring infrastructures and promote the regeneration of deteriorated areas and natural heritage, all essential assets that reinforce the attractiveness of vacation tourism, on which their business depends.

Hotels can implement best practices for land use planning and management during the first step of development. In selecting a suitable site for a hotel, developers can take into consideration land and cultural preservation and chose the location responsibly to avoid tourist overcrowding. Nearby ecosystems and wildlife and the potential impacts caused by the development process can also be taken into account. The occupation of fertile lands must be actively avoided.

Furthermore, hotels can encourage tourism activities and services that respectfully use the natural heritage and that transmit the values of the destination, participate in the conservation and restoration of local flora and fauna and train staff on biodiversity issues. They can likewise educate their guests on proper behaviors when visiting surroundings, including on interaction with local cultures. Hotels can also promote the preservation and restoration of marine ecosystems in the face of tourist activity impacts and contribute to the responsible use of marine resources by purchasing sustainable seafood that does not come from illegal fishing practices.

Secrets Huatulco Resort & Spa, located in Mexico, has put in place a "Secret Garden project", transforming a purposeless area of the property into a refuge for biodiversity and well-being. They thereby contributed to reversing the negative conversion of ecosystems and promoting the adoption of sustainable lifestyles and behaviors to guests, employees and community members (Reyes, 2018).

2.4. Sustainable Supply Chain Management

In order to achieve a truly sustainable society, it is essential to introduce responsible consumption and production patterns into every business. Hotels everywhere rely on suppliers of goods and services in order to satisfy the needs and requests of their guests. The process involves millions of individuals and businesses, all acting as links in a chain to provide their customers with what they need. As mass consumers, hotels can cooperate with local suppliers to strengthen the local and sustainable production of goods and services and promote decent work. Through their business, hotels also provide an avenue for additional income for members of the local community. One of their main responsibilities is to make sure that profits are retained and re-invested in the local value chain. Due to these many links, SDG 12 - "Responsible Consumption and Production Patterns", is the goal that hotels are usually most involved in. The introduction of responsible purchasing practices into the supply chain is known as sustainable supply chain management (SSCM). Implementing SSCM protects the hotel from a dependence on unsustainable supply chains and provides business security through the establishment of reliable long-term suppliers.

It can be helpful for hotels to carry out a "life-cycle-analysis" and do a risk assessment of their internal operations, as well as conduct due diligence on their suppliers to detect any environmental or human rights-related issues. This enables them to find out what environmental and social impacts arise from "cradle" to "grave" of a product or service, by assessing all the stages of the supply chain (See Fig. 20). Once they have identified their weaknesses, they can decide to invest in circular economy initiatives, seasonal sourcing, purchasing of eco-labeled products, or improved waste reduction and disposal measures. They can also decide to switch suppliers based on their human rights and labor standards.

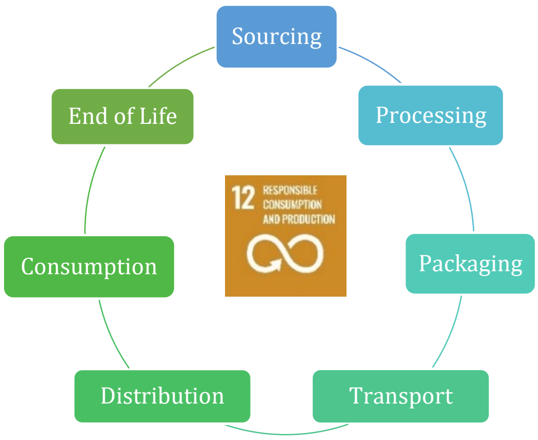


Figure 20. Stages of the life-cycle of product and services that hotels need to consider

2.5. Employment and staff development

Tourism activity, especially in developing countries, has become one of the most viable and sustainable economic development options and is, in some of them, the main source of foreign income. Therefore, hotels are often a primary employer and, as such, bear the responsibility for the micro-economy around them. They can implement programs to provide opportunities for education and vocational training that will guarantee the acquisition of technical and professional skills of young people and adults, sufficient to access decent employment (Azcárate et al., 2019). Inclusive skills development reduces discriminatory barriers that prevent women, minorities and the socially disadvantaged from fully participating, thus creating a stronger economy that makes better use of the underlying talents of all its members. Acquiring these abilities boosts their confidence and desire to become active actors of society, which hugely contributes to addressing local unemployment, a main contributing factor to disease, crime, hunger and homelessness. Moreover, hotels are often confronted with a lack of local workers equipped with the skills needed, making training and education one of the fundamental pillars for the recruitment and retention of staff.

As prime actors of intercultural connection, hotels can transmit values of tolerance, peace and inclusiveness, all aspects of global exchange and citizenship. The international networks that hotel employees are constantly exposed to also raise their knowledge and adaptability. Moreover, training could include an understanding of the concepts of sustainable tourism and their practical application, appropriate and relevant to the needs and positions of the employees concerned (UNWTO, 2013). A qualified and engaged workforce is crucial for any business to prosper, and it is thus in their favor to take a proactive role in training and education.

The International Tourism Partnership operates the Youth Career Initiative (YCI), a hotel-based education program that provides disadvantaged young people with life and professional skills. The program has an 85% success rate, with that many graduates either finding employment or going into further studies after their YCI experience (ITP, n.d.). Hyatt, for example, by 2019, supported 93 young people who graduated from the YCI at their hotels in Brazil, India, Mexico, and Nepal. They also provided vocational training and job placements to 94 students with intellectual and physical disabilities, at ten Hyatt hotels through their "Hands on Education" program (Hyatt, 2019).

2.6. Employee Well-Being

There is a growing difficulty for hotels to find workers, particularly for lower-paying jobs such as housekeeping. This highlights a growing labor shortage problem, forcing a wake-up call for the industry to treat their workers better. Decent work is defined as "productive work under conditions of freedom, equity, security and dignity and in which rights are protected, and adequate remuneration and social coverage are provided" (ILO, 1999, p. 3). Working conditions in hotels are reputed to be relatively poor as they are characterized by irregular working hours, low pay, low job security, a lack of social security and protection, weak career prospects, unhealthy working environments, and vulnerability to discrimination and exploitation. A high proportion of seasonal and part-time jobs is also a common feature of hotel employment

(UNWTO, 2013). Concern about working conditions and employee welfare is a fundamental principle of sustainable tourism.

a. Health & Safety

A major factor of decent work is occupational health and safety. Implementing appropriate health and safety plans and carrying out suitable measures to prevent accidents or occupational diseases among employees are practices that are under more or less strict regulations depending on areas of the world. Most accidents in the hotel industry involve handling, lifting or carrying, slips or falls, handling tools, exposure to harmful substances, and cuts and burns. In terms of health issues, biomechanical factors are the most important causative group (European Agency for Safety and Health at Work, 2008). Hotels can reinforce their policies, provide regular training and further aim resources at employee health and safety, beyond what is legally required, especially in countries where the legal protection of workers is weak.

b. Labor and human rights

Hotels can also put in place policies that guarantee the protection of labor rights, fight against any form of labor discrimination, and embed human rights due diligence in their supply chain. To fight against human rights infringement threats, they need to put efforts into eradicating forced labor, ending modern slavery and human trafficking and securing the prohibition and elimination of child labor, matters in which the hotel industry has been identified as a high risk. They can incorporate clauses on these matters into principles dictating supply chain, work environment and employment. The critical part, however, is hotels' capacity to enforce these policies. One way is by training their staff to identify risk scenarios and to properly respond. Another way is by addressing the root cause of forced labor and human trafficking and give young and potentially vulnerable people legitimate employment opportunities, education and training.

c. Diversity and equal opportunities

Decent work opportunities, particularly for youth and women, and policies that favor better diversification through hotel value chains, can enhance the sector's positive socio-economic impacts. Hotels could pursue diversity in the training and hiring of people, regardless of their gender, origin, religion, disability, economic situation, social status or other condition (Azcárate et al., 2019).

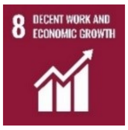
A good example of equal opportunities is exhibited by Magdas Hotel in Vienna, where over half the staff is composed of former refugees who, despite living in Austria for years, had been unable to find work. The employees are trained in hospitality and customer service skills, given German and English language lessons, and receive an industry-standard wage. The hotel also offers a shelter for young asylum-seekers entering the country who need a place to live (Magdas, n.d.).

Furthermore, SDG 5 explicitly mentions “Achieve gender equality and empower all women and girls”, thereby highlighting a global issue. Female employment in tourism is actually one of the highest compared with other industries, reaching 50.6% in 2018 in the hotel and restaurant sector (Griffith Institute for Tourism, 2018). However, low-skilled women often find themselves in the most vulnerable jobs, where they are more likely to experience poor working conditions, inequality of opportunity and treatment, and at its most extreme, violence, exploitation, stress and sexual harassment. They are also, on average, paid 20 to 25 % less than male workers with comparable skills (Baum, 2012). In 2019, only 12% of hotel leadership positions in the US were occupied by women (Castell Project, 2020), and they are shown to be less likely to rise in executive ranks (see Fig. 21).

Figure 21. Odds of women rising in hotel company executive ranks, based on 1227 hotel companies in the US and Canada (Castell Project, 2020, p. 6)

Hotels can reinforce leadership and participation of women in decision-making at all levels, reduce the gender pay gap, combat sexual harassment and patriarchal structures, abolish sex tourism, campaign against human trafficking, and invest in skills training for women. The existence of role models also creates a positive narrative about women in leadership positions and opportunities for others to follow. Furthermore, having a representative workforce of the customer base helps a hotel understand its employees, guests and world better.

For example, in 2018, AccorHotels launched "RiiSE", an initiative that focuses on the sharing of knowledge through a mentoring program, on the promotion of female talent to positions of responsibility, and on combatting all forms of discrimination. RiiSE thereby strives to combat stereotypes, everyday sexism, and sexual harassment with communication campaigns, conferences and awareness-raising workshops (Accor, 2018).



2.7. Cultural preservation and community engagement

Corporate community engagement, also known as community involvement, refers to "the activities that a company undertakes to enhance its relationships with, and contribute to the well-being of the communities in which it has a presence or impact" (Green Hotelier, 2012). Hotels have every interest in building good relationships with those who live and work in the local community and in considering the needs of their neighbors. One way to guarantee goodwill is to ensure cultural preservation, meaning operating in a way that will not detract from the local population's livelihood and quality of life, and encourage guests to interact with them respectfully. The first area of concern is whether tourism development and operations affect the availability of essential resources for the local population and their access to them, such as land or water. A second aspect that hotels can consider is their impact on the functioning of local communities. Tourism will inevitably lead to an influx of visitors and economic change that may lead to a breakdown of traditional values, price rises, economic disparity, and potential social disharmony (UNWTO, 2013).

It is therefore important for hotels to understand a community's needs and explore opportunities to fulfill them, such as providing meaningful employment, promote local businesses to their guests, invest in innovative infrastructure development, purchase materials and other supplies locally and ethically and support small businesses by sub-contracting selected hotel services, such as tours, laundry services or local transport (ITP, 2005). By managing an effective process of consultation to mitigate any negative impacts and to maximize the benefits to and acceptance by community members, hotels can ensure a more peaceful relationship.

Besides these good practices, community engagement entails many more kinds of initiatives and actions, from donations to community partnerships, fundraising to awareness campaigns, employee volunteering to work placements, that generally involves a hotel giving its resources in the form of time, money and products or services, to a social or environmental cause of their liking. In this manner, a hotel can contribute towards any one of the SDGs through the cause it chooses to support.

For example, Meliá Hotels launched several initiatives to increase employment opportunities for young people, reduce poverty, and improve the overall quality of life for local populations (thereby contributing to SDG 1). Since 2010, they generated EUR 2.7 million for UNICEF to improve the lives of vulnerable children in developing countries and conflict areas (UNICEF, 2018). Hotels can also directly contribute to ending hunger (SDG 2) by giving money to related charities or donating their leftovers to food banks. Omni Hotels launched the "Say Goodnight to Hunger" campaign in 2016, which consists of a donation to "Feeding America" being made for every direct booking it receives. To date, it has led to nearly 16 million meals being donated to feed families across the country. As part of the initiative, thousands of Omni's associates have also volunteered at various local food banks (Omni Hotels, n.d.).

3. Conclusion

Given that hotels can contribute towards the achievement of all 17 goals, the number of potential actions they can undertake may seem overwhelming. Competitiveness remains a significant business driver of sustainability, and hotels should embrace practices that do not undermine profitability. The general trend of current literature agrees that proactive environmental strategies generate positive financial gains. However, the specific processes and the different implications that various hotel characteristics have regarding the implementation of sustainable practices remain largely unexplored. There is still a lack of awareness among hotels, and notably smaller, unaffiliated ones, on the best way to invest efforts towards sustainable business operations to boost competitiveness and profitability effectively. In an attempt to provide further clarity on the question, we will from hereinafter, shift our focus to small, independently owned hotels.

PART II - DETERMINING BEST SUSTAINABLE PRACTICES FOR SMALL AND INDEPENDENT HOTELS

In this second part, we will discuss the distinct nature of small, independent hotels in their journey towards sustainability. By taking into account their unique strengths and weaknesses, we will attempt to determine the best practices for them to focus on in order to create competitive advantage.

CHAPTER IV. DISTINCT CHARACTERISTICS OF SMALL AND INDEPENDENT HOTELS

The hotel industry is extensive, and hotels can be categorized under different criteria. They mainly differ based on price, size, type and ownership (see Fig. 22). Regardless of its structure, any hotel can implement a sustainability strategy. However, the applicability of specific measures will vary depending on a hotel's size, resources, location, affiliation to any groups, top management or its national legislation. For the remainder of this paper, we will be focusing on micro and small-sized, independently owned and managed hotels.

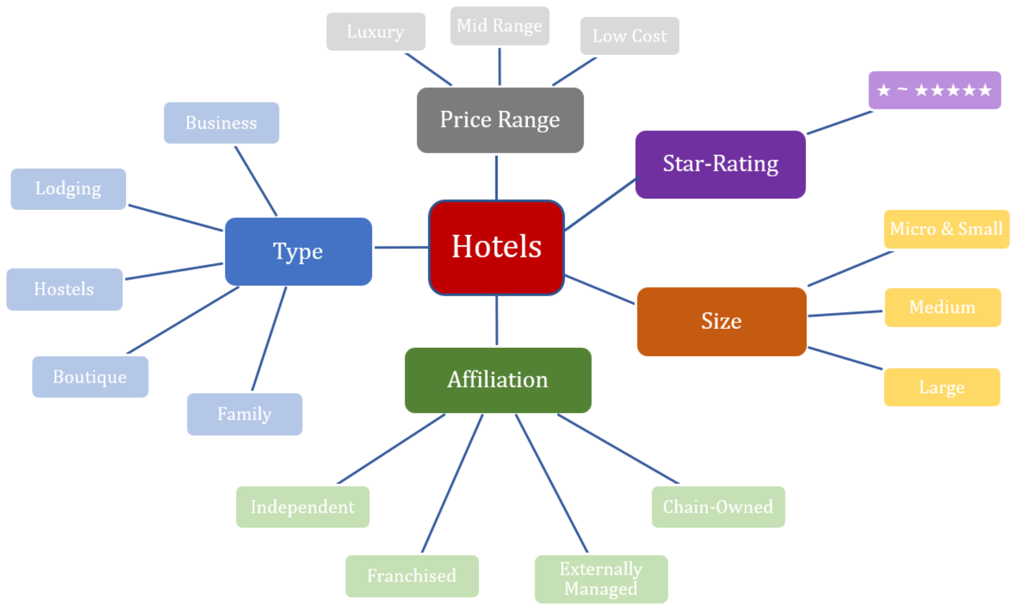


Figure 22. An overview of hotel typology

1. Characteristics

One way to classify hotels is by distinguishing those affiliated to a hotel group and those that are not (independent). Another way is to categorize them by size.

1.1. Affiliation

Today, less than 40% of hotels are independently run, compared to the 60% that were 30 years ago (Weed, 2019). One of the biggest reasons for this decline is that independent hotels are getting acquired by large hotel companies or joining them as affiliates to tap into their marketing power. Another explanation is that independent hotels are at a higher risk of closure when tragedy strikes and that natural disasters have been on the rise in the past decades. As was shown by a study done on American hotel closures following the period of 2003 to 2007, during which more than three dozen hurricanes struck the Atlantic Coast, independent hotels exceeded chain hotels by far in terms of permanent closures (see Fig. 23).

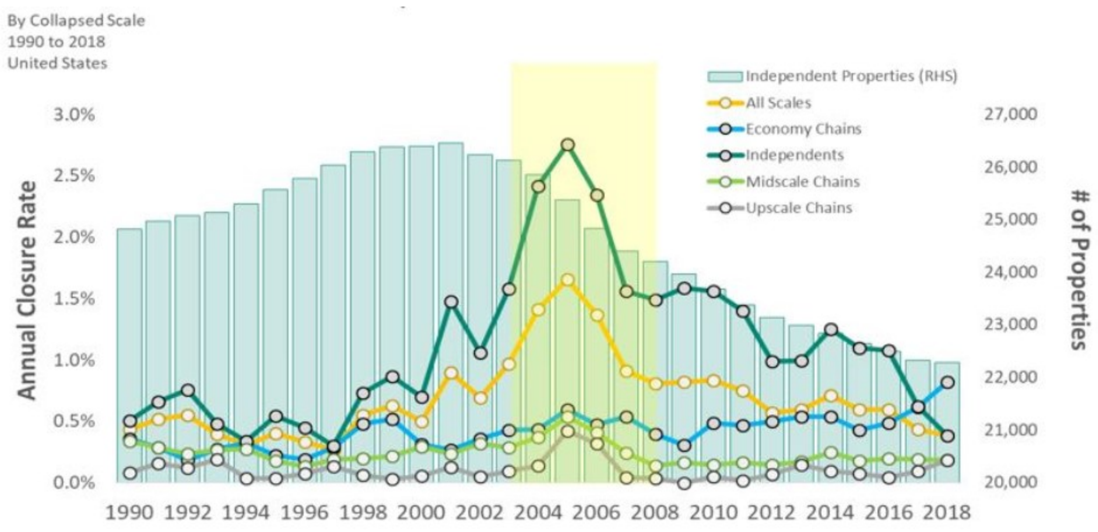


Figure 23. Permanent hotel closures by year in the United States, between 1990 and 2018 (Sanford, 2019)
http://www.hotelnewsnow.com/Articles/294761/The-shifting-scene-of-independent-hotels-in-America

The reason we chose to distinguish this particular category is that affiliation to hotel groups widely affects the behavior of establishments, which has repercussions on decision-making and operational processes. The extent of the influence of this affiliation depends on the nature of the contract that links the hotel and the group (Alvarez Gil et al., 2001). These can be, in order of influence, a franchising agreement, management contract or chain ownership (ILO, 2015).

- Franchised properties are privately owned and usually operated by the hotel owner or their representative. The owner, however, pays a fee to a hotel franchise to purchase the right to use its services and name. Unless something is specified in the franchise agreement, the franchisor will have no direct control over the hotel's operations. However, it will provide the hotel access to its resources such as expertise, distribution channels or marketing infrastructure.

– Managed properties are privately owned hotels that partner with a recognized hotel group that takes over the day-to-day operations of the business. Business agreements are usually negotiated by the group, but the contracts rest with the owner.
– Owned and managed properties transfer all their decisional power to a chain to make choices about staff, operational structure and growth. Supplier agreements and contracts are also negotiated by the chain directly.

Henceforth, under "affiliated hotel", we assume that the hotel is franchised, managed or owned by a hotel group, and by "independent hotel", we mean hotels that are not. Furthermore, we use the term "group" rather than "brand" as the reality is that any hotel name, whether it represents a single entity or a group, can be considered a "brand".

1.2. Size

There is no agreement on the definition of a "small firm" in the hotel industry (Morrison & Conway, 2007) as some adopt quantitative criteria (numbers of employees or rooms), where others prefer qualitative approaches. For this paper, we will retain the European Commission's definition of micro and small enterprises (European Commission, 2003a):

– Micro: employs fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed EUR 2 million.
– Small: employs fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed EUR 10 million.

Micro and small enterprises represent a major share of added value and employment in the hotel and restaurant industry (See Fig. 24). Consequently, it is crucial that sustainability management practices for the hotel sector are applicable to smaller structures.

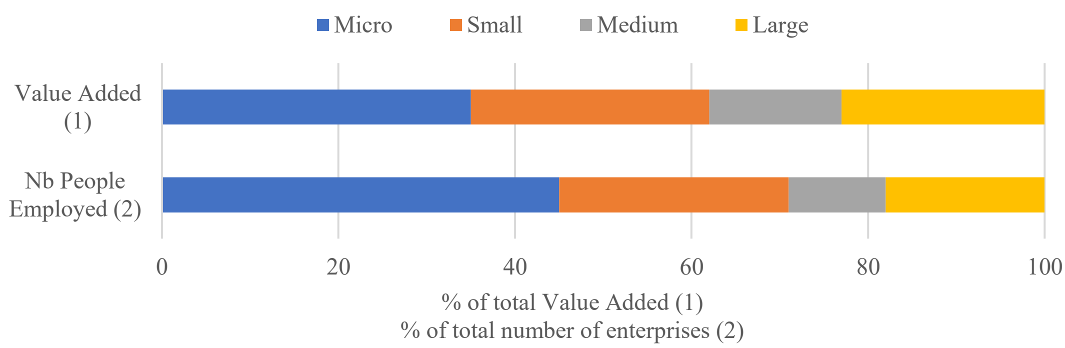


Figure 24. The size-class distribution of enterprises across the hospitality sector within the EU-27, according to criteria of gross-value-added and number of persons employed (<10 for micro, <50 for small and <250 for medium) (Styles et al., 2013)

Previous literature regarding small businesses in tourism have acknowledged that they are qualitatively different and cannot be seen as mere “smaller-scale versions” of their larger counterparts (Dewhurst & Thomas, 2003; Morrison & Thomas, 1999; Storey, 1994). These idiosyncrasies will inevitably play a role in their propensity to implement a sustainable strategy into their business operations.

It is thus essential to recognize that micro and small-sized independent hotels form a category that is distinct from the rest of the industry and to distinguish the dynamics that guide them. For brevity in the remainder of this paper, micro and small, independent hotels will be referred jointly as “SIHs”, while large and affiliated hotels will be abbreviated to “LAHs”. Through this categorization, we do not assume that none-SIHs consequentially classify as LAHs and vice-versa. We acknowledge the existence of small affiliated hotels as well as larger independent hotels. However, they will not be part of our focus as our purpose is to determine the best sustainability practices for small *and* independent hotels, leading us to consider these two traits jointly.

2. Impact on their propensity to implement a sustainability strategy

The fact that affiliated hotels are stronger adopters of sustainable practices than independent hotels has been confirmed through various studies done in different countries (Alvarez Gil et al., 2001; Mensah, 2006; Rahman et al., 2012; S. Sharma, 2000). There is also a proven relationship between a hotel’s size and its tendency to engage in a sustainable strategy (Claver et al., 2010). Affiliation and size play a substantial role in the proactivity of a hotel’s sustainability efforts for several reasons. The owners of SIHs might be overwhelmed by the extent and costs of some measures and do not know where to start. They might also believe that their contribution will not make a difference. However, being small and independent can sometimes be an asset, and the collective efforts of smaller-scale establishments cannot be overlooked. We will henceforth review some obstacles and advantages, mentioned by existing literature, that affect the propensity of SIHs to integrate a sustainable agenda.

2.1. Obstacles

First of all, large hotels and groups have more considerable resources to be invested in sustainable practices (S. Sharma & Vredenburg, 1998). One needs a minimum quantity of financial and human resources to deploy some of these practices, especially because returns on some investments can only be achieved in the medium or long term (Alvarez Gil et al., 2001).

With limited budgets, SIH owners can be under overwhelming pressure to allocate their resources wisely, and sustainability might not be their top priority. Furthermore, hotels usually have short operating periods due to the seasonal nature of tourism, in which they must generate the majority of their revenues to cover their costs, leaving little room for management error. Lenders and investors thus tend to prefer large groups as they have a proven track record and carry less risk than an independent hotel to run into financial problems (Marriott, 2016). Finally, human resource recruitment tends to be more accessible when a hotel is affiliated to a group, due to a higher visibility and the possibility for associated hotels to exchange employees between them. Limited staff and scarce working hours are considered important barriers in deciding whether or not to implement sustainable practices.

Secondly, the principle of economy of scale, meaning costs can be spread across a large number of selling units, often makes some investments more efficient for larger structures (Alvarez Gil et al., 2001). For example, a large hotel that invests in a rainwater harvesting system can spread the cost over a large number of rooms. However, it may not be viable or cost-efficient for an eight-room hotel to do so. Similarly, the unit cost for marketing their sustainability practices is higher for SIHs as the charges of doing marketing research, promotion and advertising are fixed. Finally, some training programs follow the same rule, as the same online course, for example, can train ten employees or a hundred, at an equal purchasing price.

Furthermore, a hotel's attributed importance to its stakeholders' demands is related to the proactivity of its sustainability strategy (Alvarez Gil et al., 2001). Groups and large hotels are, therefore, more likely to actively engage in sustainability-oriented efforts because they have higher social visibility, which may intensify the quantity and severity of stakeholder requests (Darnall et al., 2010). Indeed, large companies are increasingly required to demonstrate their environmental and social commitments and achievements, in addition to the traditional financial statement, to maintain a decent brand image. As a result, most hotel groups make efforts towards developing and enforcing sustainable policies and programs. However, this principle is tempered by the fact that SIHs are likely to be more responsive to stakeholder concerns due to their structural flexibility and because a good reputation is central to their success (Besser, 1999). This is especially true at the local level, as SIHs usually attract staff, suppliers and even guests from the local community and their success is thus often related to the degree of legitimacy and approval from local stakeholders (Perrini, 2006). To summarize, large hotels and groups may be under more extensive stakeholder pressure, however, SIHs tend to be more responsive to their demands.

The final, however substantial, obstacles for smaller, independent hotels to consider are the lack of awareness of the financial benefits resulting from greening their business operations and a severe deficiency of know-how in the process of implementing such as strategy (Bohdanowicz, 2005; Tzschentkea et al., 2008). Independent hotels lose the benefit of a support system that is provided with an affiliation, including detailed operating manuals and procedure, training and access to best practices. Indeed, affiliated hotels demonstrate a higher environmental knowledge than independently managed establishments, as they have straightforward access to information on environmental protection measures as well as sharing resources. The same goes for the lack of awareness about the cost and benefits of implementing robust internal social policies. These shortcomings are influential, as the variety of sustainability matters in the hotel sector makes it difficult for independent hotels to know which practices to implement, and how to do so efficiently. Hotel managers have indeed reported that the seemingly unlimited number of options can slow down the decision-making process, and smaller structures often do not have the time or resources to compare each initiative (Smartvatten, 2018).

2.2. Advantages

The structural and operational particularities of SIHs also bring along various advantages that encourage the implementation of a sustainable strategy. The first aspect to consider is that hotel groups usually standardize their activities. The environmental and social policies and initiatives they implement are thus developed at the corporate level and subsequently adopted across the entire group. This implies that a large number of hotels can be reached with one top management's decision to direct efforts towards sustainability. However, this also suggests that each hotel will not have much say in the matter. If a hotel group decides that sustainability will not be part of their strategy, an affiliated hotel will not have the utter ability to go against the group's choices. On the other hand, at an independently owned and managed hotel, the owner or manager generally enjoys considerable freedom to operate the facility. As a result, the extent to which the property is responsive to sustainable development concerns depends on their knowledge, attitude, and willingness to act. The owner's higher environmental sensitivity, familial background, age and economic reasoning, all play a role in the hotel's journey towards sustainability (Sampaio et al., 2012; Tzschentkea et al., 2008). Decisions such as whether to install energy-efficient or water-saving equipment can, for example, be implemented promptly by the hotel owner as soon as it is practical and affordable, without the risks of bureaucratic red-tape. The downside is that the owner's possible rigid worldviews or lack of personal agency beliefs could unilaterally block any opportunities for sustainability-oriented efforts.

Moreover, Darnall et al. (2010) showed that smaller firms could also be more efficient in managing internal and external relationships as a result of having higher structural flexibility and movement. The division of hotel ownership, management and operations brings along different types of challenges for affiliated hotels when implementing sustainability practices. SIHs are characterized by a looser bureaucracy, have more streamlined operations, focus on narrower market domains and have shorter lines of communication, which simplifies the decision-making process. They thus also tend to suffer from fewer issues related to internal coordination and communication. One example of bureaucratic flexibility would be the ease with which SIHs could change their menu every week, to take into consideration seasonality and availability of ingredients, whereas this would be almost impossible in chain hotels where menus are standardized.

Likewise, clear communication makes it easier to engage employees and guests, and a smaller structure is more inclined to allow for a united corporate culture. A shared vision is an organizational capability where all members collectively have similar values and beliefs about its objectives and mission (Oswald et al., 1994), and shifting employees' attitudes is more manageable to achieve when there are ten instead of a thousand. Upward and downward, open communication that encourages employees to express opinions and concerns is more straightforward to implement in a smaller organization, compared to larger structures, where staff can thus often feel anonymous and replaceable. Similarly, guests can be engaged on a more personal level because of the intimate character that a SIH furthers. Employee and guest buy-in are determining aspects of the effectiveness of sustainability strategy implementation in a hotel. Without their continued support and daily efforts, many of the management team's initiatives would fall short.

Furthermore, SIHs might be compelled to implement some sustainability practices to comply with different regulations. Since size is a good measure of organizational power, larger firms are better able to resist the pressures of regulatory stakeholders by investing in lobbying and litigation. In contrast, small organizations that do not have this possibility are more bound to legal compliance. Indeed, when enforcement actions and penalties are pursued against a chain hotel, the accusing party is more likely to incur higher costs related to prolonged litigation (Darnall et al., 2010). It has been shown that fewer civil penalties are imposed against larger firms when they fail to comply with environmental regulations (Firestone, 2002). For the same reasons, larger hotels may also endure less threat of legal action from environmental groups. This stiffer regulatory pressure might generally be considered as a disadvantage. However, in the context of sustainable proactivity, it will lead SIHs to consider certain practices further to ensure compliance with specific standards. They should moreover be driven to do so given their inferior ability to afford the penalties in case of liability.

Next, SIHs tend to be younger and, therefore, more innovative or focused on niche markets. The fact that they have scarce resources forces them to seek competitive advantage in other ways. Their vigorous innovation propensity is further fueled by greater social awareness and concern for the natural environment (Darnall et al., 2010). This also allows them to contribute substantially to inclusive growth and fair distribution of wealth. Given that they are often locally owned, they are more tapped into the concerns and needs of the community and better know how to take action. Owners of local businesses will most likely keep money within the community, unlike chain hotels whose revenues usually go back to their country of origin. Affiliated hotels, due to their consolidated supply chain, are also more likely to purchase from large and often foreign suppliers to avoid the inconvenience of dealing with many small producers (Akkaranggoon, 2010).

Another aspect to consider is that SIHs are more vulnerable to political, economic or environmental instability. The higher risk of closure of independent hotels following natural disasters has been discussed earlier (Fig. 23, p. 40). Their fragile financial foundations also leave them further exposed to economic fluctuations. This vulnerability has been amply demonstrated by the impact of the Coronavirus pandemic that showed that the smaller the business was, the harder was the financial hit (Price, 2020). Political instability also can lead to drastic policy changes, and affect market behaviors, further endangering business for SIHs. These threats will affect their proclivity to strengthen their resilience against these risks, making them search for guaranteed ways to ensure sustainable prosperity.

Finally, consumer preference is shifting, and studies have shown that tourists' inclinations lean towards small hotels offering specialized services focused on a single niche, as opposed to the standardized offer of affiliated hotels. The modern tourist craves escape and entertainment and is looking for something new, different, sustainable and authentic (Floricic, 2016). As authenticity trumps standardization, the new wave of travelers, formed by millennials and Gen Z, are increasingly staying at independent hotels compared to baby boomers (Noll, 2015). Furthermore, the number of "responsible tourists" that are conscious about their impact on the natural and cultural environment they visit is increasing, meaning there is a growing market opportunity for independent hotels to focus on sustainable niche tourism. These sustainable considerations will also have a driving impact on guest engagement.

As we have hereby established, size and affiliation both affect a hotel's propensity to implement a sustainable agenda, due to the implications of their various structural and operational particularities. We gathered these advantages and obstacles into the following SWOT model (see Fig. 25).

Figure 25. The strengths, weaknesses, opportunities and threats for SIHs, affecting their propensity to implement sustainable practices

Numerous authors have tackled the identification of unique characteristics relevant to the decision-making of SIHs to develop a sustainable agenda. However, there is a lack of applying these "unique characteristics" to finding what particular sustainability practices are best suited for SIHs to create competitive advantage. We indeed found a gap in response to the need of SIHs to learn about the practicability and profitability of sustainability initiatives, given their specific attributes. We also noticed a severe shortfall in publications treating the social pillar of sustainability in the hotel industry, as a majority of studies focused solely on environmental best practices.

In an effort to fill this void, we will begin by applying the previous SWOT analysis to try and determine the practices that are most suitable for SIHs. To this end, we pose the following two hypotheses:

H1. There are sustainability practices implemented by large, affiliated hotels that are less efficient for small, independent hotels to replicate due to their structural and operational characteristics.

H2. There are sustainability practices implemented by large, affiliated hotels that small, independent hotels can replicate more efficiently due to their structural and operational characteristics.

Once we have established a list of best practices tailored for SIHs, we will attempt to ascertain what competitive advantage can be drawn from its effective implementation. This leads us to our final hypothesis:

H3. The types of competitive advantage that small, independent hotels create through their sustainability practices are identical to those of large, affiliated hotels.

As we undertake to answer these assumptions, we hope to bring some clarity to SIHs by offering guidance with practical implications for strategy determination.

CHAPTER V. PROCESS OF PRIORITIZING SUSTAINABLE PRACTICES FOR SIHS

In this chapter, we will intent to affirm or refute the first two hypotheses and propose a set of practices for SIHs to implement to ensure competitive advantage. In order to achieve this materiality assessment, we must first address the issues of stakeholder pressure and the potential impact a hotel can have on various matters.

1. Determining priority practices for hotels

The first challenge that hotels face when choosing to strategically plan a sustainable agenda is determining what issues of which of the 17 goals they should select and prioritize. The methodology employed to define the scope of one's sustainability efforts will differ from one organization to the other. Although, it is usually defined by a materiality assessment that includes the identification of stakeholders' priorities and a wide-ranging internal assessment of all potential economic, social and environmental impacts of one's operations. For maximal efficiency, each hotel should pick issues by prioritizing the targets that are important to its stakeholders, towards which it can most contribute, and from which it can gain the most advantage. In order to determine which sustainable initiatives are the most adapted for SIHs, we must, therefore, take into account not only their capacity of implementing each practice but also what their stakeholders consider as a priority, as well as the potential impacts they can have on these issues.

1.1. Stakeholder theory

Stakeholder theory suggests that the better a firm manages its relationship with various stakeholders, the better will be its financial performance (Freeman, 1984). Hotels must thus be sensitive to the needs of a wide range of stakeholders as their operations can cut across social, economic and political spheres, therefore, involving a network of interdependent stakeholders at different levels (Raub & Martin-Rios, 2019). For a SIH, this network includes the owner, local community, guests, public authorities, suppliers, employees, competitors, activist groups, accreditation agencies and investors (see Fig. 26). It is also essential for them to consider that these many types of stakeholders often have conflicting interests. This concept of stakeholder theory is all the more relevant for SIHs as they are more acutely affected by these perceived stakeholder pressures (Darnall et al., 2010).

Figure 26. A small and independent hotel's network of stakeholders

SIHs usually do not have the time or financial resources to conduct a stakeholder survey. Nevertheless, when looking at the different materiality assessments of large chain hotels, we could observe that stakeholder importance on key sustainability issues usually followed a similar prioritization.

The stakeholder network for a SIH being almost identical to that of large chain hotels, we assume that their order of relative importance of sustainability issues can be replicated. By using the materiality matrixes of ten large hotel chains that were established based on extensive stakeholder survey and research, we determined a generalized stakeholder importance map (see Fig. 27) that SIHs can use as a basis for their strategy determination process (cf. Annex 2, p. 95).

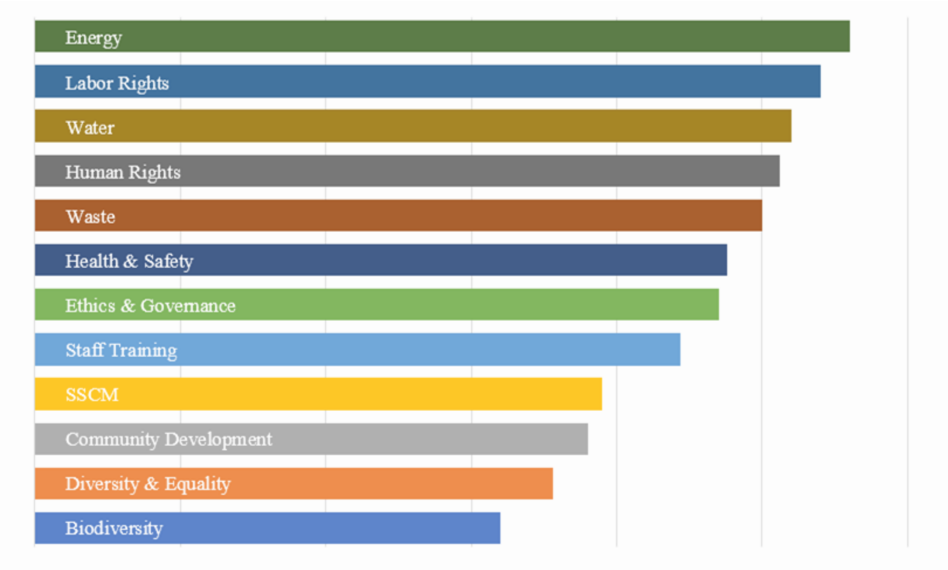


Figure 27. Generalized stakeholder importance map of sustainability issues based on data from ten hotel chains

If we look at this research, the most relevant topics for hotel stakeholders are efficient energy use, protection of labor rights, sustainable water consumption, protection of human rights and responsible waste management. These are followed by occupational health and safety, ethics and governance and staff training and development. The issues that appear to be the least relevant to them are sustainable supply chain management, community well-being, diversity and equal opportunities, and biodiversity conservation.

1.2. Total Impact

The second aspect of materiality is sustainability impact. What influence can a hotel have on specific sustainability issues, and, in turn, how will it be impacted by them? First of all, the practical guide for SDG reporting (GRI & UN Global Compact, 2018) talks about the "principled prioritization of SDG targets". It is a process to identify the priority targets for an organization to focus on by measuring the positive and negative impacts caused by its business. In the same way as for stakeholder surveys, SIHs do not always dispose of the time or resources to execute an efficient principled prioritization study. However, our examination of numerous studies and hotel reports leads us to believe that the nature of the impacts that hotels cause on their social and natural environment are not deeply specific to individual properties but are rather widespread across the industry. The following process of principled prioritization for hotels and its general findings can thus be used by SIHs to assess their overall impacts.

1) A hotel should identify the most severe *negative* impacts on people and the environment that are linked to its operations and value chain. The adverse impacts of hotels usually include soil erosion, increased pollution, natural habitat loss, amplified pressure on endangered species, heightened strain on water resources, etc. We notice that these issues are mostly environmental as they relate mainly to SDGs 6, 7 and 12 to 15. Each hotel must identify the areas to which it poses the most significant risks and attempt to minimize its impacts.

2) In parallel, a hotel should also identify how it can apply its skills and capabilities to develop products, services or investments that *contribute* to the achievement of the global agenda. These potential inputs of the hotel industry include the employment and training of the local population, leading to improved livelihoods, the strengthening of the local economy, greater community cohesion, etc. These opportunities are mainly focused on the social pillar and mostly relate to SDGs 1 to 5 and 8.

The next step of prioritization is impact measurement and valuation, which places a value on the scale of individual repercussions that a hotel provokes on society or the environment. A holistic perspective is needed to measure impact in the hotel industry, to balance the quality of guest experience with the environmental burden that the hotel generates and the needs of the destination community (PwC, 2015b). It is regarding impact valuation that a differentiation needs to be made for SIHs when deciding on priority practices. Indeed, due to their different structural characteristics, implementation of the same sustainability practices will not have the equivalent social or environmental consequences, nor financial implications, for SIHs than for LAHs. We will address these variations in the next section.

The process of prioritizing sustainability issues is not intended to imply that certain issues are more important than others. Rather, it recognizes that a hotel has a particular impact on specific topics and that stakeholders, on the other hand, put relative importance on each of these topics. Therefore, a balance of both sides should define the issues to be integrated as a priority in their strategy. This process also serves as a valuable component of risk identification and management. We keep in mind that the stakeholder importance map and principled prioritization process that we posed here are generalized forms of strategies observed throughout the industry. While a SIH can use them as tools to get a better impression of their impacts and stakeholder preferences, we caution each hotel to nuance these findings with the characteristics of their respective environments.

We will now move to determine which practices SIHs should prioritize, as we take into consideration their unique structural and operational characteristics.

2. The effects that SIH characteristics have on the ease of implementation of sustainability practices

We assume that there are certain sustainability practices that SIHs might not have access to or can difficultly implement, owing to some of their structural or operational weaknesses. Conversely, we assume that SIHs also have particular strengths that would allow them to implement some practices with greater ease than LAHs. By "implementation", we take into account the decision-making process and the practical execution of such practices. Their impact on a hotel's competitive advantage will be discussed in the following chapter.

The advantages of SIHs' structures and operations that would enable them to implement some sustainable practices with greater ease than their larger counterparts include the freedom of the owner to choose to invest in such initiatives, their structural flexibility, centralized operations, social awareness and the fact that they have smaller teams to manage, which usually implies more powerful employee buy-in. Therefore, to determine if there are sustainability practices that could be easier for SIHs to replicate, we will need to identify those whose complexities of implementation disproportionately increase with the size of the establishment and with the extent of affiliation-related constraints.

The disadvantages of SIHs that we need to consider are their lack of various resources such as financial and human capital, time and know-how, and the lower economies of scale in their favor. Therefore, we will first measure sustainability practices against the criteria of initial cost and payback period. SIHs usually have a limited working capital meaning the initial cost of implementation needs to be relatively low. Furthermore, in order for them to maintain some cash liquidity, the payback on investment should be achieved in a relatively short timeframe. For LAHs, a higher return on investment is usually considered worth the additional cost and extended payback period. However, the limited financial capital of SIHs would not allow them to make such decisions. We also have to take into account the intricacy of the practices' implementation based on considerations of know-how, staff qualifications and time restrictions.

Assessing the exact investment costs of each practice is not feasible because they depend on many parameters, including equipment prices and installation costs that highly vary among suppliers and different countries. The legal framework also affects these costs significantly, depending on whether there are any local grants, tax credits or subsidy schemes in place. Moreover, returns on investment differ due to various maintenance costs and because cost savings induced by resource efficiency and other best practices are highly dependent on the cost of these resources. Even though it is not possible, nor reasonable, to attribute a precise cost and payback period for each sustainable practice, we can estimate reliable ranges, based on a variety of specialized literature, and use these to compare the practices amongst them. Indeed, the purpose of our study is not to calculate the exact returns a hotel will receive from each initiative, rather which ones are the most worth implementing for SIHs in general, and thus the criteria of comparability should present itself sufficient.

Our assessment of the relative ease of implementation of different sustainability initiatives for SIHs will serve as a basis to prioritize and recommend a set of best practices to carry out in order for them to secure competitive advantage.

2.1. Energy efficiency

Hotels typically spend more than US$2000 each year per room on energy and water consumption, representing anywhere from 6 to 20% of operating costs (ITP, 2020). Efficiency measures will, therefore, go a long way in creating cost savings on a hotel's expenditure. Such efficiencies often require upfront capital investments to upgrade technologies, systems, and products, but returns can be substantial.

Sustainable energy management is usually considered the first and least costly option to reduce energy consumption and associated environmental pressures while bearing significant economic benefits (Styles et al., 2013). Reducing energy use by 10% would have the same bottom-line impact as increasing the average room rate by US$1.35 in full-service hotels (Lodging Magazine, 2018). Experts say that hotels could reduce energy costs by as much as 20% without any major investments, through simple energy conservation strategies (Jackson, 2013). There are thus several "quick wins" ripe for SIHs to pick that can bring tangible results and create momentum to do more. We will attempt to identify them through a comparison of different energy conservation techniques.

To compare the impacts of each strategy on total energy consumption, we assume a hotel with a 1000m² surface and an annual energy consumption of 250 kWh/m². The energy carriers considered are electricity that accounts for 47% of total energy consumption and gas accounting for 53%. This energy consumption is representative of small European hotels (< 50 bedrooms) (Hotel Energy Solutions, 2011b). To estimate the related reductions of GHG emissions, we assume the emission factor for electricity of 84.3 gCO_2/kWh and for gas of 231 gCO_2/ kWh (Hotel Energy Solutions, 2011c). Furthermore, following the categorization of energy consumption based on end-use we presented in Chapter II (see Fig. 13, p. 23), we can establish the energy carrier considered for each end-use (see Fig. 28).

End-uses involving electricity consumption (assumption)	Percentage of total energy consumption by end-use	Annual energy consumption by end-use (kWh)
Cooling	15%	37 500
Lighting	12%	30 000
Office equipment	4%	10 000
Ventilation	4%	10 000
Refrigeration	3%	7 500
Others	9%	22 500
Total	47%	117 500
End-uses involving gas consumption (assumption)	**Percentage of total energy consumption by end-use**	**Annual energy consumption by end-use**
Space heating	31%	77 500
Hot tap water	17%	42 500
Cooking	5%	12 500
Total	53%	132 0

Figure 28. Energy carrier considered for each end-use of a hotel (Hotel Energy Solutions, 2011c, p. 5)

Considering this data, we can weigh the different energy-saving strategies by comparing their costs, payback periods and impacts based on estimations made by Hotel Energy Solutions (2011c). The costs of producing or purchasing renewable energy and the associated grants being highly volatile depending on the country, and given the numerous factors that would influence their accessibility other than hotel size and affiliation (climate, location, market, politics), we chose to omit them from our study. This exclusion does not, however, reject the idea that self-production or the purchase of renewable energy are viable options for SIHs.

Practice	Cost	Payback Period	Potential Energy Savings	GHG reduction (teq CO_2 [2])
Energy consumption monitoring	Low	< 1 year	Corrective actions resulting from energy monitoring can lead to 8-10% of energy saving.	10% energy saving on electricity and gas represents 4.05 teq CO_2 avoided each year

[2] The carbon equivalent is the "official" measure of GHG emissions and the ton CO_2 equivalent (teq CO_2) is usually used as a working unit.

Staff training & good housekeeping practices	Low	< 1 year	Corrective actions resulting from energy monitoring can lead to 8-10% of energy saving.	10% energy saving on electricity and gas represents 4.05 teq CO_2 avoided each year
Informing guests	Low	< 1 year	It is difficult to quantitatively evaluate the reduction in carbon emissions resulting from guest involvement, but it is not negligible.	As an example, 10% energy saving on electricity and gas represents 4.05 teq CO_2 avoided each year
Improving lighting efficiency	Low - Medium	< 1-3 years	Switching to high-efficiency light bulbs can save up to 80% of electricity for lighting.	With an annual energy consumption of 30 kWh/m² of electricity for lighting, a 75% energy saving represents 1.90 teq CO_2 avoided each year
Automating HVAC control	Medium	< 1-3 years	Installing HVAC control systems can lead up to 20-30% energy saving for heating/cooling. (10% saving in energy can be achieved for each degree reduced on a thermostat setting)	With an annual energy consumption of 47.5 kWh/m² of electricity for cooling and ventilation & 77.5 kWh/m² of gas for heating, a 30% energy saving represents 5.8 teq CO_2 avoided each year
Automating lighting control	Medium	< 1-8 years	Installing lighting control systems can save up to 20-30% of electricity for lighting.	With an annual energy consumption of 30 kWh/m² of electricity for lighting, a 30% energy saving represents 0.76 teq CO_2 avoided each year
Installing high-efficiency electrical appliances	Medium	< 1-8 years	Choosing electric appliances with high energy efficiency rating can lead up to 25-50% energy saving.	With an annual energy consumption of 40 kWh/m² for electric appliances, a 50% energy saving represents 1.69 teq CO_2 avoided each year
Insulating building (windows, roof, walls)	Medium (new building) - High (retrofits)	< 5-10 years	Correctly insulating windows, roofs and walls can lead up to a 35% reduction in the amount of heat/cooling loss.	With an annual energy consumption of 47.5 kWh/m² of electricity for cooling and ventilation & 77.5 kWh/m² of gas for heating, a 35% energy saving represents 6.8 teq CO_2 avoided each year

If we consider this information, upgrading building insulation would the least accessible strategy for SIHs that have a low budget and liquidity. Automating HVAC and lighting control and switching to high-efficiency appliances all require a moderate amount of initial investment and enjoy a relatively short payback period. Looking at their environmental impacts, the automation of HVAC control bears the most potential for GHG emission reduction. Furthermore, improving lighting efficiency might also incur a certain investment cost but is paid back in a short amount of time as it will result in tremendous electricity savings. Additionally, since efficient bulbs last much longer than traditional bulbs, it significantly reduces material costs and labor costs associated with changing the light bulbs. If we look at characteristics other than costs, these practices might be considered easier to implement for SIHs, given their smaller scope, centralized operations and the flexibility of the owner to make these decisions whenever he sees fit. They also do not require any extraordinary technical know-how. This perceived ease, however, needs to be tempered by the limited number of manpower that SIHs have at their disposal to apply such adjustments, which could affect the efficiency of implementation. Finally, the most financially accessible energy-saving practices for SIHs are energy monitoring, staff training and guest information given their low cost and short payback period. Moreover, employee and guest buy-ins are expected to be generally higher in SIHs as communication lines are short, the number of staff to train is limited, and a more personalized approach can be achieved with the guests, further improving the efficiency of such practices. These initiatives also induce tangible reductions in GHG emissions. Again, the limited staff needs to be taken into account when measuring the efficiency of energy monitoring.

2.2. Water consumption

The different practices to reduce a hotel's water consumption will also first be weighed based on their implementation cost, payback period and induced water savings. The following comparison is made based on projections that were formed by Styles (2013).

Practice	Cost	Payback Period	Potential Water Savings
System monitoring and maintenance	Medium	< 1-3 years	Regularly checking for leaks and maintaining water systems can lead to 30-70% water savings.
Installation of efficient water fittings	Medium	< 1-3 years	Installing efficient water fittings can lead to 30-70% water savings.
Staff training & good housekeeping practices	Low	< 1-2 years	Implementing efficient cleaning practices can lead up to 50% water savings.

Guest Information	Low	Difficult to measure but most likely < 1-3 years	Difficult to quantitatively evaluate the reduction in water consumption resulting from guest involvement, but it is not negligible.
Rainwater and greywater recycling	High	< 2-15 years	Collecting and recycling rain and greywater can lead up to 10% of water savings.

Based on this comparison, SIHs will most likely have to exclude rainwater and greywater harvesting and recycling as it requires a high initial investment and only pays back after a long time. The "traditional" payback period is moreover inflated for small structures given their low economy of scale. Additionally, this practice does not incur such a high water-saving rate. Following the same reasoning as for the previous energy efficiency practices, water consumption reduction measures such as system maintenance and retro-fittings, although they incur a positive investment cost, might be considered more straightforward to implement for SIHs due to their smaller scope, centralized operations and the owner's flexibility. However, the limited manpower might slow down their implementation. Again, staff training and guest information would seem to be the most accessible practices given their low cost, short payback period and higher employee and guest engagement in SIHs.

2.3. Responsible waste management

When it comes to responsible waste management, we will mainly consider waste reduction and waste disposal practices. None of these can be excluded for SIHs as they do not have insurmountable implementation costs, have short payback periods and do not require any excessive amount of knowledge in the matter. The implementation cost of sorting waste should be accessible to SIHs, and waste collection costs for recyclables are usually cheaper than for residual waste, if not free in certain countries, providing an additional financial incentive. Furthermore, having centralized operations and engaged staff and guests is crucial for effective waste management. Therefore, responsible waste reduction and disposal measures should be implemented with greater efficiency in a SIH than in a LAH, especially given the freedom to operate of the owner and more transparent internal communication. The financial impact that these considerations will have can be significant on a SIH's bottom-line. Their environmental impacts are also tangible as landfilling releases a significantly higher quantity of GHG emissions than the absence of waste or even recycling. However, they will be proportionate to the hotel's limited size and scope of operations.

2.4. Business ethics & responsible value chain

We hereby include the practices that comprise the internal implementation of certain social policies and due diligence to verify compliance along the value chain. Therefore, business ethics and governance, labor standards, human rights and supply chain management are all implied in this category.

The first hurdle is the decision to implement a policy and monitor internal compliance. Codes of conduct set out what the hotel believes are acceptable minimum standards for it and its suppliers to adhere to. These codes are relatively simple to devise as many standardized versions are available based on a set of internationally recognized human rights and labor guidelines. Affiliated hotels will usually have the same standardized codes and policies for all their hotels meaning the workload to draft the policies will not be proportionate to the size of the hotel or groups. Groups also have such stakeholder pressure and corporate governance structure that they are usually compelled to report and communicate about their operations. As SIHs are privately owned, they are not required to report publicly, and thus to monitor their performance, and many may regard it as unnecessary extra work.

Furthermore, SIHs tend to have a flexible management structure that places less emphasis on safety measures or human rights associated risks (Clifton, 2005). They might also think that their contribution in this area will not have any tangible impacts given their size. Additionally, owners of SIHs tend to believe that their risks are small, mainly because they have less direct experience of related incidents and because they have limited staff. In reality, accident rates are higher in smaller establishments (European Agency for Safety and Health at Work, 2014) and employees of smaller hotels have been shown to experience less union density, lower levels of skills requirements and worse working hours as well as a higher rate of outsourcing, all increasing human right infringement risks (Walk Free et al., 2019). Furthermore, the potential costs resulting from violations are usually poorly appreciated by SIHs because of their lack of awareness. Yet, a SIHs commitment to these issues has very genuine social and financial implications.

If SIHs choose to implement such social policies, monitoring their internal compliance may be simplified by their limited and streamlined operations. However, they might be intimidated by some technical requirements, especially if they choose to follow specific standards such as the GRI. Additionally, monitoring is mainly a tool of internal assessment to highlight areas where improvements can be made, which implicates that the owner needs to be resourceful enough and willing to implement any changes. Moreover, the adherence to some policies require costs that might represent a barrier for SIHs. For example, the costs incurred by investing in workplace health and safety are mainly staff training, compliance monitoring and purchase of PPE (personal protective equipment). The effects of economies of scale are crucial as these fixed prevention costs are much less affordable for SIHs (Giuffrida et al., 2002). Furthermore, the ability of affiliated hotels to adopt generic risk assessment processes and the increased likelihood that they will have an in-house specialist that can provide training on these issues makes the process even more cost-effective for them (Lancaster et al., 2003). Conversely, SIHs might not have the resources or know-how to train their employees to respond to the risks they will face effectively.

The next step is value chain due diligence. An efficient way to mitigate supply chain risks would be to have a personalized supplier code of conduct through which the hotel can ask suppliers to confirm that they adhere to their standards. To verify their compliance, hotels would need to carry out ethical audits, which involves visiting suppliers' premises and assessing their compliance with the code of conduct. This is the part that can prove the most challenging for SIHs as they often do not have the resources to hire external specialists or the manpower or access to do it themselves.

Finally, based on the audit results, the hotel must then draw up improvement plans for the supplier to implement in order to meet the required ethical standards. This stage is also challenging for SIHs that have a limited power of influence over some suppliers. If they cannot bring the supplier to comply with their standards, they will have to choose an alternative. In this last aspect, however, SIHs have an advantage over LAHs in terms of operational flexibility that would allow them to implement this type of switch more fluidly.

2.5. Employee training & opportunities

Employee satisfaction is a crucial concern for a hotel, especially since the industry is at an increased risk of talent shortage and high turnover rate. Some decisive factors for prospective employees that go beyond basic labor standards are diversity and equality considerations, and training and development opportunities.

Hotels will face diverse costs when they invest in workforce diversity and equality policies. These include staff training, communication of new policies, payment of benefits, monitoring and reporting progress (European Commission, 2003b). We should note that taking into account diversity considerations at the beginning of a hotel's recruitment phase incurs fewer costs than implementing such a policy later on. The latter would compel a hotel to adjust a part of its staff to satisfy new diversity requirements, in which case the shift can be extremely costly. As an extreme example, we take a hotel that employs 24 men that just implemented a new diversity policy aiming at achieving gender parity in the next years. They would need to fire 12 of their employees in order to replace them with female substitutes, which would be a procedural and regulatory nightmare. Again, economies of scale apply mainly for training and monitoring, making them more costly to SIHs. However, the effectiveness of sustainable diversity policies largely depends on the successful change in corporate culture, which gives an advantage to SIHs as this is easier to achieve in small structures with higher employee buy-in.

In matters of career development opportunities, it has been shown that large establishments tend to conduct more formal training than smaller ones (Black et al., 1999). The first explanation is that any formal training that requires the hiring of an external training agency might not be financially accessible to SIHs, especially given their low economies of scale. The average cost of formal training per employee is appreciably higher in small firms than in large ones (Rabemananjara & Parsley, 2006). Moreover, they usually consist of workshops that take full workdays, and SIHs are less capable of absorbing the possible temporary reduction in productivity that can occur during these periods. As a result, SIHs should favor on-the-job training that is less structured and more accessible as this type of training does not incur the fixed costs associated with structured training (instructors' salaries, training materials, etc.). These internal, informal trainings can conversely be extremely efficient in SIHs as they have a simplified structure, a low number of staff to train, and a generally high employee buy-in. There are some cost-effective training approaches that SIHs can follow, which we will detail in the next section.

2.6. Biodiversity conservation & community development

Financially investing in environmental or social causes based on philanthropic ideology may not be achievable for SIH as they do not have sufficient cash to do so. However, they can indirectly promote biodiversity conservation and community development by supporting activities and businesses that respectfully use natural and cultural heritage and that support the local economy. They can also focus on forms of community engagement, such as volunteering or raising awareness about some issues by effectively communicating with guests and employees. Furthermore, SIHs are often locally owned and tend to employ staff from the local population and engage them in their supply chain, more so than LAHs, making them more aware and involved with the concerns of the community. We, therefore, assume that the propensity for SIHs to implement effective biodiversity conservation measures and support community development, is somewhat equal to that of LAHs, as the elements of social awareness and lack of resources balance each other out. Nevertheless, the impact of such practices would, in any case, be limited due to their smaller size and network.

2.7. Conclusion

We can determine from this process that certain sustainability practices, such as conducting extensive supply chain due diligence, implementing formal training or making monetary donations, would be less practical for SIHs to engage in. We can, therefore, respond positively to *H1*. We can also conclude that some practices, such as improving waste management and encouraging on-the-job employee training or guest involvement, could theoretically be realized more efficiently by SIHs than their large, affiliated counterparts. Through these observations, we can likewise affirm *H2*.

For greater clarity, we propose the following summary table (see Fig. 29).

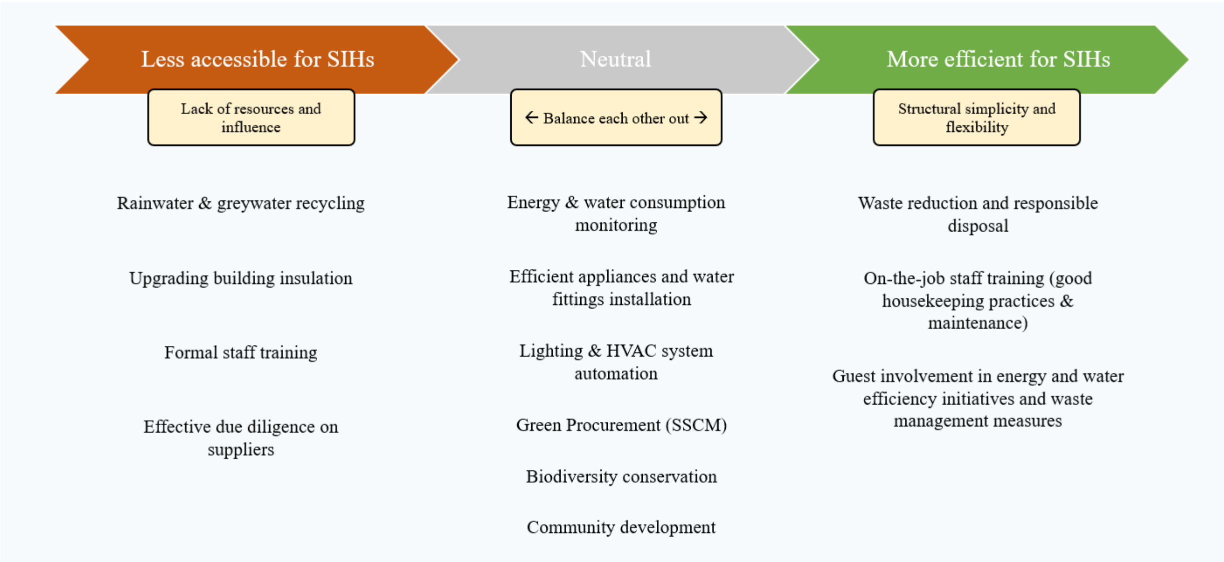


Figure 29. Summary of classification of sustainability practices according to their practicability by SIHs

3. Seven Best Sustainability Practices for SIHs

The challenges faced by SIHs in implementing SDGs into their strategic agenda are similar to those of any other private business. There is a preconceived clash between the dominant business model, which is based upon short-term planning with a narrow focus on finances, and a longer-term sustainable development agenda (Scheyvens et al., 2016). Therefore, it is crucial to link sustainability to competitive advantage in order to convince them to integrate a sustainable agenda.

As a reminder, the leading five issues that hotel stakeholders were concerned about were 1) energy use, 2) protection of labor rights, 3) sustainable water consumption, 4) protection of human rights and 5) responsible waste management. As we take into account this stakeholder importance map, the potential impact of the various sustainable practices, their ease of implementation, as well as regulatory pressures that cannot be disregarded, we have selected seven best practices for SIHs to implement to secure concrete competitive advantage. We believe that SIHs should focus their priorities on a few energy and water efficiency measures, improved waste management, as well as on engaging their staff and guests to actively participate in these efforts. They should furthermore assure decent labor and human rights standards and entertain a cooperative relationship with the local community.

3.1. Efficient use of energy and reduction of carbon emissions (SDG 7 and 13)

Energy efficiency is one of the practices from which hotels can reap the most significant financial benefits. Additionally, the environmental impact that a reduction in energy use entails is significant. Finally, energy use and carbon emission reduction have been identified as a priority for hotel stakeholders also, making it without a doubt, an issue that SIHs should focus on. To improve their energy efficiency, best practices for SIHs are consumption monitoring, installing efficient lighting and appliances, and automating HVAC systems. They all bear a low implementation cost, have relatively short payback periods and can result in significant savings in energy bills and GHG emissions.

• Energy consumption monitoring is highly recommended to establish basic information on energy use in the hotel. It can help reveal problems such as abnormal changes in energy consumption, recognize energy-saving opportunities, and verify the effectiveness of the energy conservation measures that are being implemented. By analyzing its energy bills, a hotel can make an annual consumption assessment, including the total annual consumption and cost of each type of energy (electricity, gas, etc.). This data can then be used to calculate the energy performance index (per m² of indoor area) and the energy consumption per guest night sold to evaluate where the hotel lies compared to industry benchmarks. Energy monitoring and management itself can typically lead to immediate energy savings in the region of 10 %, through the identification of necessary corrective actions (Styles et al., 2013). It can also allow the hotel to measure its carbon footprint. Only 21% of European hotels measure their carbon emission (Smartvatten, n.d.), although services such as the Hotel Carbon Measurement System allow hotels to keep track of and optimize their sustainability initiatives free of charge. It is further recommended to identify all household equipment in the hotel and to document them, including information about the energy label, brand, year of purchase, load and operating hours. The hotel should then identify which equipment is to be replaced and make sure that the replacement purchased has a good energy rating.

• Next, the best option for SIHs to improve their lighting efficiency is to install energy-saving light bulbs. It is usually the easiest way to reduce energy bills, as lighting accounts for a large portion of energy use. Several types of energy-efficient lighting technology exist, such as compact fluorescent lamps (CFL) and light-emitting diodes (LED) that can replace old incandescent lamps. Other possible lightning improvements are to paint the hotel with light colors and to dust lights and clean windows regularly in order to optimize the available light.

• Finally, a SIH can improve its HVAC systems. Space heating and cooling is generally the most significant energy-consuming activity within a hotel, and consumption can be controlled by regulating temperatures according to the actual needs and occupancy of the different zones of the building. Options include automatic control systems to switch heating and air-conditioning on and off in guest rooms, occupancy linked controls and timers or programmers for areas such as function rooms and eating areas, where temperatures rarely need to be kept at full comfort level.

Using the Hotel Energy Solutions online toolkit, we simulated the impact of implementing these measures in a 20-room hotel of 500m², based on a 47% electricity and 53% gas consumption ratio and Belgian prices of electricity and gas of EUR 0.118/kwh and EUR 0.033/kwh respectively (Global Petrol Prices, 2019). We assumed a saving on electricity of 30% for these lighting-efficiency measures and a 20% reduction in gas-use following the aforementioned improvements. Their simulations show that the hotel that used to consume 320 kwh/m² per year (which is the average hotel energy consumption (European Commission, n.d.)) would reduce their annual consumption to 241 kwh/m². The energy costs would thereby drop from EUR 11 671 to EUR 8452, representing an annual saving of EUR 3219. Furthermore, their carbon footprint would decrease from 36.7 teq CO_2/year to 27.4 teq CO_2, representing a yearly reduction of 9.3 teq CO_2. This represents the average annual energy consumption of one American household (EPA, 2020).

This scenario assumes a joint implementation of all proposed energy efficiency measures "at once". The reality is that SIHs will most likely offset their implementations in stages as to spread out the funding of the initiatives. However, given the low investment costs and substantial benefits that these measures guarantee in a short amount of time, they should all be implementable within a timeframe of a few years.

3.2. Water efficiency (SDG 6)

The second issue we recommend SIHs to focus on is their water consumption. Again, it ranks high on the stakeholder's importance map, and substantial reductions can be achieved through simple and cost-effective initiatives. Best practices for SIHs are monitoring consumption and installing water-efficient fittings as their implementation costs are low, payback periods short, and the savings can be substantial.

• To monitor their consumption, annual water consumption can be taken from water bills, and the flow rates from taps and showers can be easily measured by timing how long it takes to fill a container of known volume. These numbers can then be weighed against industry and best practice benchmarks. Water meters should be checked late at night and early in the morning to identify unexpected water consumption during low water use periods that may indicate leakage. Other cheap options include the addition of food coloring in the cistern to identify slow leaks in toilets or showers. A survey of eight hotels in Bulgaria found that leakage accounted for between 32 and 68 % of water consumption (Bio Intelligence Services, 2009), increasing subsequent costs considerably. Therefore, investing some efforts into leak monitoring has been proven to be highly efficient. A leaking toilet can waste up to 25 liters of water an hour or 219m^3 a year, which at a water supply and disposal price of EUR 3.32 per m^3 in Belgium (Vivaqua, n.d.), could cost the hotel EUR 730 a year.

• Secondly, hotels can install efficient water fittings. The most savings are obtained if these options are selected during construction or renovation. The main fittings that are suitable for hotels include low-flow showerheads and taps, low-flush and dual flush toilets and waterless urinals. Reducing water consumption by 10% per room in a 20-room hotel with an average consumption of 200 L/room/night and a 75% average occupancy rate could save 110m^3 of water a year, which would mean an annual EUR 365 saving for water supply costs at the price of EUR 3.32 per m^3. For an average hotel, the full cost of water use and disposal is almost ten times higher than the supply cost alone, if one accounts for the heating and disposal costs (Styles et al., 2013). This means that the total savings for the hotel will, in reality, be considerably higher, as they can amount to up to EUR 3650 a year.

3.3. Waste reduction and recycling (SDG 12 and 13)

The third best practice for SIHs to implement is responsible waste management, especially since we found that they have characteristics that would further their effectiveness in the matter. Not only can it lead to tremendous financial savings, but it also has a significant environmental impact to reduce the amount of waste that is sent to landfill. Furthermore, it was part of the top five identified priorities for hotel stakeholders. The first step would be to develop a waste inventory by surveying different areas of the hotel to identify the types and sources of on-site waste generation. The hotel must then determine areas where waste can be reduced, and if not, how it can be recycled.

• Waste reduction can be achieved through various channels. The procurement process can be optimized through improved ordering and storage, which could amount to considerable food waste reduction. Products with low packaging and that can be reused should also be selected. For example, a hotel that bans the use of plastic straws will reduce its amount of plastic waste produced without having to make any initial investments.

• Waste must then be sorted. Correctly educating employees and guests and sensitizing them to the environmental consequences of landfilling are possible ways to ensure that their waste is properly sorted, as well as installing separated waste collection bins in guest areas. The hotel must then identify the elements of waste that can be reused or donated. A 20-room hotel, with a 75% double-occupancy rate, producing an average rate of 1kg of waste/guest/night, would generate 11 tons of waste a year. We assume that their waste is composed of 85% of combustible waste (general waste, paper, wood, plastic, textile, etc.) and 15% of non-combustibles (glass, metal, brick, ceramics, etc.) and that they sort these two categories. By reducing their quantity of waste produced by 20% altogether, they would produce 7.48 tons of combustibles and 1.32 tons of non-combustibles. The landfill tax in Belgium is around EUR 100/t for general waste and EUR 60/t for non-combustible waste[3] (reference year 2017, (CEWEP, 2017)). This reduction would amount to an annual saving of EUR 207 in taxes alone, bringing them from

[3] It seems relevant to note that Belgium has the highest landfill taxes of all EU countries.

EUR 1034 to EUR 827. To this need to be added costs on collection and transport fees that they will be able to save due to reduced waste production.

• Finally, waste recycling involves the identification of recycling options that are available locally, with more and more cities offering the option, especially in tourist areas. Hotels should always prioritize products and packaging that can be recycled. The cost of collection of recycled waste being significantly lower than that of general waste in most countries, and sometimes even free, the financial savings occurred through recycling can be substantial.

The impact of waste management practices in terms of reduction of GHG emissions depends on the type of waste that is avoided or recycled (see Fig. 30).

Material	Glass	Board	Paper	Dense plastic	Plastic film
Kg CO_2 per kg waste avoided	0.92	1.60	1.51	3.32	2.63
Kg CO_2 per kg waste recycled	0.39	1.08	0.99	1.20	1.08

Figure 30. GHG emissions avoided per kg of different types of waster avoided or recycled (Styles et al., 2013)

To illustrate the environmental impact a small hotel would have through its recycling initiative, we will take the following real example of a 14-room hotel and restaurant that recycles 98% of its waste (see Fig. 31).

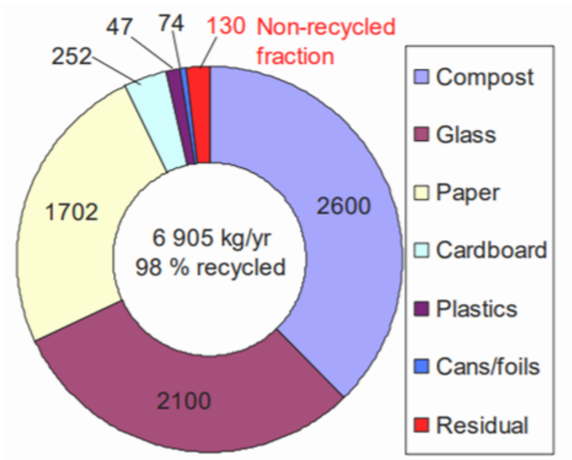


Figure 31. Sorted waste fractions recorded and recycled in a 14-room UK hotel and restaurant (Styles et al., 2013, p. 331)

Styles (2013) estimates the energy-saving and GHG emissions avoided through this hotel's recycling initiative, compared to land-filling, at around 10 500 kWh/year and 2.5 teq CO_2/year (cf. Annex 3, p. 100).

3.4. On-the-job training (SDG 4)

Involving the staff in a hotel's sustainability strategy is not only essential for the implemented measures to be successful, but it is also an effective way to motivate them and give further meaning to their job.

• First, the hotel should inform its employees about the environmental impact of the industry in general in order to grab their attention. They should be aware that many of the services provided by hotels are resource-intensive, whether they concern energy, water, raw materials and that different kinds of pollution result from hotel activities, including GHG emissions from energy use, solid waste and chemical pollution. Then, the staff should know about the hotel's specific environmental impact by understanding figures such as the quantity of energy and water used annually, the quantity of solid waste produced, and the quantity of carbon emissions that result from its activities.

• The hotel should then share its environmental action plan with its employees by stating the defined objectives and providing information on the actions taken or planned to be taken to reduce environmental footprint. In a SIH, this can be done during a staff meeting where all employees are gathered for a presentation of general and technical information. If the hotel explains the reason behind some recent changes and implementations of new measures, employees will be more likely to contribute to their efforts.

• Finally, each employee needs to know how he or she can contribute to the hotel's action plan and needs to be trained. The hotel should always accentuate the importance of training programs by highlighting its merits to the business' success in order to guarantee the most employee buy-in. As SIHs staff fewer people, the employees are usually personally invested in the hotel's success at a much higher level than LAHs. Continuous improvement being an important part of an action plan, staff should also be invited to provide feedback and ideas as they usually know best about how the hotel operates. It can also be useful to create an incentive program with rewards for employees who come up with the best ideas or who make exceptional contributions to the hotel's sustainability efforts.

As we have previously discussed, formal training programs can be out of reach for SIHs, however, there are several cost-effective on-the-jobs trainings that they can implement that will have a significant impact on the business. One technique they can use is one-on-one mentorship, where a designated mentor is assigned a mentee whom he can teach and train. Interactive programs can also help reduce training costs without undermining results, and as more young people are being employed, the new workforce tends to be more comfortable with different media. Written procedures and manuals specifying a "check-list" for each service can be effective for some tasks, especially for maintenance or housekeeping staff.

The technical staff needs to be trained for all monitoring and maintenance procedures we previously discussed to ensure the efficient use of hotel appliances and systems. Another crucial way for hotels to ensure the efficiency of their environmental strategy is the appropriate training of housekeeping staff. When it comes to energy efficiency, they need to know to switch off appliances, close windows or reset temperature controls. To save water, they need to be trained for efficient cleaning, bedclothes reuse and be told to check for malfunctions and leaks. They also have a significant role when it comes to waste reduction and recycling. Chemical management involves the use of correct cleaning products and dilution ratios that housekeeping staffs need to be made aware of.

The costs of time and money to inform and train staff are paid back quickly through direct impact on energy and water savings and other benefits. For example, teaching the housekeeping staff efficient cleaning techniques, such as one less toilet flush every time a room is cleaned, could save $33m^3$ of water a year, which translates into a yearly EUR 110 saving potential in a 20-room hotel (75% occupancy rate). Asking them to reduce thermostat settings by 1ºC in winter, can also reduce heating energy consumption by 10% (Styles et al., 2013). This seamlessly small change could lead to annual energy savings of 7750 kwh, which translates into a yearly cost reduction of EUR 256 and a reduction in GHG emissions of 1.8 teq CO_2.

Involving and training staff, therefore, offers enormous benefits in terms of cost-savings achieved through resource efficiency but also through increased staff engagement that will lead to higher productivity and lower turnover. Furthermore, because the way hotel employees perform their jobs and relate to guests makes a huge difference to the quality of the visitor experience, which is crucial to customer loyalty, there is an even stronger incentive to invest in proper employee engagement.

3.5. Guest Involvement (SDG 4)

We also believe that guest involvement is a compelling yet simple way to ensure the effectiveness of a hotel's sustainability agenda. Sustainability efforts need to be communicated to guests, and most importantly, the hotel needs to find ways to unobtrusively ask them to adapt their behaviors to assist the property in achieving its objectives. These messages, however, should not be designed to elicit "environmental guilt" on the part of guests, nor should they impose unnecessary burdens (Jackson, 2013). Most of them should then have a positive reaction to learning that the hotel is committed to reducing its negative impacts and will be willing to contribute to these efforts. This communication can be done through written materials such as brochures left in the rooms (see Annex 4, p. 100) or staff at the reception desk informing arriving guests that the hotel has an environmental policy. Guest behavior has a tremendous impact on energy and water consumption and waste management and can be influenced at a low cost. Hotels are often concerned that the integration of "eco" measures into their operations will reduce guests' perception of a "luxury" service. However, a survey showed that 79% of travelers would be happy with less frequent toiletry replacement, and 75% would not mind a less frequent linen and towel change (Booking, 2018). Beyond their environmental contribution, hotel guests also appreciate opportunities to get involved with the local community. Hotels can promote certain businesses that would support the local population or organize activities that involve guests more directly, such as beach clean-ups. None of these measures require any significant investments and the paybacks can be tremendous based on cost-savings achieved through resource efficiency, as well as guest satisfaction and loyalty.

It is difficult to measure the exact impact that sustainability communication will have on guests. However, a survey showed that close to three-quarters of guests participate in green programs when they are offered at hotels (Bruns-Smith et al., 2015). For example, a hotel can implement a towel and linen reuse program and encourage their guests to reduce their laundry volume (see Fig. 32). For a room with 75% occupancy and 4kg of laundry/room/night open year-round, and at a laundry service cost of EUR 0.50 per kg, annual laundry costs would equate to EUR 479 (Styles et al., 2013). Thus, yearly laundry costs for a 20-room hotel could amount to EUR 9580, which means a textile reuse rate of 10% could save the hotel almost EUR 960 a year.

SAVE OUR PLANET

Dear Guest,
Every day, millions of gallons of water are used to wash towels that have only been used once.
You Make The Difference:

- A towel hanging up means "I will use again".
- A towel on the floor means "Please exchange".

Thank you for helping us conserve the Earth's vital resources.

Figure 32. Example of guest engagement for a towel and linen reuse program by Marriott (Jaffe, 2014) https://www.fastcompany.com/3037679/read-about-how-hotels-get-you-to-reuse-towels-everyones-doing-it

3.6. Protection of human & labor rights (SDG 8)

The protection of human rights and labor standards internally and especially across the supply chain may be challenging for SIHs due to restricted resources. However, it cannot be disregarded as it is required by national regulations, in most cases. Furthermore, there is a significant moral duty to ensure dignity and fair and equitable treatment for staff, suppliers, customers and the communities where a hotel is based. The launch of the UN Guiding Principles on Business and Human Rights in 2011 set the clear expectation that businesses should know their human rights impacts across the whole value chain and be able to demonstrate how they are managing those impacts. The costs of these implementations will turn out to be minor compared to the financial, legal and reputational consequences a hotel would face if there were an infringement of human or labor rights that was detected in its value chain.

3.7. Community engagement (SDG 11)

Community engagement was considered relatively less important to stakeholders when looking at the different materiality surveys large hotel chains conducted. However, we believe that it is a crucial part of a hotel's action plan that SIHs can implement at low cost and from which they can gain sizeable competitive advantage. The local population has a strong influence on a hotel's license to operate, and it should thus do everything to retain a positive relationship with the community. One of the best ways for a hotel to engage with the local population is to include them in their value chain by choosing local produce and suppliers. Directing resources to the rural sector can also lead to increased food security, more resilient livelihoods and reduced conflict over natural resources (FAO, 2017). The additional benefit of local sourcing is the considerable reduction of carbon footprint due to shorter transportation needs.

We hereby conclude our list of seven sustainable practices that SIHs should focus on in order to secure competitive advantage. We gave concrete examples of key actions to implement as well as the impact they would have on a hotel's natural and social environment. Before we describe how competitive advantage can be achieved by a SIH as a result of the effective implementation of these selected practices, we will present a short case study.

4. Case Study: Ajal Tulum Tree House Boutique Hotel

Ajal Tulum Tree House Boutique Hotel ("Ajal") is a four-room hotel and restaurant, with seven full-time employees, that opened its doors in 2018, in the middle of the Mexican Jungle near

Tulum. They are independently owned and managed, and sustainability was one of the owner's main focal points when designing the property. Through a short case study, we will attempt to demonstrate that the seven best practices we propose are indeed easily implementable in a SIH. The following observations were made possible through a three-month-internship done at Ajal in 2020, as a "sustainability consultant".

Energy use. Ajal runs mostly on renewable energy produced through a set of 15 solar panels. They also have 16 batteries that store enough energy to feed the necessary equipment at night. The solar panels power the bar and restaurant equipment, the lights, fans and plugs all around the property, as well as staff computers. There are two exceptions for which they use another power source than the solar panels. One is to pump the water from the ground to water plants, which requires more power than the panels can provide. For this process, done every few days, they have a generator on-site, fueled by gasoline. The second exception is the water heaters that are fueled by gas cylinders.

The staff monitors the battery levels every day before the sun sets and keeps track of consumption via a written log. They try to use energy sparingly to avoid resorting to the backup generator, as they know that they have a limited capacity. To that end, they use the most efficient appliances possible, and the fridge is turned into energy-saving mode every night. In terms of lighting, they use 1-watt LED light bulbs that they only turn on when it gets dark. The rooms are equipped with fans instead of air-conditioners, and the architecture of the treehouses is such that it keeps the rooms naturally fresh, thereby reducing the need for excessive cooling. These are all elements that the owner considered at the construction phase of the hotel.

Water use. The staff measures water consumption by checking the water tanks every day and by keeping track of use through a register. One treehouse uses in average 300L a night, representing 150L/person/day. The quality of the water provided is periodically checked to ensure that it is in line with all the applicable standards. The four treehouses, the kitchen and the bathrooms are furthermore equipped with their own bio-digestor. This means that all the waste-water produced at Ajal goes through them, assuring the water that is released back into the jungle to be toxins-free, thereby protecting the subterranean aquifers. Finally, the showers in the rooms and the kitchen sinks are equipped with water-saving heads and have low pressure. Again, these are elements that the owner implemented at the construction phase, thus eliminating the need to retro-fit posteriorly.

Waste management. Ajal tries to reduce its waste as much as possible. In the kitchen, they use reusable containers, and they do not provide any plastic straws. They select products by considering their packaging and choose the ones that are recyclable. They track the amount of non-recyclable waste generated in the kitchen (on average, 18.5 kg a week) to set reduction goals. Furthermore, all organic waste, aluminum, pet, tetra pack, paper, glass and bottle caps are recycled, and the staff is trained about these recyclables. They have a compost on-site, used to transform all their organic waste into fertilizer used for their organic garden and plants around the jungle.

On-the-job training. The staff is informed about the energy infrastructure that powers the property and is trained to act accordingly. The kitchen and housekeeping staff are also invited to use water sparingly. The hotel is not busy and fully-booked 24/7, leaving enough time for staff to be informally trained when there are fewer day-to-day operations to perform. Ajal also tries to create an organizational culture that encourages staff to actively pursue energy-saving, waste-minimization and ethical practices, and these are values that employees are informed about during the recruitment phase.

Guest Involvement. Ajal strives to provide an example of responsible and innovative tourism and infrastructure for people to see and be inspired by. They have information and consultation materials accessible that are aimed to incentivize environmental practices among guests. A "Responsible Tourist Handbook" is available in each room, as well as the restaurant area, that informs guests about the sustainable initiatives at Ajal, such as their efforts to recycle, rely on solar energy, filter water, etc.

They have sensitization signs that aim to help guests save energy, use less water, recycle or ride a bicycle. They prohibit the use of high-energy-requiring devices such as hair dryers and clothes irons after 5 PM. They also have informational signs located all around the property that contain facts about the environment, the values and the socio-cultural identity of the area, and its natural and cultural heritage. Finally, their menu offers mainly Mexican dishes that celebrate local ingredients and the guests are informed about the provenance of the food.

Human and labor rights. They believe in conducting their business with the highest ethical standards. They have a Code of Conduct that depicts the behavior that is expected from employees at Ajal, and they have a zero-tolerance approach to bribery and corruption. Their employees make sure that the premises are not used to sexually abuse adults or children.

Furthermore, the hotel's development did not cause any forced evictions or displacements of local people or the destruction of fertile agricultural terrain.

They support the protection of human rights and labor rights such as decent hours, fair contracts and livable wages. Where the Mexican law is insufficient to protect workers' rights, they ensure that all employees are treated with respect and dignity. Ajal pays its staff above the national minimum wage, their lowest wage being 270% of Mexico's minimum wage, and they pledge to provide equal pay to all employees in the same positions and seniority levels. The hotel's general manager is accountable for maintaining a working atmosphere where employees are comfortable to speak up and express their concerns freely.

They are currently starting the process of enforcing a Supplier Code of Conduct. They plan to make all their business partners sign it to assure that they are acting in accordance with local regulations in terms of environmental preservation and human rights protection. However, they presently do not have any plans in place to conduct due diligence to verify these allegations.

Community engagement. They try to encourage the participation of guests and employees in environmental, cultural and socio-economic practices and activities for social benefit. They inform guests, through the Handbook, on ways they can contribute to the conservation of the natural and cultural heritage of the region. Moreover, they choose local businesses and prioritize small enterprises throughout their value chain. They want to drive the Mexican and local economies by carefully selecting the business partners within their supply chain and service providers. Furthermore, they recommend local merchants and restaurants who act environmentally consciously and who give back to the local economy. Finally, they prioritize hiring their workforce from the local community, and all of their employees live in the Quintana Roo region. For the construction of the hotel, the majority of workers they hired came from the local Maya community.

AJAL TULUM
TREE HOUSE BOUTIQUE HOTEL

Even though they have limited staff, because of their micro size, they also have a small number of infrastructure and guests to manage, which makes all of these practices entirely accessible for them. The owner has total freedom in implementing changes whenever he sees fit. The upgrades are usually deployed gradually to avoid large one-time expenditures. Staff training does not entail any additional spending because it is done during “down times” and without an external trainer. The expenses for guest involvement are limited to the time spent on coming up with the content and the printing fees of the brochures. The communication materials hung around the property are mostly made out of wood from the jungle and executed by their employees during working hours, implying they also do not require any additional expenses. Finally, the prioritization of small and local vendors induce a slightly higher cost, however, it saves them the weekly trip that they used to make to go to the large store, an hour away from the hotel, which avoids them spending unnecessary time and gas money.

Their business is not yet in a full-operating state, and the implementation of these practices has been too recent, meaning that their profitability could not yet be determined. However, the initial investment of these practices being low, payback is expected to be achieved in a matter of a few years. The types of competitive advantage that result from these practices is discussed in the following, and final chapter.

CHAPTER VI. RESULTING COMPETITIVE ADVANTAGE

The business case for sustainability strategy implementation stipulates that long-term profitability is attainable through efficient resource management as well as improved operational risk management, reputational risk management and regulatory risk management (see Fig. 12, p. 22). The following table summarizes how each of these seven practices implemented by SIHs can contribute to these four scopes through which competitive advantage can be achieved.

	Efficient Resource Management	Operational Risk Management	Reputational Risk Management	Regulatory Risk Management
Energy efficiency	X	X	X	X
Water efficiency	X	X	X	X
Waste management	X	X	X	X
Staff training	X	X	X	
Guest involvement	X		X	
Human and labor rights		X	X	X
Community engagement		X	X	

We have previously asserted that profitability is key in order for a hotel to implement a sustainable agenda. So how exactly do these practices lead to the achievement of a positive impact on a SIHs financial bottom-line?

1. Boosting profit margins through resource efficiency, increasing value through certification and attracting loans and subsidies

There is evidence when looking at the amount of energy, water, and waste used in relation to revenue that there is a strong correlation between an efficient use of resources and superior financial performance overall (Bonini & Swartz, 2014). Different examples of potential cost-savings have been given in the previous chapter. Additionally, there are two further benefits for hotels that are linked to their resource efficiency efforts. The first is the increase in value and validation that they will acquire by obtaining environmental certifications. The second is the eligibility to various forms of loans and subsidies.

Certification is defined as "a voluntary procedure that assesses, audits and gives written assurance that a facility, product, process or service meets specific standards. It awards a marketable logo to those that meet or exceed baseline standards" (Honey & Rome, 2000, p. 5). Getting certified can increase the asset value of a hotel as certified green commercial buildings have demonstrated with resale prices that were 10 to 31% higher than conventional code-compliant buildings (Fuerst & McAllister, 2011). Furthermore, as certifications constitute a credible and demonstrable commitment to sustainability, SIHs can satisfy stakeholders with increasingly demanding preferences regarding social and environmental initiatives. Consumers are becoming further aware of the greenwashing phenomenon and are consequently more skeptical about hotels' sustainability motives. Getting certified by independent and credible agencies in green practices is an effective strategy to calm their apprehension. Most certifications focus on the efficient use of resources, however some also include - to a greater or lesser degree - regards to community engagement, heritage and biodiversity conservation, sustainable procurement, accountability and human resources practices, or building design. Fees depend on the region, the complexity of the certification system and the size of the hotel, which should make them affordable to SIHs. Certification schemes, therefore, allow a hotel to credibly claim sustainable credentials while not adding too much to the overhead costs. Ultimately, the benefits, including access to green finance and branding exposure, should far outweigh the costs, in particular, if they also ensure high standards of health and well-being for guests and employees (ITP, 2020). Furthermore, these services often come with online tools for self-assessment, customer service and technical assistance from experts, access to webinars, manuals and trainings on strategic planning and the promotion of certified hotels. This type of support is priceless for SIHs that usually lack internal knowledge on these processes and given that they cannot rely on the benefits of an affiliation to procure these kinds of services.

Secondly, several financial incentives are available for sustainable hotels. These green finance mechanisms can be either debt instruments that financial institutions or governments can invest in, or subsidies, grants and fiscal benefits that encourage hotel projects that focus on high-grade sustainability performance. The vast majority of these incentives are applicable based on the environmental performance of a hotel, as opposed to social. They include:

- Loans through local financial institutions: Hotel owners can secure project finance with loans to invest in sustainable infrastructure for assets under construction or refurbishment. The resulting utility savings would allow them to repay the loan (ITP, 2020).

- Low-interest rate loans from governments: The Thai government, for example, introduced a Loan Fund that provides low-interest rate loans to enhance investment in energy-efficiency measures buildings (IFC, 2017). In the US, Property Assessed Clean Energy (PACE) loans are a financing mechanism that enables low-cost, long-term funding for sustainable projects (ITP, 2020).

Hotel financing through loans is usually less accessible for SIHs as they often do not possess the necessary collateral to secure external bankrolling, especially given the seasonal flows of their revenues, which makes a loan much riskier for the investor. Nevertheless, some institutions or government loans focus specifically on small enterprises. Lebanon, for example, provides subsidized loans to small businesses that want to invest in energy efficiency measures (IFC, 2017). Moreover, there are two further financial incentives accessible to SIHs, that are not affected by their size or working capital.

- More and more countries have started to offer grants and subsidies to support sustainable projects. Singapore offers a cash incentive for upgrading and retrofitting that co-funds up to 50% (with a US$21 million cap) of the costs of installations of energy-efficient equipment and professional services in existing buildings. China offers a 30 000 yuan (approx. US$4200) reward for buildings with a "three-star certification" or a subsidy of 45 yuan (US$6) per square meter for a "two-star certified" building. These Chinese subsidies have resulted in energy savings and a reduction of over 130 million teq CO_2 per year (IFC, 2017). Such subsidies and grants are crucial for SIHs, that, in many cases, can only afford to implement some sustainable infrastructures if they receive help with access to capital to invest.

- Tax incentives continue to serve as a primary motivator to invest in green infrastructure. Russian taxpayers are entitled to a three-year exemption on corporate property tax for newly introduced energy-efficient systems (IFC, 2017). Japan also offers tax deductions for installing energy-efficient equipment such as high-efficiency air-conditioning systems, highly insulated windows and LEDs (IFC, 2019). India offers a ten-year tax holiday for the developing or operating of any facility water supply project or water treatment system (KPMG, 2017). The KPMG Green Tax Index gives a detailed overview of these incentives globally (KPMG, 2017). Their report confirms that these fiscal incentives are highly effective. For example, as of 2014, South America produced 53% of its electricity from renewable sources, compared to the global average of 22%. They have many well-implemented tax policies in place that explain why they are rising to the top of the renewable energy market. These tax incentives are great opportunities for SIHs as they would secure a shorter payback period on their green investments by lowering their tax expenditure every year.

It will take some time for the hotel's operations to fall in line with the new standards set for resource efficiency and for it to translate on their financial bottom-line. However, overall, the cost-savings that can be achieved through these investments, and the resulting eligibility to various loans or subsidies, provide SIHs with a relatively short-term, palpable, economic profit.

2. Enhancing Operational Risk Management

Scanning for potential risks and addressing them at an early stage is the best way for a hotel to ensure business continuity. "Risk management needs to be understood as strategy, policy and processes, whose goal is to address potential ethical, social and environmental factors" (Wiśniewski, 2015, p. 19). Operational disruptions will impact customer satisfaction and can lead to enormous reputational and financial losses. SIHs can even take it a step further by making the results of their risk analysis available to their stakeholders and the public. Hotels with a culture of sustainability that are more proactive, transparent and accountable, will tend to be better prepared to control their threats and reach their targets. A proactive risk management is especially valuable for SIHs that tend to be more sensible and vulnerable to external pressures. The profits might be tangible only after a longer period. They are mostly indirect, and the exact correlation between the perceived benefit and the implementation of a sustainable practice will not easily be measurable. Nevertheless, the active process of alleviating risks guarantees some genuine advantages that SIHs cannot disregard.

2.1. Addressing climate change and resource scarcity through efficient resource management

In 2016, 91% of companies responding to the Carbon Disclosure Project considered climate change as a risk to their operations. They identified almost 5000 specific risks to their business from physical impacts related to climate change, the most common one being extreme changes in rainfall and droughts (Bartlett et al., 2016). The Global Risks Report of 2020 states that climate action failure is now the highest most impactful global risk, ranking higher than the impact of weapons of mass destruction, and is the second most likely disaster to occur (World Economic Forum, 2020). The frequency and severity of extreme weather events will continue to rise while simultaneously increasing vulnerability through continuous changes such as sea-level rise and desertification. The higher risk of closure for SIHs as a result of natural disasters has already been discussed earlier (See Fig. 23, p. 40).

Additionally, the unavoidable fact is that the consumption of scarce resources is occurring at a far higher rate than the planet can withstand. The global food and water demand will continue to increase, and the interconnectivity between climate change and resource scarcity will amplify the issue of food and water supply. Hotels must recognize that, while uncertainties exist about precisely how climate change will manifest over the coming years and decades, taking the range of predicted risks into account may be more financially prudent than waiting to act. There are incentives for them to use resources efficiently that go beyond the strict financial profit. Addressing risks such as resource scarcity is one the one hand, becoming essential as stakeholders hold companies accountable for their role in creating or exacerbating these risks (EY, 2019). On the other, participating in sustainable and local consumption and procurement practices will help achieve more reliable food security. Investing in local agriculture and encouraging sustainable production patterns can improve their resilience to regional resource scarcity. The reduction in food waste is also a big way in which hotels can contribute to sustainable consumption.

The dynamic capability of a hotel to seek advantage is an essential element to develop an adaptation strategy that manages the impacts of climate change. SIHs, therefore, have the upper hand as they benefit from greater flexibility and independence to make changes in their business strategies to prepare for upcoming potential disasters.

2.2. Safeguarding against human and labor rights associated risks by implementing protection measures

Mapping their supply chain and assessing the associated risks can enable a hotel to spot any issues early on and to start a dialogue with the relevant parties before problems escalate. Furthermore, collaborating with wider partners on key initiatives in the supply chain will not only strengthen relationships with suppliers but will also increase stakeholder trust.

Disregarding effective protection measures puts a SIH at a high risk of financial and reputational loss, especially since the hotel industry is particularly vulnerable to human rights infringement risks. Non-compliance to adequate health and safety protection measures can also lead to vast sources of economic drain. These include workers' compensation costs (medical treatment and indemnity), lost or decreased productivity, overtime associated with compensating for injured workers, work-site modification, recruitment and retraining of replacement workers, litigation and disability settlements. One study showed the benefit-to-cost ratio to be 8.86 to 1. In other words, for every dollar spent by a hotel on prevention, they gained US$8.86 in direct medical expense savings (Landers & Maguire, 2004). Finally, active engagement in the protection of human and labor rights can create a favorable working landscape, where the employees are more committed and productive.

Because SIHs are more exposed to human rights infringements and occupational accident risks, they would benefit largely from the implementation of such protection measures. We will also note that the hotel industry, and in particular SIHs, are late adopters of these kinds of measures. They can, therefore, maximize the speed of uptake of their supply chain programs, by learning from other leading sectors and avoid repeating mistakes, which will save them a valuable amount of time and money.

2.3. Mitigating community risks by engaging with the local community

The local population can have a massive say in regulating tourism. Discontent residents of Amsterdam, Barcelona and Ibiza have shown to fight to restrict hotel development to deflect tourist overcrowding. Hotels need to show them that they are a valuable member of the community, that they use their position to help protect natural and cultural sites and that they play an active role as an employer and contributor to the local economy. Overall, having a good relationship with the community enables the hotel to solidify its license to operate. There are many potential social challenges to a hotel's freedom to operate that might include mass mobilization to stop the development of a new building, or a boycott of a hotel deemed insensitive to a local issue. In this regard, SIHs should be less vulnerable, as the community tends to block the development of larger hotels that they consider a heavier risk to their natural and cultural heritage. Even though SIHs are less exposed to the risk of mass community activism, there are many operating benefits resulting from community engagement to consider, such as a more accessible entry to the market, more favorable government relations and regulatory rulings, as well as the reduced likelihood of lawsuits or work strikes (Green Hotelier, 2012).

Another advantage of strengthening the local value chain through capacity building and enhancing local markets is that it provides greater opportunities for supply and makes hotels less vulnerable to fluctuations of the local economy. Developing closer links with suppliers additionally allows them to monitor quality more effectively. Furthermore, by making it a priority to employ people amongst the local population, the staff will be better acquainted with the area and its specificities when it comes to making managerial decisions or talking to guests. In order for hotels to benefit from all these advantages, they need to engage and develop a strong relationship with the local population and administration that is built on goodwill, transparency and trust. Because SIHs are highly dependent on the local community to attract staff and suppliers, the quality of their business relies even more on their relationship with local stakeholders. Finally, an organization that can demonstrate strong values and a commitment to the host community will also enjoy an improved public reputation and one that differentiates it from its competitors, potentially increasing guest loyalty and driving bookings.

3. Building reputation

"Sustainability initiatives can be challenging to measure because savings or returns may be divided across different parts of the business, and some benefits, such as an improved reputation, are indirect" (Bonini & Swartz, 2014, p. 10). Although intangible, a hotel's reputation, built by stakeholders' perception, is crucial to building guest loyalty, attracting talent and nurturing community relationships. A corporate reputation takes years to build up and can be tarnished in an instant. Therefore, it might take some time to discern the direct advantages that come from an enhanced brand image, but again, they are very real. As we tackled the subject of community relationship, we will next specifically discuss the impact an improved reputation has on the hotel's service profit chain. The service profit chain establishes relationships between market performance (revenue growth and profitability) and customer satisfaction and loyalty, on the one hand, and employee satisfaction, loyalty, and productivity on the other (Heskett et al., 1994).

3.1. Attracting Customers

As public concern for the environment and scrutiny of social practices has increased throughout the past decade, companies in nearly every industry have begun to integrate sustainability marketing measures. The improvement of brand awareness through "doing good" is becoming one of the pillars of advertising campaigns of big companies all over the world. More sustainable companies were proven to be further trusted by consumers, thereby increasing sales (Nielsen, 2015). Green marketing refers to an organization's efforts to design, promote and distribute products or services that contribute to "transformative change" that creates value for individuals, society, and the natural environment (Polonsky, 1994). A study revealed that one of the most important reasons for "going green" is the customer, often considered as the central stakeholder in driving hotels to be environmentally friendly (Rahman & Reynolds, 2016).

It is of paramount importance for SIHs to make a genuine commitment to sustainability stewardship and simultaneously channel this message effectively to the public. However, investing in marketing will be more expensive for SIHs due to lower economies of scale. There are, nevertheless, affordable ways for them to inform the public about their green efforts, such as through the obtention of a credible certification, by having a comprehensive "green" program, or by educating guests about sustainability-related issues. These forms of communicating authentic messages will sometimes appear to be more credible in the eyes of consumers that an official advertising campaign (Rahman et al., 2015). We note, however, that the scale of potential customers that can be reached through these "soft communications" is significantly lower for SIHs that a LAH that invests in a full-blown marketing campaign.

Leading by example in terms of resource efficiency and promoting credentials in working with suppliers on human and labor rights issues will affect how stakeholders perceive the hotel. Researchers have argued that the effective integration of sustainability practices into operations can procure competitive advantages through service differentiation and better servicing of niche markets for customers demanding "responsible" products and services (Kassinis & Soteriou, 2003). The traveling public's attitude has changed with the times as it becomes increasingly concerned about its impacts. For the past 20 years, so-called "green tourists", who are responsible travelers that conserve the natural and cultural environment they visit, have become a measurable segment in the tourism market (Dolnicar & Matus, 2008). A report by Booking.com indicates that the sustainable travel trend continues to increase, with a vast majority of global travelers (87%) stating that they want to travel sustainably. Their results show that 68% confirm they are more likely to consider choosing accommodation, knowing that it is eco-friendly, and 36% would choose eco-friendly accommodation because it provides a more locally-relevant experience. Furthermore, 38% perceive the buying of locally-made products and supporting local artisans as sustainable travel (Booking, 2018). A similar study by the TUI Group (2017) found that among European travelers, only 1 in 10 people book environmentally friendly holidays, but over half would book more if they were further available as they have an encouraging attitude towards sustainability (See Fig. 33). Globally, sustainable hotels attract more guests, extended stays, but also command a slightly higher willingness to pay (Dodds & Holmes, 2016; Walsman et al., 2014). Two-thirds of travelers report that they are willing to spend at least 5% more on their travel to ensure minimized environmental impact (ITP, 2020), and 64% would be ready to accept higher costs for food that is produced locally (Booking, 2018).

Figure 33. Attitudes tourists have towards sustainability (TUI Group, 2017)

In 2020, sustainability is not just a trend anymore, but an expectation that is growing as younger generations, who are usually more sustainability-oriented, take up a larger part of the traveling community. Gen Z surpassed millennials in 2019 when they reached 32% of the global population, and studies show that sustainability matters in their travel decisions (see Fig. 34).

Customer satisfaction has always been critical for a hotel's business survival, and we can see that its profitability is thereby becoming interlinked to the green consumer's demand for environmentally friendly services (Alipour et al., 2019). As this responsible, eco-conscious market is growing, SIHs should position themselves to take advantage of it and aim to be regarded as part of the solution rather than part of the problem. Satisfying the needs and desires of the consumer is among the most fundamental notions of the business and marketing concept. With consumer preference shifting towards small, authentic hotels, focused on niche markets, SIHs have everything to gain by "greening" their business.

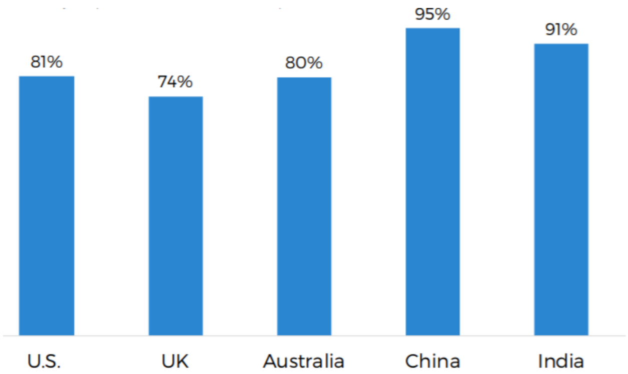


Figure 34. % of Gen Z from different countries answering "important" and "very important" when being asked: "How important are recent news stories or political issues (human rights abuses, bad environmental record, social issues) in your decisions about whether or not to visit a specific destination?" (Carty, 2019)

In this context, the other key for SIHs to attract guests is to guarantee an impeccable service. Customer satisfaction is positively related to the concept of customer loyalty. Loyalty behaviors, including relationship continuance and recommendations, which are word-of-mouth advertising, result from customers' beliefs that the quantity of value received from one hotel is higher than that available from another. Loyalty is profitable as it decreases the need for a SIH to rely on marketing to acquire new customers and lowers a customer's price sensitivity. A crucial factor of service quality in hotels relies on their employees and how they are engaged.

3.2. Attracting and retaining talent

Fair labor standards and career development opportunities are crucial factors affecting the attractiveness of a hotel to potential employees and the retention of staff. Active engagement with health and safety initiatives, as well as proactive protection of labor standards, create a "caring" landscape that has shown to enhance employee productivity and reduce disruptions. According to a recent study, 50% of small employers believe that their staff has an improved morale due to having health and wellbeing initiatives in place, 24% indicate increased productivity and motivation, and 32% report that fewer sick days were taken (Aviva, 2017).

Training programs have also been linked to improved employee morale and optimism, company productivity and service quality. It was also found that when training programs are reduced, employee turnover and service quality are negatively affected (King, 2009). In a business such as the hotel industry where customer satisfaction is essential, the quality of service that their employees deliver needs to be ensured. SIHs that already have limited personnel cannot risk having any disgruntled or unprofessional members in their staff. On-the-job trainings such as we mentioned, are effective ways to provide staff with the qualifications necessary to ensure an up-to-standard service and boost their confidence.

Modern employees are also increasingly sophisticated and in tune with current thinking. Beyond “basic” considerations of labor standards and training, they are likely to want to work for an employer with ethical and moral values. Studies of best practices conducted in the hotel industry have indicated that environmental practices had a positive impact on employee morale by making them feel valued and enhanced the staff’s pride in the hotel (Enz & Siguaw, 1999; Goodman, 2000). By actively involving employees in the hotel’s sustainability strategy, it gives greater meaning to their job by making them aware that they are contributing to a common good. Conversely, it is hard to retain staff who feel let down by their employer’s practices.

These findings are in line with cross-industry observations that employees are more likely to want to work for an employer whose principles and practices reflect their own beliefs and for whom they can be an ambassador (see Fig. 35). A PwC study (2016) found that millennials are five times more likely to work for an organization when they feel a strong connection with their employer’s purpose. Further studies found that morale was 55% better in firms with strong sustainability programs, employee loyalty 38% higher, and workforce productivity increased by 21% (Cohen et al., 2011).

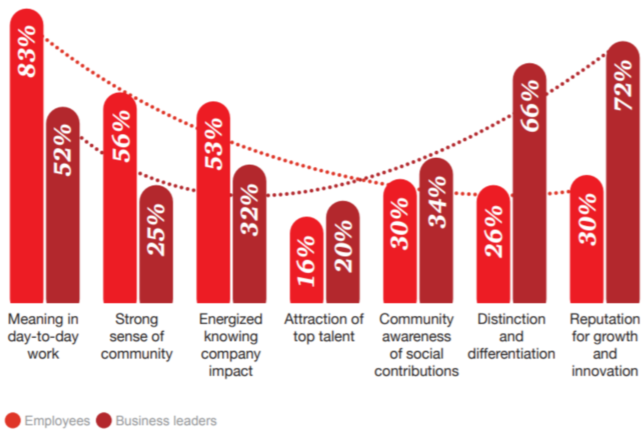


Figure 35. What employees and business leaders value in the workplace (PwC, 2016)

Employee engagement is crucial as they are centrally important in deploying sustainable strategies (E. Sharma & Tewari, 2018). Therefore, it is valuable for a hotel to conduct yearly employee surveys about their job satisfaction as the insight obtained is an essential tool for continuous improvement throughout the entire organization. Because SIHs tend to encounter greater difficulties in recruiting talent due to scarcer resources and visibility, it is an especially crucial asset for them to be able to retain staff.

4. Safeguarding against regulatory risk

A firm's proactive sustainability strategy implies a voluntary approach that goes beyond regulation to prevent social or environmental impacts related to its activities (Aragon-Correa et al., 2015). In this context, there are growing costs of inaction. As Unilever CEO Paul Polman said, "We begin to realize that *to do nothing* is more expensive than to act" (FEB, 2017, p. 35). Delaying commitment to a sustainable business model is not a recommendable option because if progress is too slow, there will be no viable world in which to do business. Not only will unavoidable operational disruptions arise, there will also be a strengthening popular backlash against businesses and increasingly radical regulatory responses from governments if social and environmental indicators do not improve in the next years. If industries do not take the lead, then it is much more likely that governments will take drastic action and companies simply have to keep up.

Moreover, these regulations are likely to become increasingly rigorous and harshly enforced. "Failure to comply with international and national legislation and local authority regulations can result in prosecution, fines and even imprisonment of senior executives and management. The implications of non-compliance in terms of potential damage to a company's reputation, punitive fines and loss of customer patronage are very serious" (ITP, 2008b, p. 3). For example, lawsuits from guests who are injured or get sick on the premises of a hotel present a significant risk to their bottom line. In 2011, Legionella bacteria was discovered in water collected from various locations at a hotel in the US, when it was found that six people fell sick because of the bug, and one of them died. The hotel chain was later sued for US$6 million by those who contracted the disease (Economy, 2020). SIHs would not be able to afford such charges.

However, especially in developing countries, laws are often absent, inadequate or ignored, and hotels must go above compliance to ensure responsible business operations regarding staff, suppliers, customers and communities. Additionally, studies have shown that the adoption of environmental practices in small hotels has a stronger effect on the improvements in operational performance and competitiveness when these practices are voluntarily implemented than when they are adopted to relieve the pressure of legislative obligations (Bagur-Femenias et al., 2016; Fraj-Andrés et al., 2015; Pereira-Moliner et al., 2015).

A proactive sustainable agenda that includes the responsible use of resources and protection measures of human and labor rights will position SIHs to meet changing regulations in a timely manner. The regulations that most concern hotels and that are continually evolving include:

- GHG emission policies as national governments are setting policy plans to steer their economies onto a low-carbon path, as part of the Paris Agreement. For example, Finland which ranks first globally for its Environmental Performance Index, penalizes businesses for each excess ton of GHG emitted above the authorized limit, through “naming and shaming them” by publicizing their names and charging them dissuasive fines (EUR 100/excessive teq CO_2) (KPMG, 2017).
- Water policies as local governments are forced to pass increasingly restrictive policies in response to water shortages. The Columbian government regulates water use by creating a charge to promote efficient consumption, especially since the “El Niño” phenomenon that resulted in severe water scarcity (KPMG, 2017).
- Health and safety acts vary depending on the country but have seen various adjustments in the past years. One example is the “Hotel Housekeeping Musculoskeletal Injury Prevention Regulation” that became effective in the US in 2018, requiring hotels to conduct regular worksite evaluations to identify and address specific risks (Kerr, 2018).
- Finally, there is a legal duty in most countries to protect human rights. Due diligence and reporting help hotels address the risk of legal action by demonstrating that all reasonable steps to avoid involvement in an alleged abuse have been taken. The UK has a “Modern Slavery Act”, invoking anti-slavery efforts, although its effective enforcement was actually shown to be mediocre in the hotel industry (Walk Free et al., 2019).

Because SIHs have less organizational power, it has been shown that they are more likely to have legal actions taken against them. Some would not survive the penalties or even a prolonged litigation process due to their limited financial resources. They, therefore, have every interest to proactively include efficient resource management and human rights policies into their strategy to protect themselves against these increasingly stringent regulatory risks.

5. Conclusion

We found that the investment in the seven sustainable practices proposed for SIHs, if effectively managed, will lead to competitive advantage through cost-reductions obtained by lower resource consumption and operational improvements linked to better risk management. Furthermore, this sustainability strategy should stimulate the hotel's competitiveness by improving its image, leading to higher customer and employee satisfaction, creating a better market presence and increasing sales. It will also decrease the risks of any legal actions taken against them. These findings are in line with previous literature about the widely agreed on advantages for hotels to implement sustainable practices into their operations (Bagur-Femenias et al., 2016; Leonidou et al., 2013; Pereira-Moliner et al., 2015). Based on these observations, the types of competitive advantage that SIHs create through their sustainability practices are identical to those of LAHs, which leads us to affirm *H3*.

However, although the types of competitive advantage that these practices will generate are the same, we noticed that the scope of these benefits would differ for SIHs because of some of their intrinsic features. The cost-savings achieved through improved energy and water efficiency must be tempered by the theories of economy of scale. We thus expect them to be proportionately lower than LAHs that invest in identical sustainable infrastructure. We did not find any significant areas where economies of scale would affect the implementation of waste reduction and recycling measures of SIHs, and we thus expect their return on investments to be proportionate to their size and range of operations.

Next, we established that SIHs tend to be more vulnerable to external instabilities, such as environmental disasters or political changes. They also showed a higher vulnerability to regulatory pressures than LAHs. Therefore, we assume that an enhanced risk management that addresses issues such as resource scarcity and human rights infringements will be all the more precious for SIHs. The same goes for a reinforced local supply chain achieved through local procurement practices and cooperative community relationships that will increase their resilience to economic fluctuations.

Furthermore, SIHs do not have the resources to invest in extensive market research and advertising campaigns. Building a good reputation that leads to enhanced guest attraction, customer loyalty, and lower price sensitivity is, therefore, especially crucial for them to ensure long-term competitive advantage. Similarly, the staff attraction and retention that comes with a better employer image is particularly valuable for SIHs who suffer from greater difficulty in human resource recruitment.

Finally, one of the main barriers for SIHs to implement a sustainable agenda is their lack of know-how. By implementing the strategies we proposed, they will be eligible for various certifications. The application and subscription to these schemes often come with professional support and technical advice that are of higher value for SIHs that for LAHs that already dispose of the internal capacity to transmit knowledge about best practices.

Therefore, we can add to our findings that the extent to which the implementation of sustainability practices affects the competitive advantage of SIHs, varies from that of LAHs due to differences in structural and operational characteristics and that its degree of impact is for the most part amplified (see Fig. 36).

Figure 36. How competitive advantage gained from sustainable practices is affected by the intrinsic characteristics of SIHs

CONCLUDING NOTES

The hotel industry as a whole seems to have made significant strides towards embracing and implementing sustainable practices into every facet of operations, strategic planning, marketing, as well as guest, employees and community relationships. The biggest chains demonstrate their contribution to all 17 of the SDGs through their annual sustainability reports. This impetus towards sustainable practices has been driven mainly by potential cost savings and societal pressure. To maximize the benefits from such initiatives, hotels need to examine stakeholder demands and their potential total impact to assess which topics to focus on. The results of such research should be relatively analogous across the industry. However, beyond these standard considerations, the prioritization of sustainability practices needs to be specific to each establishment and take into account its unique structural characteristics and operational dynamics.

SMALL AND INDEPENDENT HOTELS HAVE EVERYTHING TO GAIN BY IMPLEMENTING A SUSTAINABLE STRATEGY

For SIHs, there are certain features such as the lack of financial, human and knowledge capital that present barriers to the success of their journey towards sustainability. They may not be equipped with the necessary resources to conduct effective due diligence on their suppliers or donate money to charity. However, the review of specific characteristics of SIHs also allowed us to identify some advantages that they benefit from to develop and implement a sustainable strategy. We found that some practices, such as an improved waste management or transformed company culture, might be more manageable for SIHs to carry out due to their simpler and straightforward management structure. Our findings have practical implications. We weighed the ease of implementation of sustainable practices performed by LAHs by tailoring them to the specifics of small and independent establishments. This analysis resulted in the list of seven best sustainable practices for SIHs to implement that consists of specific energy and water efficiency measures, improved waste management, employee and guest involvement, policies that protect human and labor rights and community engagement. With a sustainability strategy that includes these seven aspects, SIHs should be able to create competitive advantage in the most efficient manner by exploiting their strengths.

They will not only be able to significantly reduce their costs through a more efficient use of resources but will also be eligible for certifications and various forms of "green" financing. The process of determining and implementing a sustainable agenda into their business is furthermore an invaluable asset of operational risk management. Indeed, the increasing risks concerning resource scarcity are addressed through improved resource efficiency management. Moreover, growing hazards regarding human and labor rights infringements are mitigated through sound policy implementation. Any risk of community upheaval against their business is tempered by active conversation and inclusion of the local population. Additionally, the recent shift in consumer preference and employee mentality suggests that the "greening" of their operations will attract more guests and talent due to an enhanced reputation. Finally, SIHs would protect themselves against growing regulatory threats by being proactively cautious.

The competitive advantage that can be gained from the described practices is conditioned by the effectiveness of a hotel's implementation. Top management needs to be determined in its desire to improve its social and environmental performance, and their internal and external communication about their initiatives needs to be transparent and clear. Furthermore, their strategy needs to be dynamic and progressive based on aspirations of continuous improvements if they wish to make real advancements towards their contribution to the 2030 Agenda.

What particularly struck us, was the finding that the intrinsic characteristics of SIHs affected not only their propensity to deploy sustainable practices, but also the impact that these strategies will have on their competitive advantage. Our systematic and holistic approach to the direct links between these practices and their profitability allowed us to highlight the intricacies of their relationships and relate them to the defining qualities of SIHs. We found that overall, the weaknesses and threats that SIHs bear imply that a sustainability strategy will be all the more effective on their competitive advantage. This edge is only boosted further by the present-day opportunities and incentives that consumer trends and regulatory frameworks offer to lead a more sustainable and responsible business.

We will conclude by remarking that the advantages and weaknesses of SIHs were addressed as a generality in this study. The validity of our findings relies on their ubiquitous application. Yet, there are small hotels that suffer from miscommunication issues, which would cause staff and guest engagement to be compromised. Furthermore, there are independent hotels run by owners who will always be stubbornly resistant to making any changes in their operations. The interpretation of our suggestions should, therefore, be made with caution by modulating them to the various characteristics that define a specific hotel.

A Widespread implementation of the SDGs requires further governmental stimulus

Although there is a way to establish the obvious business case to implement the SDGs, there are still barriers to implementation that transcend those proper to SIHs. One of the main obstacles is that the 2030 Agenda is a non-binding, political and aspirational initiative agreed upon by the Member States of the UN, but with no organ nor real tools to assessing a firm's performance and coercing them into adopting the goals. For many hotels, integrating a side-line agenda of longer-term planning with social, economic and environmental goals still does not make sense. Indeed, most businesses do not respond to the soft language of business responsibility. Therefore, the promotion of sustainable development needs to be intensified through the creation of technical support and advisory services and programs to increase knowledge of sustainability-related issues and solutions. Special consideration should be given to reaching small, unaffiliated hotels, who do not have the resources to invest in costly and sophisticated infrastructure and informing them about practices that are most suitable to their establishments.

The transformative nature of the ambitious 2030 Agenda requires the enormous efforts from all actors of the tourism sector to be coordinated for change to be effective. Governments need to position the SDGs at the heart of the decision-making process of tourism development. This prioritization needs to be enforced by creating an enabling environment for businesses to address the goals, devising supportive policy frameworks, and providing smart subsidies and incentives conducive to competitiveness, inclusiveness and sustainability. These government incentives are proven to be effective. Sweden, which is one of the leading countries in terms of sustainability, taxes many fuels used for transportation and heating and provides investment subsidies and tax incentives for the purchase and production of renewable energy. On the other hand, Vietnam, which has one of the worst sustainability rankings in the world, offers no financial incentive in terms of renewable energy and has only very few initiatives that advocate responsible behavior (KPMG, 2017).

Finally, we note that although a large extent of grants and tax benefits exist around the world to promote environmentally responsible behavior, there seems to be a global gap in governmental incentives that encourage social stewardship. One solution we propose to counter this void is the establishment at the local level of an online platform that would regroup companies' assessments according to their performance regarding human and labor rights, gender equality, fair compensation, community involvement and other issues. This access to information would allow small businesses that do not dispose of the sufficient resources to conduct an effective due diligence process, to be still able to find responsible suppliers, and vouch for the integrity of their value chain.

As humanity is currently facing some of its most complex and pressing challenges, it needs to remember that the world is filled with opportunities for collective development within the grasp of anyone who makes an effort to reach out.

LIMITATIONS OF THE STUDY

We recognize that the theoretical and qualitative nature of our approach comes with its limitations. Creating a uniform roadmap for all SIHs is only the beginning of an attempt to fill an informational void, as it needs to be perfected from its excessively generalized form. An individualized model for each hotel would be more accurate, as beyond the characteristics that define the category of SIHs are the singularities of each establishment. Criteria such as location, for example, have not been addressed, even though it is a decisive factor in the choice of certain practices, as it profoundly impacts a hotel's utility consumption. Future developments on hotels' performance measures may focus on the disaggregation of hotel characteristics and develop indicators for these specific components. Individual efficiencies of a sustainable practice can then be weighed, combined and adapted to constitute an ideal sustainable strategy for a specific hotel of any type of configuration. For example, one would be able to create a tailored sustainability plan for a 25-year-old hotel, located in a tropical climate, on the beach, with ten rooms, no kitchen, 16 employees, an average 85% occupancy rate and many further specific characteristics. To be able to perform such a study, individual performance indicators need to be standardized, data collection and reporting procedures need to be perfected, and industry best practice benchmarks identified.

We would also like to stress that the induction that was made for the preferences of hotel stakeholders used a sample of ten hotel groups. The reliability that the average of such a limited fragment offers is restricted. The generalized stakeholder map that we establish in this study should, therefore, be used as a resource and tool to get a better idea of the industry landscape rather than as a strict reference.

Furthermore, because of the preference we have given to a holistic analysis, some measures could not be addressed in depth. This is the case, for example, of the potential of renewable energy self-production for small hotels, which could be a worthwhile focus for a separate study. It would also be worth directing further attention to the relationship between community engagement activities of SIHs and their perceived image by the local population.

Finally, our findings are qualitative and based on theoretical observations. In order to determine the relevance of our results in the practical world, focused case studies should be conducted about the effects of our tailored agenda on the competitive advantage of SIHs.

ANNEXES

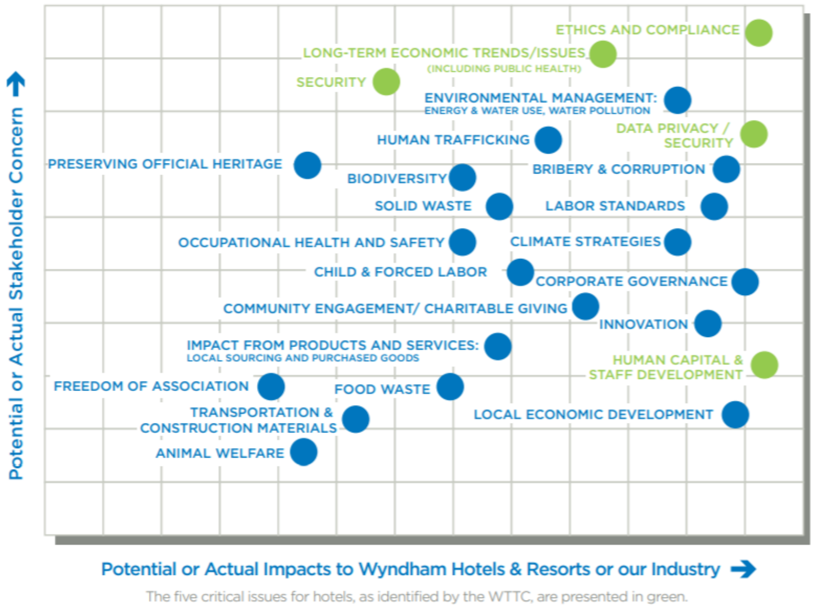
Annex 1. Annual financial savings and worst-case payback estimated for replacement of average water fittings with efficient water fittings conforming to industry benchmarks (Styles et al., 2013, p. 238)

Fitting	Cost	Saving			Payback
		Water	Heating (oil)(*)	Total	
	EUR	EUR/yr			Months
Low-flow basin taps(**)	100 – 200	29	24	**53**	**23 – 45**
Combined flow-restrictor and aerator	10	22	18	**40**	**3**
Low-flow showerhead	20 – 50	44	54	**98**	**2 – 6**
Combined flow restrictor and aerator	10	44	54	**98**	**1**
Shower push-button timer	150 – 200	164	203	**367**	**5 – 7**
Low-flush toilet(**) (bathroom)	70 – 150	23		**14**	**36 – 78**
Cistern displacement/dual-flush retrofit (bathroom)	20	23		**14**	**10**
Low-flush toilet (public)(**)	150	137		**137**	**13**
Bathroom cistern displacement/dual-flush retrofit (public)	20	137		**137**	**2**
Urinal flush control (from uncontrolled)	200	375		**375**	**7**
Waterless urinal (from controlled flush)	150	375		**375**	**5**

(*)For energy savings, it was assumed that water used in showers and taps has temperature elevated by, on average, 30 °C and 20 °C, respectively, fed by a 90 % efficient oil-fired boiler.
(**)Cost of new fittings provides a worst case cost estimate where recently installed existing fittings are replaced by efficient new fittings.

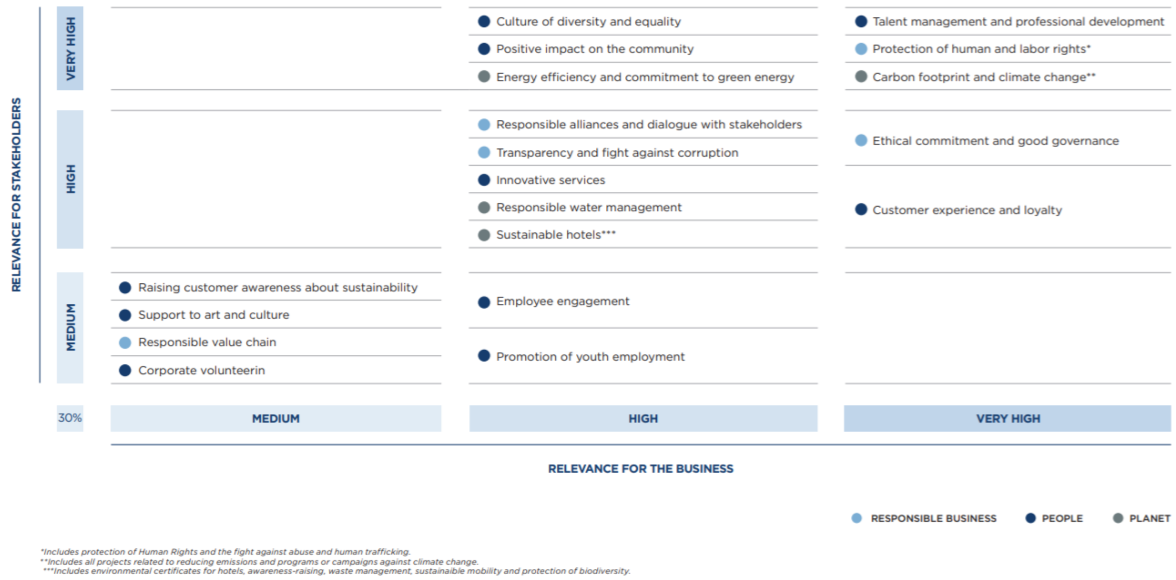
Annex 2. Materiality Assessment used to provide a general stakeholder importance map

1. Wyndham Group (Wyndham, 2019)

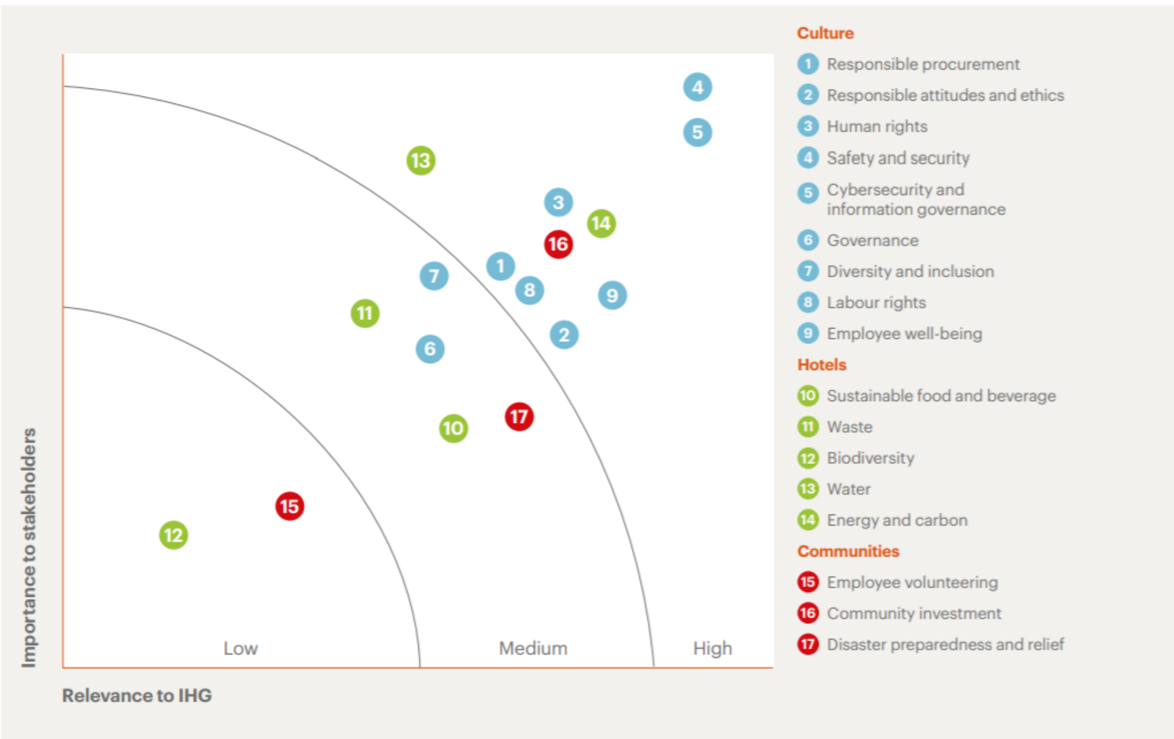


2. Hilton Group (Hilton, 2018)

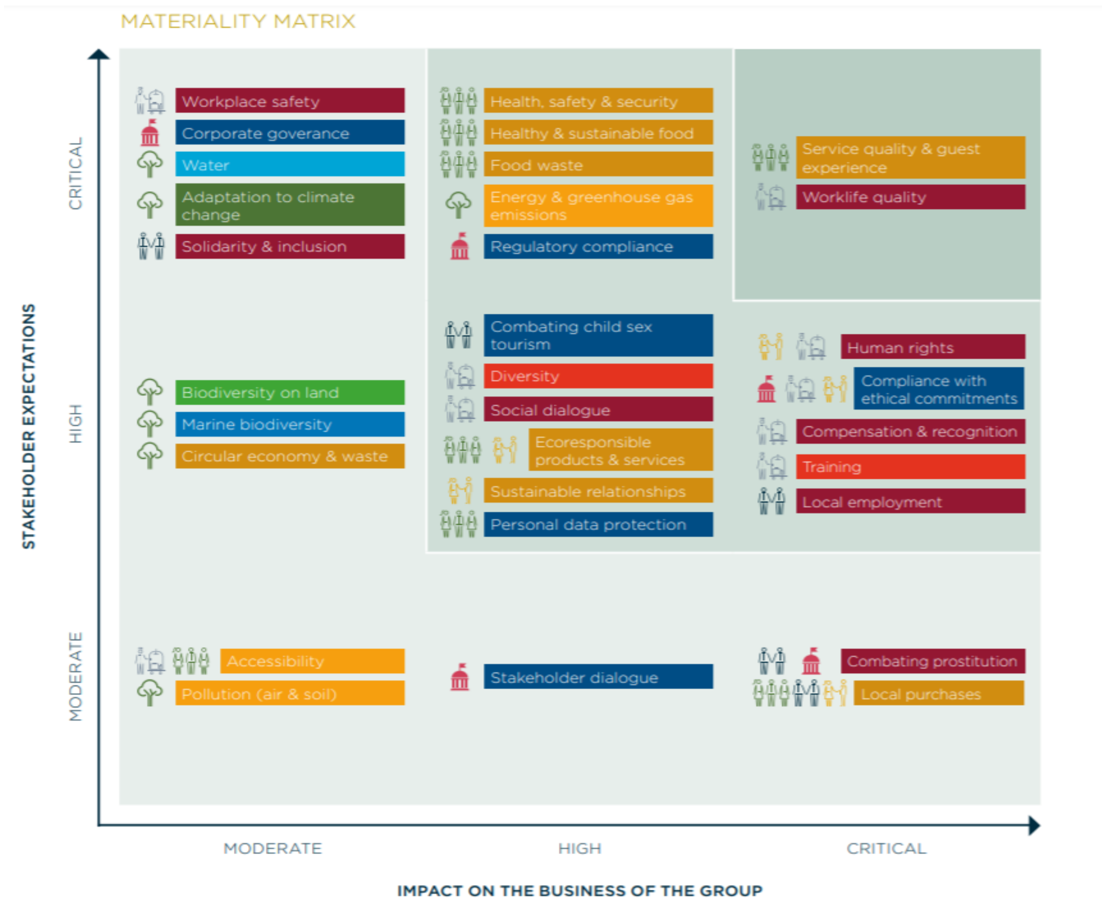
3. NH Group (NH, 2018)



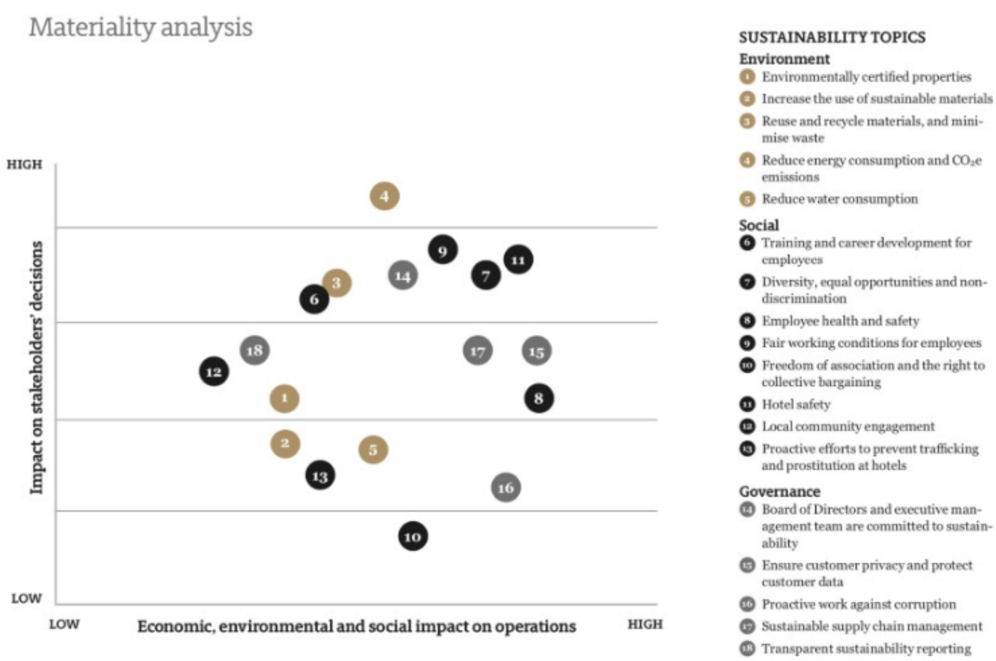
4. InterContinental Group (IHG, 2018)



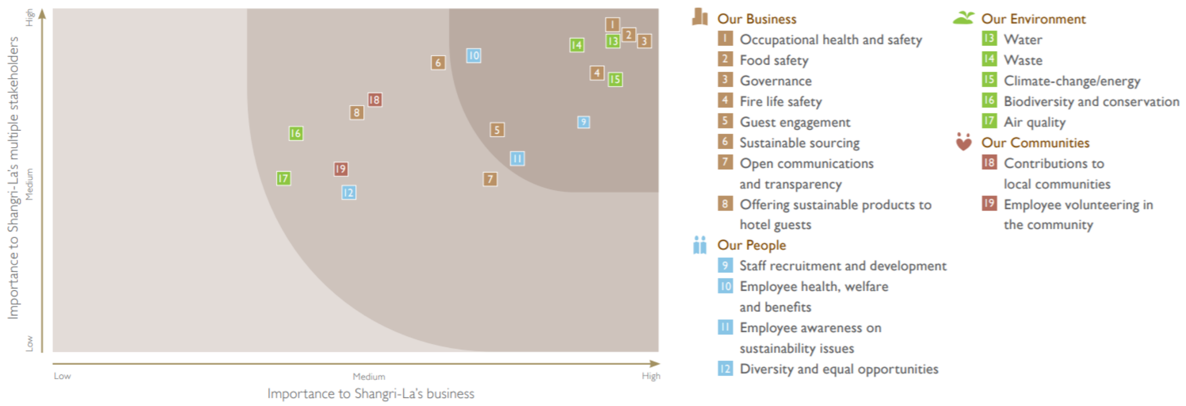
5. Accor Group (AccorHotels, 2017)



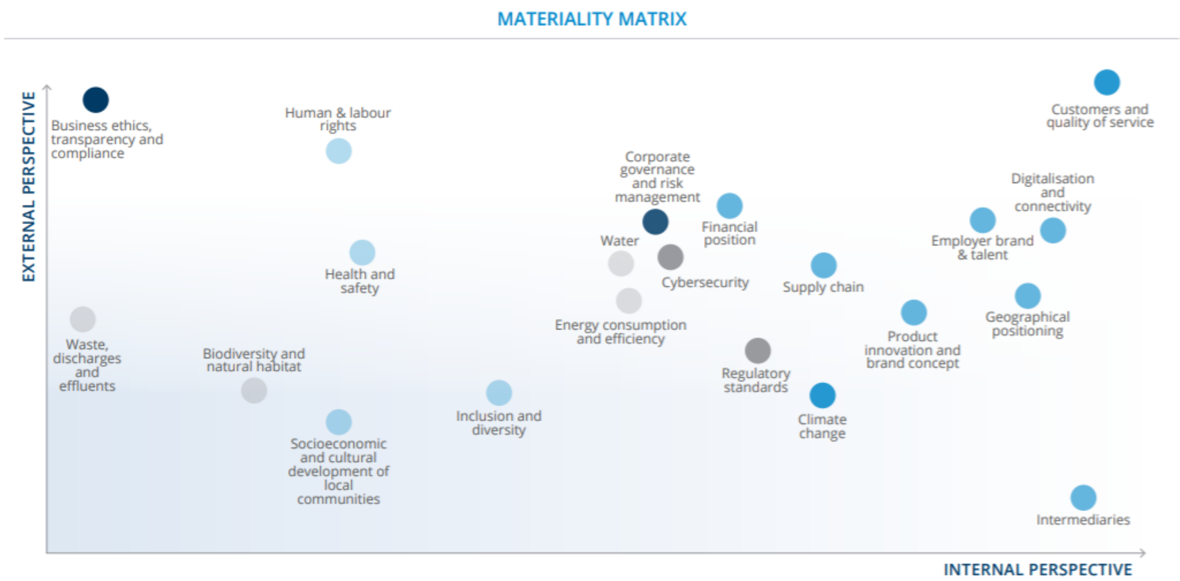
6. Pandox Group (Pandox, 2018)



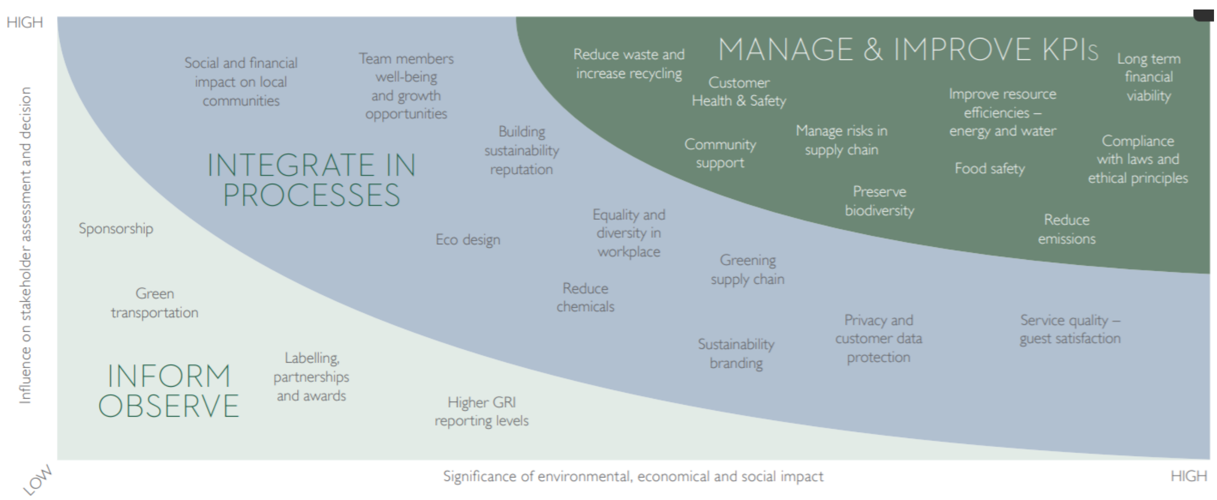
7. Shangri La Group (Shangri La, 2012, p. 8)



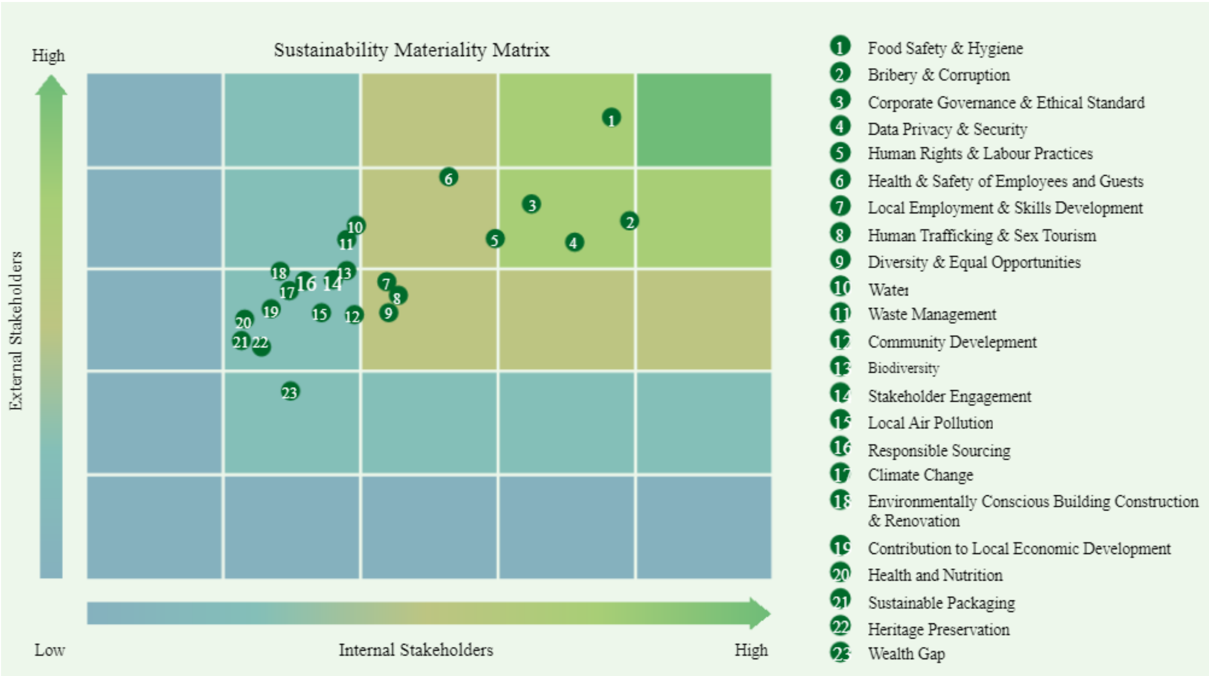
8. Meliá Group (Meliá Hotels International, 2017)



9. Swissotel Group (Swissotel, 2018)



10. The Hongkong and Shanghai Hotel Group (The Hongkong and Shanghai Hotels Limited, 2014, p. 60)



Based on these materiality matrixes, we gave a rating of 1 to 3 to each group's consideration to a specific topic. When a topic was not explicitly mentioned (indicated by N.A. in the table), we did not count them as "0", rather we discounted the group from the sample for that topic, as we believed that this method provided a more faithful average representation of stakeholder importance.

Summary table of stakeholder importance attributed to various sustainability topics:

	Ethics & Governance	**Health & Safety**	**Community Well-being**	**Human Rights**	**Labor Rights**	**Staff Training & Development**	**Diversity & Equal Opp.**	**Energy**	**Water**	**Waste**	**Biodiversity**	**SSCM**
Wyndham	3	2	1.5	2.5	2	1	N.A.	3	3	2	2	1
Hilton	2	N.A.	2	3	2	2	2	3	3	3	2	3
NH	2	N.A.	2	3	3	3	3	3	2	2	2	1
InterContinental	2	3	3	3	2	N.A.	2	3	3	2	1	2
Accor	2.5	3	1.5	2	3	2	2	3	3	2	2	2
Pandox	2	1	2	1	3	3	3	3	1	3	1	2
Shangri La	2	3	2	N.A.	3	2	1	3	3	3	2	3
Melia	3	2	1	3	3	2	1	2	2	2	1	2
Swissotel	2	2	3	N.A.	3	3	1	3	3	3	1	1.5
HK & Shanghai Hotels	3	3	1	3	3	2	1	2	3	3	2	2
Average	**2.35**	**2.38**	**1.90**	**2.56**	**2.70**	**2.22**	**1.78**	**2.80**	**2.60**	**2.50**	**1.60**	**1.95**

Annex 3. Calculations of GHG and energy savings from recycling compared with land-filling and an example achievable for a small 14-room hotel (Styles et al., 2013, p. 331)

Recycled fraction	GHG saving from recycling	Energy saving from recycling	Small hotel waste generation	GHG emissions avoided by small hotel with 84 % recycling rate	Eenergy saved by small hotel with 84 % recycling rate
	kg CO_2 eq./kg	kWh/kg	kg	Kg CO_2 eq./yr	kWh/yr
Paper & card	1.0	4.1	1 954	**1 700**	**6 730**
Plastic	1.10	6.9	74	**70.8**	**429**
Metal	3.30	20.5	47	**58.9**	**1 274**
Glass	0.39	1.17	2 100	**712.5**	**2 058**

Annex 4. Example of guest communication material for sensitization (Hotel Energy Solutions, n.d.)

Tips and ideas

Many of our guests would like to know how they can be more energy efficient in their daily lives. Here are some very helpful, yet simple steps for which you can already do back at home or wherever you are…

Lighting the way. Use lighting only when needed… A good rule of thumb is to turn off the lights when you close a door or when leaving a room.

TIP: *Switching to energy efficient lighting at home will pay for itself quite quickly!*

Plug and play. Did you know that a lot of energy is lost through plugged in appliances that are not in use or are left on overnight? It is true, your computer, cell phone or hair dryer is consuming energy even when not in use.

TIP: *Unplug, relax and enjoy your stay!*

Trust your thermostat. Thermostats work best on AUTO… Extreme variations of temperatures or turning the Air Conditioning or heating system ON and OFF will not make you feel more comfortable any faster and in the process unnecessary energy is wasted.

TIP: *Try maintaining the temperature between 24 and 26°C in the summer and at 21°C in the winter. Remember this rule and you will save energy at home.*

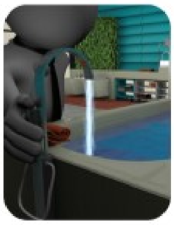
Stay cool and use windows wisely. In summer keep your windows and curtains closed during the day and your room will stay cooler. Keeping your room comfortable with fresh air and at the right temperature is just as important as knowing when to open the window. Try it yourself at home and you will also be surprised in how much energy is saved!

TIP: *In the summertime, ventilate only in the evening for a few minutes when the temperature is cooler outside to refresh your room.*

Save water and energy. Did you know that taking a bath instead of a shower consumes three times the amount of water and energy?

TIP: *By taking a shower instead of a bath, you will save more than 100 liters of water.*

For our guests who choose NOT to have bed linen and towels changed each day, they will also be saving energy and water, one of our most precious resources.



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