

**GREEN SUPPLY CHAIN MANAGEMENT FOR THE HOTEL INDUSTRY**

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**ABSTRACT**

**BACKGROUND**

The study investigates supplier group's intent in greening of supplies by the application of the Value-Additions to hotel operations. It examines the supplier groups which are subsidiaries co-owned by chain of star hotels and the value additions they explore to offer. They interrelate to their intentions in greening the services/supplies to star hotels which are their parent properties but also to several other star hotels where they operate. Greening is treated as a vital activity and also as a strategy to beat the competition.

Sustainable supplies attract pervasive interest and support not only the hoteliering companies in the hospitality industry but also the wellness industry. In view of such growing concerns, hotel operations are adopting and implementing effective remedies to prevent further deterioration caused to the ecosystems and encourage restoration of environment protection. Progress made in the choice of green supplies still remains vital and is also a pivotal challenge in current times.

The hoteliering business is an integral part of tourism sector which is a prominent service sector. Star hotels have a profound impact and a major role in changing the supplies in line with the environmental practices being followed while achieving sustainable growth patterns. The city of Pune, India has shown a steep growth in hotels by reaching its inventory of more 32 new star hotels in the organised sector between 2003 and 2013 as per HVS International (2013). It has the potential to make positive contribution in following some green practices, by cautiously using resources catered to matured clientele who express their care to protect the resources and environment for the future generations. This paper, with help of review of literature and three case studies of hotels discusses the issues and practices of hospitality and helps in understanding the importance of greening the supplies and best practices in the hotel industry for sustainable development.

**KEYWORDS**

Hospitality, Tourism, Greening The Supplies, Sustainability, Star-Hotels, Eco-friendly, Environmental Management.

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**BACKGROUND**

**A Snapshot of Tourism in India**

UNWTO's World Tourism December Barometer 2013 has estimated that there would be 25 million tourists in India by 2020.However, so far the tourism sector supported 25 million jobs in 2012 and is growing year after year in all states of India.

The Hotel & Restaurant Industry has contributed between 1.2% & 1.5% of the GDP over the last ten years. It is expected to amount to 31 million jobs by 2023. Ministry of tourism Annual Report 2012-13 estimates that there have been more than 8,700 hotels at 54 key locations across country with total room supply of 1,74,000 hotels inclusive of

classified, approved, and not classified & licensed by government. The tourism sector is expected to contribute 7.8% to the GDP for the decade 2013 – 2023. This is above the world average of 4.2%.

Hotel companies make tertiary commodities that add value to the luxury seeking guests and to their lifestyle. The distinctive features of hotel industry sets it apart from the other industries. The moderately to high production volumes and complex supply chain puts forth significant challenges to the star hotel companies in this major industry of the tourism sector. They are failing to realise enormous potential value in the greening of their supply chains – a field that corresponds to up to major percent of the company cost flow in Food & Beverages as well as in the accommodations division. This suggests that green supplier selection is context dependent and the selection should reflect the real operating environment of the investigated industry or company. However, past researches show that greening may also lead the hotels to acquire various advantages like gaining competitive edge for the hotel in the market, building customer loyalty to green products and services, enabling employee retention, promoting awards and recognitions in the tourism sector, regulatory compliances, leading to creation of a brand image of the hotel. In this context, an attempt was made to evaluate the practices of greening of the services supply chain management in measuring them against the best practices across star hotels in the city of Pune, India.

### Objectives of the Study

- To understand the importance of greening the supplies in star hotels in Pune.
- To know the various issues as regards greening of the supplies.
- To understand the strengths, weaknesses, opportunities and challenges while greening the supplies for hotel operations.

### Literature Review

Some companies recognise the marketing potential of 'green' initiatives and are working to establish themselves in a new niche for consumers with environmental concerns-

- Chou et al observed that when restaurants food service operators are faced with environmental considerations, they will place a great emphasis on economic and positive benefits that are associated with observable resource savings. Furthermore, previous

scholars have incorporated the Delphi Technique to develop green standards of restaurant and hotel management. This invariably trifurcates into three parameters namely greenfoods ; green environment & equipments ; and green management & social responsibility for the existing restaurants. This view is in line with our characterisation of greening the supplies for star hotels. To supplement this gap in the literature regarding green restaurant research, a structural investigation of the impact of consumers' values, environment concerns, and attitudes on green hotels and restaurants is essential.

- **Sarkiz et al (2011)**

Truly, the study and comprehension of the impacts of industrial squanders and contaminations has been a dubious issue for social orders. Mechanical unrest was in noted in the thoughts of work as per Adam Smith in manufacturing organisations which made such requirement for a set of exceptional suppliers and appropriated the new frameworks and henceforth catered to production network administration. Some of the early ideas of SCM were introduced by Henry Ford, for example, incline producing, which is in view of the thought of waste diminishment. In any case, the meaning of waste administration during those times was absolutely temperate and not somewhat identified with nature.

- **Rahman et al(2011)**

Environmental concerns snowballed in 1970 as the news of a worldwide temperature alteration and organic fiascos started proliferating by researchers. This expressed a new period of green decade bringing about the appearance of green customers who were more cognizant about their foot-shaped impressions on the earth.

- **Wang et al (2013)**

"Greening supply chain management involves addressing the influences and relationships between supply-chain management and the natural environment. Similar to the concept of supply-chain management, the definition of GSCM depends on the goal of the investigator."

- There are distinctive reasons regarding why to practise environmental awareness; some incorporate financial advantages, reinforcing responsibility among representatives (Rahman et al 2011).

- **Guang Shi, Victor et al (2012)** utilised the two by two matrix technique; based upon supply chain features as well as need features, to create a choice pipeline method for traditional supply chains. Results with this existing function advised that which types of supply chain relationship influences has an immediate effect on the right range of Green supply chain methods. As a consequence, the relationship is a perfect sizing that must be used into things to consider whenever creating a taxonomic construction concerning picking a suitable Green method. Results with this study additionally recognised 'Product' as well as 'Procedure Technology' features because necessary measurements that impact the option are vital for the associated Green methods. They recommend the 3 dimensional taxonomic plan that is appropriate about delineating GSCM methods. The measurements, as well as their own gradations, tend to be the following-

- **Relationship (Supply Chain Relationship)**- is possibly coercive or even collaborative;
- **Procedure**- targets probably eco-efficiency or even Green effectiveness;
- **Product**-is possibly functional or even revolutionary.

- **Leena N.Fukey, Surya S. Issac (2014)**

The authors have discussed that hotels can take up environmental practices to protect the environment. Some of the practices are reuse of used linen and exchange only once in two days, energy efficient lighting, leftover food is given to charities, use of environment friendly chemicals, water saving fixtures fitted in rooms, air suction technology in toilets, use of dispensers in guest rooms. Kitchen wastes and garden wastes can be composted to convert into fertiliser. The hotels have started initiating guest participation in environment management system. The guest can press green program option button and can choose to reduce energy in rooms. Water consumption is very high in hotels; larger consumption means more contamination to be released in the environment. Hence, the waste water can be treated and used for various other purposes in hotels. Installation of solar panels is a popular method of saving energy and money. There is a competitive edge for the hotel while going green. Purchase practices in hotels can follow reduce, recycle and reuse methods. Most of the

products purchased could be made from recyclable material.

**Verma Abhiruchi Singh(2014)** in his exploration *tilted* 'Market Structure And Interest Side Substitutability Of Tied Urban Hotel Fragments' has records of Arne Sorenson, President and CEO, Marriott International, Co-seat, Marriott Executive 'Green Council' who has shown that Marriott is resolved to safeguard environment. As indicated by the creator, the organisation's soul to protect system calls for greening its USD 10 billion store network. It would further lessen fuel utilisation by 25 percent for every accessible room and would make development gauges to accomplish LEED confirmation from US green Building Council ([www.marriott.com](http://www.marriott.com)).

- **Itkonen Gategaeo (2014)** have inferred that 'turning out to be naturally agreeable can bring down our expenses and expand your incomes'. They watched that organisations that make reasonable store network as an objective will accomplish industry wide associations that are game changers prompting re-examining of plans and action for their supply items, innovations and procedures. The creators opined that this can appropriately be accomplished if there are built-up measures of inventory network frameworks.
- **Borkar Suneeta and S. Koranne (2014)** riding on these new ideas, the thoughts of green hotel and ecotels came into presence, which is keeping in view of the naturally agreeable administrative thoughts to spare water vitally, lessen waste and even the expenses of hotels. This is likewise a decent technique for hotels to spare cash and additional business preferences and benefit by enhancing proficiency and lessening ecological dangers.

#### Case of Starwood Hotels

With nearly 1,300 properties in 100 countries, Starwood is one of the world's leading hotel and leisure companies. The company owns, operates and franchises hotels, resorts and residences under 11 brands including Aloft, Sheraton, Westin, W and Element.

#### The company's Sustainability Practices

Wampfler, global chief supply chain officer explains contributions are appreciated which are made in ensuring suppliers take corrective actions

as regards the hundreds of human rights violations that Starwood has traced that is a very valuable for the rewarding aspect of the Starwood's responsibility.

### **Savings from the SCM Effort**

The company has in recent years taken large strides toward achieving its global supply chain goals by creating continent and large metro-area leadership teams, tracking key metrics and identifying the tools needed for hotels to be on the same foot with regard to green purchasing. It is a "work in progress," Starwood has already found success convincing its stakeholders of the value in the unified approach, to the tune of greater than \$100 million in 2015 for the entire group.

### **Case of JW Marriott Hotels**

The JW Marriott hotel is among eco-friendly logistics as well as few Supply Chain processes. The hotel buys 60% of the materials through inside a 100-kilometre radius to cater for most of its dining places. Global hotels team possess a signal associated with carry out as well as perform checking applications because of an initiative of its suppliers to produce environmentally friendly supply chains using items that are either previously recycled or would be recycled later after disposals sent from the hotels. E.g. Greener key cards, produced using plastic from being dumped in the landfill. Eco-pillows, supplanting 100,000 engineered pillows that it buys with those loaded with material produced using reused containers.

### **Limitations**

Gathering of data was very challenging as many star hotels though they were practitioners in Green Services Supply chain Management were not aware of the metrics that others in the industry follow. Many budget hotels reported were reluctant to provide information. Most of the companies were not clear about Green Services Supply Chain costs while greening their supply chains.

### **Research Outcomes**

- Eradicating problems faced while transforming and adopting green services supply chain so as to maintain sustainable operations to beat the competitive environment. Familiarisation of greening the supplies to the guest's standard operating procedural involvement in best green practices are new strengths to create guest choice.

- Adopting selective seafood sourcing is done by avoiding endangered species as identified by the local governmental authorities without potential conflict with the fishing communities.
- Textile sourcing from the low labour cost countries with a history of human rights violation (During and after colonisation) is done to overcome weaknesses of hotels in Africa and India.
- Create genuine opportunities for green sourcing that reduces perpetual ambiguity of labelling, misbranding and adulteration issues.
- Use of environmentally friendly green supplies and items that are either previously recycled or would be recycled later after disposals sent from the hotels is to be borne by every unit hotel despite the issue being a challenge. This has started to become imminent irrespective of the ownership structures by following the leaders in the industry greening standard to minimise food waste and to extend the chain.
- Employees to gain appropriate skills on green practices. They only need to be initiated in hotels greening policy at the owners association level in a phased pattern and incrementally.
- Suppliers to be provided with incentives for supplying as per the cohesive action for each listed & standardised items as per declarations and announcement made by owners' associations in consultation with the NGOs that are classified as authentic so as to be held valid by the corporates and found to be reliable within the legal framework and especially those who do have a history of not facing political threats.

### **Suggestions**

- General concepts framing consumer behaviour is laid down on the basis of "green consumption analysis" which would help to "orient" supplier organisations' strategies towards green consumers by follow up from the supplier subsidiaries owned by chain hotel companies.
- Since the consumer has the right to enjoy a clean and healthful environment, a proactive response by creating and marketing products that have been crafted in a way to help preserve our environment will have to be affectively marketed to hotel guests for a "green conscience" individual. Global hotels team possess a signal associated with it to carry

out as well as check such applications to make it manageable within means for any member-hotel.

- The "green business model" will have a positive impact on the safety and health of not only the internal customers but also external customers of the organisation and the environment as a whole.
- In order for people to start purchasing green products at hotel organisations in the tertiary sector it has to start from basic services of education, food and healthcare offered at schools, hostels, clinics, hospitals, NGOs. Besides government agencies like FSSAI Commissioners must educate ("Promos") about the safe-planet, and how adulterants/chemicals/contaminants affect health of end-users. These "Green-Products" need to be available ("Place") within close proximity of the guests.
- The more stores that have green products made available, the more cheaply they can be "Priced." As a result, more people will want to buy these products and unconsciously start taking care of the environment.
- If the well-known hotel brands have the desired branded green products they will continue to build a relationship with their guests on their own over a period of time. One should never ignore that the stakeholder responsibility would be the final objective of businesses which is to turn these friends into fans of not just hotels but patrons of the range of green-products emanating from the society where this hotel is ecologically located.
- For any star hotel to be recognised by the government and the general public it ought to "Go-Green First" and create sustainable living which is a trend which has now been identified; and now in order for the organisation to continue profitability they must not only offer products which suit the trend but also they must be aggressive innovators of this segment. This includes identifying what is happening within this hotel industry; who the competitors are; how the organisation plans to differentiate while going green within the tourism sector; and how the organisation plans to be a leader by the affairs it conducts in the corporate world to implement its environmental obligation for a greener supply.

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