

## Sustainability Practices As A Competitive Edge In Five Star Hotels Of Delhi: A Study on Manager's Perception



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### Article history:

Received: 7 April 2017  
Revised: 10 October 2017  
Approved: 30 October 2017  
Published: 1 November 2017

### Keywords:

Delhi;  
Sustainability;  
Five Star Hotels;  
Competitive Advantage;

### Abstract

The study aims to conduct an analysis describing the sustainable strategy available for hotels, evaluating its potential to create competitive advantage and exploring how its implementation influences other actors in the industry specifically and the whole area development generally. For the purpose of this study, Delhi has been chosen with a focus on the Five Star and Five-star Deluxe Hotels of the city. A survey was conducted with the employees working in 15 Five star and Five-star Deluxe Hotels in Delhi. According to the analysis, the sustainable efforts of the hotel include environmental, social and economic initiatives. The results of the survey highlighted the sustainability practices that are being adopted and the extent of their implementation by these hotels. It also showed the relationship between hotel's sustainability practices and employees' satisfaction. Furthermore, the study has explored the ability of sustainable efforts to create a unique reputation for the hotel which may enable it to gain a competitive edge. The latter, in turn, attracts the business customers who consider the sustainable hotel as a valuable partner for their own reputation. All in all, as the sustainability practices enhance the profitability, it is considered a source of complete advantage.

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### 1. Introduction

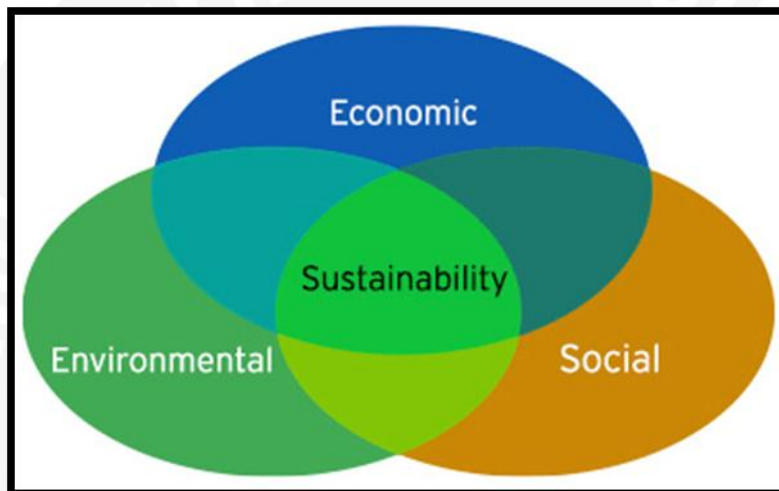
Sustainability is increasingly recognized as a cornerstone of competitive advantage in today's business landscape. This trend is expected to grow. Sustainability is a word that has been much talked about in most sectors of the economy especially in the Hospitality sector. This paper will focus on the holistic sustainable concept, by concentrating especially on five-star hotels in Delhi that have to face the problems of limited space available and of being less often considered for performing green practices. This is a

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reason why most city hotels that decide to follow a sustainable strategy usually have to start at the bottom of sustainable development that accounts for restructured long-term saving plans in energy and resource management.

Specifically in a business environment, sustainability “generally refers to the ability of a company to do business in a fashion that minimizes pollution and reflects careful management of natural resources. (Esty, 2011)” The term ‘Sustainability’ relates to meeting the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland 1987). This early definition has been applied in business contexts as corporate social responsibility (CSR), the voluntary but near-mandate to contribute to social, environmental and cultural wellbeing along with company profitability (Kotler & Lee, 2004); (Visser, 2010); (Werbach, 2009). In turn, CSR has been rendered more compliant by its translation into ‘triple bottom line’ (TBL) or ‘people, planet, and profit’ rubrics (Elkington, 1998, 2008), designed to track social and environmental progress in addition to wealth creation. In other words, ‘Sustainability’ requires building harmony between environmental, social equity and economic demands - also referred to as the "three pillars" of sustainability. It ensures that we have and will continue to have the water, materials, and resources to protect human health and our environment



### Dimensions of Sustainable Strategy

The last century, mankind has immensely damaged vast majority of its natural habitat which is still continuing. According to Munier (2005) “...humankind has very effectively managed to squander the earth’s resources, clear-cutting a large amount of 12 existing forests, contaminating the atmosphere, polluting rivers, and even altering our climate.” As a matter of fact, the economy utilizes natural resources to produce. Since our society is entirely dependent on those scarce resources, it must protect them in order to uphold the economy.

It is widely argued where the concept of sustainable development had its beginning, as concern about the society’s impact on the environment was already an issue in the beginning of the 20th century. However, the birth of the sustainable development movement can be associated with the United Nations Conference on the Human Environment in Stockholm in 1972, which was the first major UN conference that had a concern about environmental issues on a global scale as the main agenda (Dauvergne, 2005). After some dramatic events such as the Bhopal Gas tragedy in India in 1984 and the nuclear accident in Chernobyl in 1986, governments worldwide were induced to implement stricter regulations and laws on companies’ behavior towards the environment (Blackburn, 2007).

It has long been known that social responsibility and attitude for sustainability are becoming factors of great importance for businesses across all industries (Porter & Derry, 2012). This is the result of a general increase in awareness of these issues among the public, which subsequently affects the demand for businesses to comply with new standards of practice and accountability (Porter & Derry, 2012). As a result, the initiator of sustainable efforts may become an initial impetus to the sustainable urban development in a city or area (Tryggstad, Georg & Hernes, 2010). The type of business which can play such a role is hotels. In fact, as the hotel represents a building, the success of its sustainable practices and technologies may cause the spillover effect on its competitors. Historically, hotel owners saw sustainable efforts as expenses for the economic performance (Mihalič et.al., 2012). For this reason, attention to “green” technologies was weak before the 21st century (Mihalič et.al., 2012). Today the sustainability is slowly becoming a dominant theme in the hotel industry (Spilanis & Vayanni, 2004). In order to extract

benefits from this situation, some hotels started implementation of various “environment-friendly” technologies and their promotion in order to differentiate its offering and, consequently, outperform the competition (Green Building Elements, 2013).

### Literature Review

The term ‘Sustainability’ has become a focal point for service organizations nowadays (Porter.T, 2012). The concept of Sustainability encompasses various definitions. According to the World Commission on Environment and Development (Brundtland, 1987), the sustainable development ensures the meeting of the present generation needs without compromising the ability of future generations to satisfy their own needs. Sustainability simply implies that a given activity or action is capable of being continued indefinitely (Johnston, 2007). In this paper Sustainability is considered as the “Triple Bottom Line” - People, Profits, and Planet, famously coined by (Elkington, 1994) arguing for the need for a balanced approach to development. “Triple bottom line” approach to integrating people, planet, and profits into all management actions or decisions was further asserted by (Wirtenberg, 2012).

According to (Prairie, 2012), the hotel industry is in the midst of a sustainability awakening.

Due to the current state of the environment, businesses and industries have begun to incorporate sustainability practices to meet consumers’ environmental issue concerns, current industry standards, and to create an environment of sustainable development for future generations. This section reviews research on sustainability practices in the hospitality industry.

Hotels have incorporated environmental practices to reduce their impact on the environment probably owing to cost savings, media pressure, laws, or environmental consciousness and awareness. (Revilla, 2001). According to (Jai Rathore, 2009), “Hotels have thoughtfully adopted various operational sustainability practices that help them save a great amount of money but have little to improve energy efficiencies and environment-friendly building designing at the project phase.” (Orie Berezan, 2010) measured the impact of environment hotel practices on Guest satisfaction and the motivating factors for them to pay a higher premium for an environment-friendly room in Hotels in Mexico.

Competitive Advantage in view of (Grant, 2010) represents the company’s advantage over its rivals that helps to earn a persistently higher rate of profit. There is a research gap in the service sector to prove whether or not sustainable service businesses can benefit from the sustainability, (Gupta, 2012). The industries in the service sector differ a lot and, hence, have a different reliance on sustainability. According to (Mark Vickers, 2007-2017) sustainability-related best practices often represent competitive advantages for organizations, through a global ethic of “open source”. The best practices are associated with their developers, who receive acceptance and applause that are often used in advertising campaigns to strengthen their brands. Contradictory to this, Sustainability approach is not practiced too widely because it costs too much and so dampens competitiveness.

### Objectives of the Study

1. To find out the prevailing sustainability practices of Five Star Hotels in Delhi.
2. To study the influence of sustainability practices on the actions of Competing Hotels in Delhi.

## 2. Research Methods

### Sampling and data collection

Sample hotels were identified from the highly respected directory of the Ministry of Tourism, Govt. of India and FHRAI that serves as a resource center for business information and maintains relevant databases of hospitality firms. To initiate the sample 15 five star hotels participated in the survey. They represented a mix of employees of the above-mentioned hotels and also the guests staying or have stayed with them on sustainability practices. A survey methodology was chosen because it was deemed to be the most efficient way of reaching a large number of respondents, whereas the data required facilitated the use of a mail and self-administered questionnaire with close-ended questions. Of the total sample, usable questionnaires were returned by 740 respondents that included 375 Hotel Employees and 365 Hotel Guests.

### 3. Results and Analysis

**Table 1** represents the hotels that have been included in the survey which includes leading hotels approved by Ministry of Tourism, Government of India (**Tourism, 2016**)

| 5 Star        |            |  |
|---------------|------------|--|
| S.No          | City       | Hotel Name   |
| 1             | New Delhi* | Jaypee Siddharth                                     |
| 2             | Delhi      | J W Marriott   |
| 3             | New Delhi* | Park Plaza, Delhi                                    |
| 4             | Delhi      | Piccadilly Hotels Pvt. Ltd.                          |
| 5 Star Deluxe |            |  |
|               | City       | Hotel Name   |
| 5             | Delhi      | Hotel Welcome Sheraton                               |
| 6             | Delhi      | Hotel Amanbagh                                       |
| 7             | Delhi      | Le Meridien New Delhi                                |
| 8             | Delhi      | Kempinski Ambience Hotel Delhi                       |
| 9             | Delhi      | ITC Maurya   |
| 10            | Delhi      | <b>The Oberoi, New Delhi (Closed for Renovation)</b> |
| 11            | Delhi      | Hotel Imperial                                       |
| 12            | New Delhi* | The Taj Palace Hotel                                 |
| 13            | Delhi      | The Park   |
| 14            | Delhi      | Radisson Blu Hotel Dwarka                            |
| 15            | Delhi      | JW Marriott  |
| 16            | Delhi      | The Lodhi  |
| 17            | Delhi      | The Ashok  |

**Table 2** represents the extent to which hotel applied sustainability management practices to provide more accurate data for decision making, respondents were asked to indicate Importance and Usage of sustainability management practices. Further to structure the discussion of the findings we framed them according to their usage and importance in table 3. Three factors of sustainability management practices items have been identified based on exploratory principal components. Thus, the analysis provides a strong indication that traditional sustainability management practice is alive and well in the sample hotels. Therefore, H1 rejects as there is a significant difference in usage and importance of sustainability management practice in sample hotels. The use of star rated appliances has been ranked highly among practices for sustainability.

| Sustainability Practices Adopted by Hotels  | Mean Square | SD    | Sig. |
|---|-------------|-------|------|
| Insulation of appliances and Fixtures to minimize heat gains/losses in your hotel                           | 5.013       | 3.496 | .008 |
| Adequate Natural Lighting in day time   | 3.033       | 2.029 | .090 |
| LED Lights  | 4.564       | 3.667 | .006 |
| Reflective window Films   | 7.206       | 5.848 | .000 |
| Alternate /Renewable energy e.g solar or biomass energy   | 5.280       | 3.045 | .017 |
| Star rated appliances   | 1.594       | 1.150 | .333 |
| Motion Sensor lighting/thermal devices  | 4.676       | 2.535 | .040 |
| Periodical service of equipment   | 4.225       | 3.007 | .018 |
| Thermostat range limited i occupied rooms   | 5.485       | 4.233 | .002 |
| Adequate natural ventilation, and shading from trees and other vegetation to cool guest rooms, patios, etc. | 5.049       | 3.135 | .015 |

|  |        |        |      |
|--|--------|--------|------|
| Low-flow fittings.   | 3.701  | 2.527  | .040 |
| Dual flush toilets.  | 13.488 | 8.759  | .000 |
| Water recycling practices.   | 3.179  | 2.940  | .021 |
| Re-use grey water to irrigate lawns etc  | 1.873  | 1.442  | .220 |
| Sensor fittings in washrooms.  | 13.594 | 6.916  | .000 |
| Rainwater harvesting for use in laundry etc.   | 12.650 | 6.186  | .000 |
| Wastewater treatment plant.  | 2.139  | 1.628  | .166 |
| Reduce, reuse and recycling of waste.  | 2.332  | 1.893  | .111 |
| In-room linen recycling.   | 9.291  | 7.837  | .000 |
| In-room amenities recycling  | 8.018  | 5.747  | .000 |
| Facility for composting of waste.  | 7.550  | 7.228  | .000 |
| Use of organic cleaning products.  | 5.563  | 4.045  | .003 |
| Donating left over food.   | 9.774  | 3.767  | .005 |
| Purchase of hotel supplies from local vendors.   | 6.213  | 5.159  | .000 |
| CNG/Battery operated Vehicles.   | 5.297  | 4.309  | .002 |
| Provision of shuttle service for staff pick-up and drop.   | 12.642 | 6.731  | .000 |
| Hotel's efforts for Workplace safety.  | 11.915 | 18.086 | .000 |
| Hotel's effort for Work-life balance   | 8.812  | 10.834 | .000 |
| Life Insurance benefits.   | 16.240 | 14.392 | .000 |
| Provision of medical benefits.   | 14.622 | 10.885 | .000 |
| Provision of transportation facility.  | 4.530  | 4.621  | .001 |
| Provision of Leave Travel Allowances.  | 5.725  | 5.754  | .000 |
| The hiring of a greater number of local staff over the outstation ones.  | 4.821  | 5.807  | .000 |
| Hotel's efforts for improving employee satisfaction, morale and retention.                                     | 6.392  | 7.048  | .000 |
| The frequency of meetings held to discuss sustainability issues with the employees.                            | 2.378  | 2.356  | .053 |
| Initial orientation programme to educate new join towards sustainable practices.                               | 2.776  | 4.009  | .003 |
| Your participation in Sustainability Practices.  | 2.684  | 4.523  | .001 |
| Recognition is given for your distinguished achievements towards sustainability.                               | 1.831  | 2.314  | .057 |
| Hotel's initiative to employ people with disabilities.   | 8.178  | 8.809  | .000 |
| Hotel's initiative for the upliftment of the surrounding areas and communities.                                | 2.081  | 2.680  | .031 |
| Hotel's initiative to assist an NGO or underprivileged segment of society.                                     | 7.872  | 9.780  | .000 |
| Hotel's initiative to purchase local products and supplies.  | 3.660  | 3.491  | .008 |
| Hotel's initiative to support employment generating vocational training programmes.                            | 7.942  | 6.947  | .000 |
| Hotel's initiative to supports traditional art & craft-work.   | 6.219  | 4.703  | .001 |
| Hotel's initiative to contribute donations to the needy organizations.   | 8.005  | 6.724  | .000 |
| Hotel's initiative to build ties with educational institutes and schools to educate them about sustainability. | 5.465  | 4.366  | .002 |
| Hotel's initiative to build strong relations with its stakeholder's.   | 5.726  | 5.869  | .000 |
| Leads to cost reduction.   | 4.234  | 6.244  | .000 |
| Leads to increase in Occupancy of the hotel.   | 3.076  | 4.205  | .002 |
| Leads to increase in Revenue.  | 6.975  | 8.441  | .000 |
| Leads to higher Average Room Rates than your Competitors.  | 5.743  | 7.411  | .000 |
| Leads to increase in profits.  | 5.527  | 6.570  | .000 |
| Leads to improved company/brand image.   | 6.371  | 8.001  | .000 |
| Involve huge Investments.  | 6.599  | 6.571  | .000 |
| Results in employee's resistance to change.  | 8.988  | 7.932  | .000 |
| Results in customer's resistance to adopting them.   | 13.501 | 10.060 | .000 |
| Not feasible for the firm of this size.  | 9.241  | 6.151  | .000 |
| Induces stronger compliance to environmental certification standards.  | 6.296  | 6.297  | .000 |
| Induces stricter compliance with government environmental, legal and economic legislation.                     | 5.697  | 6.506  | .000 |

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(Shweta Mathur, Kavita Khanna)

|   |       |        |      |
|---|-------|--------|------|
| Triggers timely audits done to review energy and water usage and waste if any produced.   | 8.529 | 9.420  | .000 |
| Inspires for the frequent introduction of new energy and labor-saving technologies.   | 8.657 | 10.654 | .000 |
| Induces greater efforts for cost-savings.   | 3.247 | 3.934  | .004 |
| Fosters more focus on improving the relationship with the stakeholders including hotel staff, guests, suppliers, local communities etc. | 3.228 | 4.132  | .003 |
| Inspires to adopt sustainability methods that improve revenue or cash flow.   | 4.676 | 6.795  | .000 |
| Prompts more involvement in the corporate social responsibility (CSR) initiatives.  | 5.795 | 7.472  | .000 |

**Table 3** assesses the influence of sustainability practices by hotels on the basis of the demographic profile of competing hotels. The hotels taken in the survey for studying various sustainability practices have been studied on the basis of a number of rooms they have, the age of the hotel and also the type of hotel. The table shows that the type of hotel enterprise has a significant impact on the prevailing sustainability practices adopted among the hotels in the survey.

| Correlations                                    |                     |                 |                 |                          |
|---|---------------------|-----------------|-----------------|--------------------------|
| Bi-Variate Correlation on Demographic Variables |                     | Number of Rooms | Age of Property | Type of Enterprise/Hotel |
| Number of Rooms                                 | Pearson Correlation | 1               | -.263**         | -.003                    |
|   | Sig. (2-tailed)     |                 | .000            | .956                     |
|   | N                   | 375             | 374             | 375                      |
| Age of Property                                 | Pearson Correlation | -.263**         | 1               | .163**                   |
|   | Sig. (2-tailed)     | .000            |                 | .002                     |
|   | N                   | 374             | 374             | 374                      |
| Type of Enterprise/Hotel                        | Pearson Correlation | -.003           | .163**          | 1                        |
|   | Sig. (2-tailed)     | .956            | .002            | .004                     |
|   | N                   | 375             | 374             | 375                      |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

#### 4. Conclusion

The findings of this research paper suggest growing awareness, interest and seriousness towards employment of sustainability practices. There is a significant difference in usage and importance of sustainability management practices among competing Hotels. Though this development is significant, there is still work to be done in terms of consolidating the sustainability agenda.

#### Acknowledgements

I would like to convey my gratitude and thank my research guide Dr. Kavita Khanna, Associate Professor, Amity School of Hospitality, Noida and my co-guide Dr. Sanjeev Kumar Saxena, AGM, HRD, Jaypee Palace Hotel and Convention Center, Agra., for their guidance and support during the completion of this research. I am also extremely thankful to Dr. Manish Anand, Professor, Maharishi Markandeshwar University Mullana, Ambala, for his unflinching support and constant motivation throughout my research work. I would also like to pass on my gratitude to all the participants for taking part in this research and devoting time to completing the questionnaires. Without their help appropriate deductions from findings would not have been possible. Finally, I acknowledge my family in friends for their encouragement and support.



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