
AN OVERVIEW ON THE DEVELOPMENT OF GREEN ECONOMY IN THE HOTEL INDUSTRY

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Abstract

In recent years, the notion of green economy has become of great interest for both academics, public authorities and business owners. As a result, the paper offers a thorough literature review on green economy and its implementation in the tourism industry, focusing afterwards on eco-labelling in hospitality by addressing the implementation of the Green Key award in the European Union and its possible impact on the international tourism activity and green economy development. The research shows a moderate connection between the spread of the Green Key eco-label, international tourist arrivals and Global Green Economy Index. The paper discusses the implications of these findings and offers pathways for further research into the subject.

Keywords

green economy, green hotels, sustainable development, economic growth, eco-label

JEL Classification

L83, Z32, Q56

Introduction

Over the last decade, the concept of green economy has become of interest to both public authorities and the business community. Introduced in the literature since 1989 (Loiseau et al., 2016), the concept of „green economy” has begun to receive more attention after 2010. The green economy is an „umbrella” concept that attracts more implications to ensure economic growth and employment, efficiency and risk reduction in the use of natural resources (Loiseau et al., 2016). The green economy was initially treated as a new policy and an instrument designed to resolve the economic and financial crisis initiated at the end of 2007 (Speck and Zoboli, 2017), subsequently becoming a strong strategy endorsed by international bodies such as: the European Union, the European Commission (2008, 2010), World Bank (World Bank, 2012), United Nations (through the United Nations Environment Program - UNEP, 2003, 2010), World Tourism Organisation – UNWTO (UNEP and UNWTO, 2012; UNWTO, 2018). For example, the European Union has already adopted a series of measures related to the implementation of the green economy, measures integrated in strategic documents such as Europe 2020 (EC, 2010).

Considering the importance of the tourism industry, the paper focuses on the level of development of the green economy in the hospitality industry, offering a snapshot of its condition in the European Union.

Literature review on green economy in the tourism industry

In the literature there is no consensus on a generally accepted definition for the concept of „green economy” (Bond et al., 2015; Loiseau et al., 2016; Speck and Zoboli, 2017; Brears, 2018), but there is however a common denominator regarding three general objectives that it pursues – improving energy efficiency, developing ecosystem resilience and social equality, „green economy” being in fact an „umbrella” concept that brings together more implications for welfare development, efficiency and risk reduction in the use of natural resources. However, the most commonly used definition in the literature is the one developed by UNEP (2011), that considers the green economy to be resource efficient, with low carbon footprint, socially inclusive, leading to „improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities”. In the literature on sustainability, there are even three interrelated concepts (D’Amato et al., 2017): circular economy, green economy, bio-economy. In a broad analysis of the existing literature for the three concepts, D’Amato et al. (2017) indicate that the green economy includes elements common to circular economy and bio-economy, but in addition, it is also marked by a deeper focus on green investments, based on natural resources, environmental conservation and green jobs. The same authors highlight a greater interest in studying green economy in the European Union, the academic community in the U.S. and China also generating valuable research in this field. Focusing on green economy and the way in which business can be developed, Makower (2009) draws attention to the need to define the concept of „green business”, as so far there is no conceptual clarification in this respect. Kane (2010) even offers solutions for green business development, from developing an organizational culture to support this transition, to concrete actions related to energy efficiency, water conservation, the use of renewable conservation in several sectors, from production, transport, to the real estate sector.

While discussing about economic development, the tourism industry must be mentioned, as it makes a huge contribution to the modern economic system (UNWTO, 2018): it provides 10% of world gross domestic product, 7% of world trade and 10% of all jobs. At present time, the tourism industry plays a crucial role in the global economy, being a sector that has grown substantially in the past 9 years: in 2018 there was a 7% increase compared to 2017, and in the last 9 years there has been an average annual increase of 4%, the reference being the number of international tourists (UNWTO, 2019).

As tourism has become a pillar of the economy and a chance to prosperity, global organizations have also identified to need for sustainable development of this sector, 2017 being declared the „International Year of Sustainable Tourism Development”, the measures to promote sustainability being adopted in „Sustainable Development Agenda 2030”. In this context, UNWTO (2018) recognises the need for more efficient use of resources by protecting the environment and developing opportunities for implementing green economy in tourism. All these measures were adopted considering the fact that tourism has a significant impact on the environment, CO₂ emissions from tourism (including one-day trips) being estimated in 2010 at 1302 million tons, accounting for 5% of global CO₂ emissions (Pan et al. 2018). Moreover, tourism’s contribution to greenhouse gas emissions is estimated at 5.2-12.5% (UNEP and UNWTO, 2012), the main sectors responsible for this issue being transportation and the hotel industry. Following the scenario of a green economy developed in the tourism industry, the contribution of this sector to GDP would increase considerably while having a positive environmental impact (UNEP and UNWTO, 2012): an

18% reduction in water consumption, a 44% reduction of energy consumption and a 52% reduction in CO₂ emissions.

In the tourism field, the development of green economy is still treated in correlation with the development of sustainable tourism (Gössling et al., 2009; Liburd and Edwards, 2010; Pan et al., 2018). Concerns in this regard start from the development of the „green labelling” process, not necessarily related to the environment, but to the increase in consumer confidence in certain tourism providers (Font and Buckley, 2001). However, linking the green economy to sustainable development is a correct correlation, as the two concepts are not replacing each other, green economy being treated as a way to achieve sustainable development (Brears, 2018) or as a key to an economic development that ensures more jobs and environmental protection (Kenis and Lievens, 2015; Loiseau et al., 2016). In line with the principles of green economy, Smith (2018) mentions the need to implement as many incremental changes as possible – an approach that may be considered obsolete by those who address the issue of global warming and its effects, and Vlad et al. (2016) address the need for implementing an organizational culture that enables hotel employees to change their behaviour and practices into green ones.

These being said, International Tourism Partnership (ITP – an organisation working with the largest hotel groups, aiming to help them collaborate to improve their key sustainability indicators) and Greenview (2017) draw attention to the fact that, world-wide, the hotel industry will have to reduce its greenhouse gas emissions by 66% by 2030 – compared to the level registered in 2010 and by 90% by 2050. Regarding the goal set for the 2030 time horizon, the ITP and Greenview report (2017) indicates that, on average, a 50% reduction in greenhouse gas emissions from accommodation units can only be achieved through internal hotel-based measures (increasing energy efficiency, using renewable energy and other mechanisms), while the rest of 16% reduction can be achieved through measures and policies adopted by each country, without the involvement of the hotel sector. Thus, major hotel groups such as Marriott International (2017), Hilton, Intercontinental Hotels Group (2018), Wyndham Worldwide (2018), and Accor Hotels (2017) already undertake alignment with new environmental standards in their social responsibility reports they publish annually.

The development of green hotels is still at an early stage, Bohdanowicz (2009), International Union for Conservation of Nature and Natural Resources (IUCN) and Accor (2010) and Smith (2018) providing several examples of best practices in the industry by mentioning accommodation units in France, Italy, Spain, UK, Netherlands, U.S.A., Ecuador etc. The authors advocate for more transparent communication of hotel energy consumption and waste, addressing the role of the consumer in reducing emissions from hotels. IUCN and Accor – the largest hotel group at European level (2010) have made efforts even in developing a guide that provides concrete measures through which hotels can integrate biological resources in their work, respecting biodiversity, offering solutions for both hotel restaurant services (the use of sustainable resources), as well as for the spa services and accommodation facilities (responsible renovation of accommodation establishments, responsible use of wood for the expansion actions or for furniture, promoting recreational activities in a responsible way, in order to support the biodiversity conservation efforts).

Moreover, the development of green hotels is linked to the development of green buildings (Pan et al., 2018) and green practices associated with them. Babatunde et al. (2019) propose an energy audit guide in the hospitality industry to estimate the energy consumption of accommodation establishments, noting that 4-5* hotels are the most open to the implementation of measures to reduce consumption.

Although the concern for green economy development in the hospitality industry seems to be just starting, the prestigious Cornell University School of Hotel Administration, through The Center for Hospitality Research (CHR) publishes since 2014 benchmarking studies

regarding hotel's sustainability, the last report (Ricaurte, 2017) publishing data on greenhouse emissions, energy and water consumption, after undertaking a study on 10,000 accommodation units in 448 geographical areas. In the case of the hotel industry, the main energy consumers are heating the accommodation spaces or the use of air conditioning – accounting for 50% of total consume, followed by the use of hot water or the activity carried out in restaurants (Pan et al., 2018).

All these being considered, sustainable growth in all business areas has become a critical requirement, as now there is a growing pressure on organizations to use the green economy to achieve a sustainable competitive advantage. Organisations in the hotel industry make no exception, and the fact that they are among the biggest consumers of energy, through the multiple functions they undertake and their 24h/24 uninterrupted activity, requires an orientation towards the implementation of the green economy. The state of knowledge on the implementation of green economy in tourism is still in its beginnings, the literature on this topic having a series of deficiencies to be resolved.

Labelling green hotels: examples of best practices from the industry

The increased interest in the development of sustainable practices within the hotel industry has been correlated to the development of several eco-labels, certifying that the establishments follow a set of green practices in doing business. Although all eco-labels are awarded voluntary, hotels have started to invest in the process of adhering to such groups since they offer the possibility of addressing customers in a different way.

TripAdvisor.com, for example, considered “the world’s largest travel site”, has developed its own certification program, called The TripAdvisor GreenLeaders Program, in partnership with UNEP. The program, addressing accommodation units, is aiming to certify green hotels, offering five stages of development: GreenPartner, GreenLeader Bronze, Silver, Gold and Platinum, in ascending order of the impact of the hotel’s green practices (TripAdvisor, 2019). However, one of the most prestigious eco-labels is The Green Key (founded in 1994 in Denmark), presenting itself as “the leading standard for excellence in the field of environmental responsibility and sustainable operation within the tourism industry”, more than 3000 hotels and other businesses in the hospitality industry in 57 countries having this certificate recognized by the UNWTO and UNEP (Green Key, 2019 <https://www.greenkey.global/>). The two eco-labels are presented in figure 1.

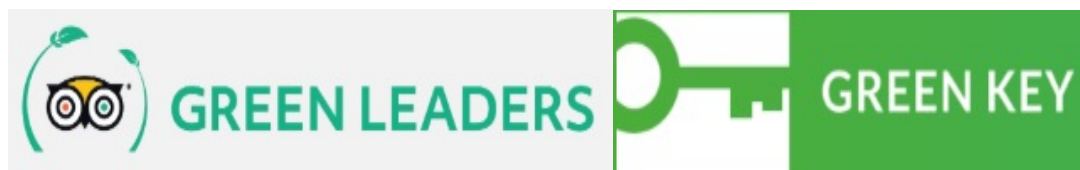


Fig. no. 1 Eco-labels for the TripAdvisor GreenLeaders Program and The Green Key

Source: TripAdvisor (2019), Green Key (2019)

In order to offer a snapshot of the development of green economy in the European hotel industry, the Green Key eco-label was selected as reference. Table 1 presents the number of sites in the hospitality industry awarded with the Green Key (accommodation units, restaurants, campsites, conference centres, attractions), for each of the 28 countries in the European Union. Moreover, in order to verify whether there is a connection between the development of green tourism sites and the tourism activity, international tourist arrivals (for 2017) were also taken into account. Last, but not least, in order to verify whether there is a connection between the number of green tourism sites and the level of development of green economy, the Global Green Economy Index (GGEI) 2018 was considered. GGEI is, since 2010, the first index that indicates the performance of 130 countries in terms of green

economy performance, based on the professional evaluation conducted by a group of experts on four dimensions (Dual Citizen LLC, 2019): leadership and climate change, efficiency sectors (including tourism), markets and investments, environment.

Table no. 1 Green key sites in the European Union (correlation with international tourist arrivals and Green Economy Index)

		Green Key Sites	International Tourist Arrivals in 2017 (million persons)	Global Green Economy Index 2018
1	Austria	8	29.460	0.6469
2	Belgium	236	8.358	0.5737
3	Bulgaria	0	8.883	0.4027
4	Czech Republic	3	-	0.4773
5	Cyprus	22	3.652	0.4511
6	Croatia	7	15.593	0.4912
7	Denmark	143	-	0.68
8	Estonia	13	3.131	0.4662
9	Finland	96	3.181	0.6997
10	France	624	86.918	0.6405
11	Germany	34	37.452	0.689
12	Greece	323	27.194	0.5485
13	Ireland	0	10.388	0.5993
14	Italy	10	58.253	0.5606
15	Latvia	12	1.950	0.4632
16	Lithuania	4	2.523	0.5159
17	Luxembourg	1	1.046	0.5231
18	Malta	1	2.274	0.5163
19	Poland	3	18.400	0.4101
20	Portugal	127	21.200	0.5405
21	United Kingdom (Wales)	17	37.651	0.623
22	Romania	1	2.760	0.4799
23	Slovakia	0	-	0.4527
24	Slovenia	7	3.586	0.5058
25	Spain	5	81.786	0.5411
26	Sweden	178	6.865	0.7608
27	Netherlands	689	17.924	0.5937
28	Hungary	1	15.785	0.5419

Source: Green Key (2019), UNWTO (2018), Dual Citizen LLC (2019)

As one can see, Netherlands is the country with the highest number of Green Key sites (689), followed by France (624) and Greece (323). However, the development of green key sites across the European Union may be considered in its early stages, as out of the 28 countries, only 7 have more than 100 tourism businesses recognized as being sustainable. Countries such as Bulgaria, Ireland and Slovakia have no green key sites, whereas, in

Romania, Malta and Luxembourg there is only one hotel certified with the Green Key award.

Aiming to verify whether there is a connection between the number of Green Key sites and the development of the tourism activity, and the green economy, in particular, the Pearson Correlation Coefficient has been determined in each of the two cases. These being said, the Pearson Correlation Coefficient (0.33) indicates a moderate correlation between the development of green key sites and international tourist arrivals, probably due to the fact that the tourist activity or preference for a specific destination is influenced by other factors as well, such as tourist attractions or costs associated with travelling to that destination. Spain, for example, the second most preferred tourist destination in the EU (with more than 81 million international tourist arrivals), has only 5 Green Key sites, a similar situation being encountered in Italy, which has 10 Green Key sites, while in 2017 it attracted more than 58 million international tourist arrivals. On the opposite, countries with a high number of Green Key sites, such as Sweden or Belgium, register average performances in terms of international tourism. Regarding the number of Green Key sites and GGEI, the Pearson Correlation Coefficient (0.37) indicates as well a moderate correlation. Sweden, with the highest performance in terms of green economy (0.7608), has 178 Green Key sites, while Germany, the second country in EU based on GGEI, has only 34 Green Key sites and Austria, the fourth country in EU in terms of green economy performance, has only 8 Green Key sites. Most definitely, the GGEI is determined by several factors, the level of development of green tourism being just one of them. Moreover, it should be taken into account that the Green Key is a certification awarded voluntarily, on the request and application of each business. This means that in each country, there may be more tourism businesses that have implemented green practices, but that are not formally certified as “green” or that may have opted for a different certification, not the Green Key award.

Conclusions

Green economy and its implementation in the tourism sector is a topical subject for the present business environment. The paper has presented a short glimpse on the subject, based on a thorough literature review. Moreover, it has presented the spread of the Green Key award in the European Union, indicating that the number of Green Key businesses is moderately correlated to international tourist arrivals and The Global Green Economy Index. One limitation of the paper is that it only took into account one eco-label present on the market – the one with the highest notoriety. A more comprehensive research could focus on all eco-labels certifying the impact on the environment. Further, as the eco-labelling process is a voluntary one, conducted at the request of the business owner, one should take into account that the number of sites implementing green practices may be bigger than the number of sites actually certified. As business owners or hotel managers are becoming more aware of the need to align to the sustainable tourism and green economy practices, the research could be further expanded through a direct research, targeting managers in the hospitality industry and aiming to identify the factors influencing the decision to apply for an eco-label.

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